FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 1686

Date Filmed 4/17/85 Camera No. --- 3

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FEDERAL ELECTION COMMISSION

Conciliation Agreement

12 Day Report

Routing Slips

Internal Memo

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 J. Thedford

date _____

FEC 9-21-77

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RECEIVED AT THE FEC
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85 FEB 25 A 9:23

KIRBY, WALLACE, GREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1020 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. GREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 12065
(919) 821-4416

February 22, 1985

FEDERAL EXPRESS

Ms. Judy Thedford
Office of the General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1686
Jim Hunt Committee, Maylon E. Little, Treasurer

Dear Ms. Thedford:

Confirming our earlier discussions, it is our understanding that the Commission in the negotiation and resolution of MUR 1686 has viewed the Governor's air travel on behalf of the Jim Hunt Committee in its totality in an effort to resolve this matter by conciliation. In this regard, we have discussed the sums paid pursuant to time allocation method as compared to a trip allocation method as required by 11 CFR 106.3 in examining payments made during the early months of the campaign. The Jim Hunt Committee paid in full each and every invoice submitted by the State of North Carolina for the Governor's campaign related travel to a time allocation method established pursuant to agreement with the State Board of Elections. Through the month of June, 1984, the State of North Carolina had received in payment from the Jim Hunt Committee the sum of $46,266.23. For travel through the month of April, 1984, the approximate sum of $53,000.00 would have been owed pursuant to the allocation formula adopted pursuant to 11 CFR 106.3. As we have discussed, my letter of December 7, 1984, is in this sense, inaccurate. To date the Jim Hunt Committee has reimbursed the State of North Carolina for campaign related travel and interest in the amount of $240,119.69. In addition, we have paid approximately $40,000.00 to Peat, Marwick & Mitchell in order to calculate the allocable and reportable expenses for campaign related travel.

It is our understanding that the Commission is satisfied that it has conducted a thorough examination of

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the records and materials made available to it by the Jim Hunt Committee and is aware of the facts and circumstances encountered by the Hunt Committee in the reimbursement to the State of North Carolina.

Thank you for your assistance in this regard.

Sincerely,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

John R. Wallace

JRW/efc

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1686
Jim Hunt Committee	)	
Maylon E. Little, treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 21, 1985, the Commission decided by a vote of 5-0 to take the following actions in MUR 1686:

1. Accept the conciliation agreement submitted with the General Counsel's Report signed February 19, 1985.
2. Close the file.
3. Send the letters attached to the General Counsel's Report signed February 19, 1985.

Commissioners Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter; Commissioner Aikens did not cast a vote.

Attest:

2-22-85
Date

Jody C. Ransom
for Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 2-19-85, 11:07
Circulated on 48 hour tally basis: 2-19-85, 4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 26, 1985

John R. Wallace, Esquire
Kirby, Wallace, Creech, Sarda, &
Zaytoun
1020 Washington Avenue
Raleigh, North Carolina 27605

RE: MUR 1686
Jim Hunt Committee
Maylon E. Little, Treasurer

Dear Mr. Wallace:

On February 21, 1985, the Commission accepted the conciliation agreement signed by you and Mr. Kirby and the civil penalty in settlement of a violation of 11 C.F.R. § 106.3. Accordingly, the file has been closed in this matter and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become a part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

8503521839

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John R. Wallace, Esquire
Kirby, Wallace, Creech, Sarda, &
Zaytoun
1020 Washington Avenue
Raleigh, North Carolina 27605

RE: MUR 1686
Jim Hunt Committee
Maylon E. Little, Treasurer

Dear Mr. Wallace:

On February , 1985, the Commission accepted the conciliation agreement signed by you and Mr. Kirby and the civil penalty in settlement of a violation of 11 C.F.R. § 106.3. Accordingly, the file has been closed in this matter and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become a part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

2/25/85

8503521840

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Jim Hunt Committee	)	MUR 1686
Maylon E. Little, Treasurer	)	

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by David Flaherty, Chairman of the Republican Party of North Carolina. The Commission found reason to believe that the Jim Hunt Committee and Maylon E. Little, as treasurer, ("Respondent") violated 11 C.F.R. §106.3 and an investigation was conducted.

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered into pursuant to 2 U.S.C. §437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent, the Jim Hunt Committee, was the principal campaign committee for Governor James B. Hunt, Jr., during his 1984 candidacy for the U.S. Senate from North Carolina.

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2. Maylon E. Little is the treasurer of the Jim Hunt Committee.

3. On August 9, 1983, James B. Hunt, Jr., filed a Statement of Organization designating the Jim Hunt Exploratory Committee as his principal campaign committee.

4. During Governor Hunt's candidacy for the U.S. Senate, he used state-owned aircraft for campaign-related travel.

5. Respondent reimbursed the Governor's Office for campaign-related travel on state-owned aircraft as charged by the Governor's Office.

6. The Respondent employed a time allocation method to determine the portion of a trip attributable to campaign-related activities.

7. The time allocation method had been adopted prior to Governor Hunt's candidacy for the U.S. Senate and in response to the Governor's request to have all non-official travel reimbursed to the State by his political committee.

8. After Governor Hunt became a federal candidate, the Governor's Office billed the Respondent using the same time allocation method for calculating the reimbursement which had been adopted prior to his candidacy.

9. The time allocation method employed by the Respondent did not comply with allocation methods prescribed at 11 C.F.R. §106.3.

10. Respondent, upon receipt of the complaint, and in response to the Commission's reason to believe determination, has recalculated all campaign-related travel

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of the Governor pursuant to 11 C.F.R. §106.3 and reimbursed the State of North Carolina for all campaign-related travel on state-owned aircraft and has made its files and records available to the Commission for examination.

11. The Commission has determined that it will take no further action as to the State of North Carolina.

V. Respondent violated 11 C.F.R. §106.3 by failing to allocate expenses between campaign and non-campaign related travel as set forth in this section.

VI. Respondent contends that it has not knowingly and wilfully violated the Federal Election Campaign Act and has exercised good faith.

VII. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Seven Hundred Fifty Dollars ($750.00), pursuant to 2 U.S.C. §437g(a)(5)(A).

VIII. Respondent agrees that it shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §431 et seq.

IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has

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approved the entire agreement.

XI. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

February 25, 1985
Date

FOR THE RESPONDENT, JIM HUNT COMMITTEE, MAYLON E. LITTLE, TREASURER:

Kirby, Wallace, Creech
Sarda & Zaytoun
Counsel for Respondents

David F. Kirby

February 15, 1985
Date

John R. Wallace

February 15, 1985
Date

8503521841

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 26, 1985

Andrew Vanore, Jr., Esquire
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602

RE: MUR 1686
State of North Carolina

Dear Mr. Vanore:

This is to advise you that the entire file in this matter has now been closed and will become a part of the public record within thirty days. Should you wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within 10 days.

Should you have nay questions, please contact Judy Thedford at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8503521845

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Andrew Vanore, Jr., Esquire
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602

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Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

2-25-85

8503521846

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Jim Hunt Committee	)	MUR 1686
Maylon E. Little, Treasurer	)	

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by David Flaherty, Chairman of the Republican Party of North Carolina. The Commission found reason to believe that the Jim Hunt Committee and Maylon E. Little, as treasurer, ("Respondent") violated 11 C.F.R. §106.3 and an investigation was conducted.

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered into pursuant to 2 U.S.C. §437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as fol[illegible]s:

1. Respondent, the Jim Hunt Committee, was principal campaign committee for Governor James B Jr., during his 1984 candidacy for the U.S. Sena North Carolina.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Jim Hunt Committee) MUR 1686
Maylon E. Little, Treasurer)

CONCILIATION AGREEMENT

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II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent, the Jim Hunt Committee, was the principal campaign committee for Governor James B. Hunt, Jr., during his 1984 candidacy for the U.S. Senate from North Carolina.

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2. Maylon E. Little is the treasurer of the Jim Hunt Committee.

3. On August 9, 1983, James B. Hunt, Jr., filed a Statement of Organization designating the Jim Hunt Exploratory Committee as his principal campaign committee.

4. During Governor Hunt's candidacy for the U.S. Senate, he used state-owned aircraft for campaign-related travel.

5. Respondent reimbursed the Governor's Office for campaign-related travel on state-owned aircraft as charged by the Governor's Office.

6. The Respondent employed a time allocation method to determine the portion of a trip attributable to campaign-related activities.

7. The time allocation method had been adopted prior to Governor Hunt's candidacy for the U.S. Senate and in response to the Governor's request to have all non-official travel reimbursed to the State by his political committee.

8. After Governor Hunt became a federal candidate, the Governor's Office billed the Respondent using the same time allocation method for calculating the reimbursement which had been adopted prior to his candidacy.

9. The time allocation method employed by the Respondent did not comply with allocation methods prescribed at 11 C.F.R. §106.3.

10. Respondent, upon receipt of the complaint, and in response to the Commission's reason to believe determination, has recalculated all campaign-related travel

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of the Governor pursuant to 11 C.F.R. §106.3 and reimbursed the State of North Carolina for all campaign-related travel on state-owned aircraft and has made its files and records available to the Commission for examination.

11. The Commission has determined that it will take no further action as to the State of North Carolina.

V. Respondent violated 11 C.F.R. §106.3 by failing to allocate expenses between campaign and non-campaign related travel as set forth in this section.

VI. Respondent contends that it has not knowingly and wilfully violated the Federal Election Campaign Act and has exercised good faith.

VII. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Seven Hundred Fifty Dollars ($750.00), pursuant to 2 U.S.C. §437g(a)(5)(A).

VIII. Respondent agrees that it shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §431 et seq.

IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has

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approved the entire agreement.

XI. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

By: _____ February 25, 1985
Kenneth A. Gross
Associate General Counsel
Date

FOR THE RESPONDENT, JIM HUNT COMMITTEE, MAYLON E. LITTLE, TREASURER:

Kirby, Wallace, Creech
Sarda & Zaytoun
Counsel for Respondents

_____ February 15, 1985
David F. Kirby
Date

_____ February 15, 1985
John R. Wallace
Date

8503521851

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 26, 1985

David T. Flaherty
Chairman
Republican Party of North
Carolina
1410 Hillsborough Street
P.O. Box 12905
Raleigh, North Carolina 27605

RE: MUR 1686

Dear Mr. Flaherty:

This is in reference to the complaint you filed with the Commission on April 27, 1984, concerning Governor Hunt's use of state-owned aircraft for political trips.

The Commission determined there was reason to believe that the Jim Hunt Committee and Maylon E. Little, as treasurer, violated 2 U.S.C. §§ 434 and 441a(f) and 11 C.F.R. § 106.3 and the State of North Carolina violated 2 U.S.C. § 441a(a)(1)(A) and conducted an investigation in this matter. On February 21, 1985, a conciliation agreement signed by the respondent, the Jim Hunt Committee and Maylon E. Little, as treasurer, was accepted by the Commission thereby concluding the matter. A copy of this agreement is enclosed for your information.

The file number in this matter is MUR 1686. If you have any questions, please contact Judy Thedford at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Chairman
Republican Party of North
Carolina
1410 Hillsborough Street
P.O. Box 12905
Raleigh, North Carolina 27605

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Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

2/25/85

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Jim Hunt Committee	)	MUR 1686
Maylon E. Little, Treasurer	)	

CONCILIATION AGREEMENT

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II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent, the Jim Hunt Committee, was the principal campaign committee for Governor James B. Hunt, Jr., during his 1984 candidacy for the U.S. Senate from North Carolina.

8503521854

2. Maylon E. Little is the treasurer of the Jim Hunt Committee.

3. On August 9, 1983, James B. Hunt, Jr., filed a Statement of Organization designating the Jim Hunt Exploratory Committee as his principal campaign committee.

4. During Governor Hunt's candidacy for the U.S. Senate, he used state-owned aircraft for campaign-related travel.

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8. After Governor Hunt became a federal candidate, the Governor's Office billed the Respondent using the same time allocation method for calculating the reimbursement which had been adopted prior to his candidacy.

9. The time allocation method employed by the Respondent did not comply with allocation methods prescribed at 11 C.F.R. §106.3.

10. Respondent, upon receipt of the complaint, and in response to the Commission's reason to believe determination, has recalculated all campaign-related travel

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of the Governor pursuant to 11 C.F.R. §106.3 and reimbursed the State of North Carolina for all campaign-related travel on state-owned aircraft and has made its files and records available to the Commission for examination.

11. The Commission has determined that it will take no further action as to the State of North Carolina.

V. Respondent violated 11 C.F.R. §106.3 by failing to allocate expenses between campaign and non-campaign related travel as set forth in this section.

VI. Respondent contends that it has not knowingly and wilfully violated the Federal Election Campaign Act and has exercised good faith.

VII. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Seven Hundred Fifty Dollars ($750.00), pursuant to 2 U.S.C. §437g(a)(5)(A).

VIII. Respondent agrees that it shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §431 et seq.

IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

X. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has

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approved the entire agreement.

XI. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

By: _____ February 25, 1985
Kenneth A. Gross
Associate General Counsel
Date

FOR THE RESPONDENT, JIM HUNT COMMITTEE, MAYLON E. LITTLE, TREASURER:

Kirby, Wallace, Creech
Sarda & Zaytoun
Counsel for Respondents

_____ February 15, 1985
David F. Kirby
Date

_____ February 15, 1985
John R. Wallace
Date

8503521857

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: February 19, 1985

SUBJECT: MUR 1686 - General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[X]	Compliance	[X]
Sensitive	[X]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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JIM HUNT COMMITTEE
P. O. BOX 25937
401 OBERLIN RD., SUITE 206
RALEIGH, NC 27605

4817

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February 7 19 85

PAY TO THE ORDER OF Treasurer of United States $ 750.00

Seven hundred fifty and no/100 DOLLARS

BB&T
BRANCH BANKING AND TRUST COMPANY
RALEIGH, NORTH CAROLINA 27611

FOR Civil Penalty - Federal Election Commission John E Craven

⑈0000 4817⑈ ⑆053101121⑆ 30109987⑈

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GCC6272

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

January 2, 1985

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

Re: MUR 1686
State of North Carolina

Dear Chairman Elliott:

I am writing to request that I be permitted to withdraw as counsel for the State of North Carolina in MUR 1686.

Governor Hunt's term of office will end at 12:00 noon on Saturday, January 5, 1985. My duties as legal counsel to the Governor will terminate on Thursday, January 3, 1985, when I take the oath of office as a judge of the North Carolina Court of Appeals. Therefore, I will be unable to continue to represent the Governor and the State of North Carolina in this matter.

Mr. Andrew A. Vanore, Jr., Senior Deputy Attorney General for the State of North Carolina, has informed me that he will continue as counsel for the Governor and the State of North Carolina in this matter.

Thank you for your consideration of this request.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel to the Governor

JC/tmg

cc: Andrew A. Vanore, Jr.
Judy Thedford

E OF NORTH CAROLINA
FFICE OF THE GOVERNOR
RALEIGH 27611

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math adds up to a brighter future

RECEIVED AT
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PB 620132

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 K. Street, N.W.
Washington, DC 20463

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STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

RECEIVED
85 JAN 8 AM 11:57

January 2, 1985

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Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

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Mr. Andrew A. Vanore, Jr., Senior Deputy Attorney General for the State of North Carolina, has informed me that he will continue as counsel for the Governor and the State of North Carolina in this matter.

Thank you for your consideration of this request.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel to the Governor

JC/tmg

cc: Andrew A. Vanore, Jr.
Judy Thedford

8503521862

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1686
Jim Hunt Committee	)	
Maylon E. Little, Treasurer	)	
State of North Carolina	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 17, 1985, the Commission decided by a vote of 5-0 to take the following actions in MUR 1686:

1. Enter into pre-probable cause conciliation with the Jim Hunt Committee and Maylon E. Little, as treasurer, with regard to 11 C.F.R. § 106.3.

2. Take no further action against the Jim Hunt Committee and Maylon E. Little, as treasurer, with regard to 2 U.S.C. § 434 and § 441a(f).

3. Take no further action against the State of North Carolina with regard to 2 U.S.C. § 441a (a)(1)(A) and close the file with regard to the State of North Carolina.

4. Approve and send the letters and conciliation agreement submitted with the General Counsel's Report signed January 15, 1985.

Commissioners Aikens, Elliott, Harris, McDonald and McGarry voted affirmatively in this matter; Commissioner Reiche did not cast a vote.

Attest:

1-18-85
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 23, 1985

Andrew Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602

Re: MUR 1686
(State of North Carolina)

Dear Mr. Vanore:

The Federal Election Commission previously notified you on September 13, 1984, that it had found reason to believe that the State of North Carolina violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). After conducting an investigation in this matter, the Commission on January 17, 1985, determined to take no further action against the State of North Carolina. Accordingly, the file has been closed in this matter as it pertains to your client. The file will become a part of the public record within thirty days after this matter has been closed with respect to the other respondent involved.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8503521864

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 23, 1985

John R. Wallace
Kirby, Wallace, Creech, Sarda & Zaytoun
1020 Washington Street
Raleigh, North Carolina 27605

RE: MUR 1686
(Jim Hunt Committee
Maylon E. Little, as
treasurer)

Dear Mr. Wallace:

On September 5, 1984, the Federal Election Commission found reason to believe that the Jim Hunt Committee and Maylon E. Little, as treasurer, violated 2 U.S.C. §§ 434(a) and 441a(f) and 11 C.F.R. § 106.3. After conducting an investigation in this matter, the Commission on January 17, 1985, determined to take no further action with regard to your client's violations of 2 U.S.C. § 434 and § 441a(f); and at your request, determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of a violation of 11 C.F.R. § 106.3 prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations prior to a finding of probable cause to believe are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

3503521865

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Andrew Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602

Re: MUR 1686
(State of North Carolina)

Dear Mr. Vanore:

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The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

1/18/85

8503521866

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John R. Wallace
Kirby, Wallace, Creech, Sarda & Zaytoun
1020 Washington Street
Raleigh, North Carolina 27605

RE: MUR 1686
(Jim Hunt Committee
Maylon E. Little, as
treasurer)

Dear Mr. Wallace:

On September 5, 1984, the Federal Election Commission found reason to believe that the Jim Hunt Committee and Maylon E. Little, as treasurer, violated 2 U.S.C. §§ 434(a) and 441a(f) and 11 C.F.R. § 106.3. After conducting an investigation in this matter, the Commission on January , 1985, determined to take no further action with regard to your client's violations of 2 U.S.C. § 434 and § 441a(f); and at your request, determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of a violation of 11 C.F.R. § 106.3 prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations prior to a finding of probable cause to believe are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

11/18/85

Enclosure
Conciliation Agreement

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SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Jim Hunt Committee	)	MUR 1686
Maylon E. Little, Treasurer	)	
State of North Carolina	)	

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
85 JAN 15 P1:09

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On September 5, 1984, the Commission found reason to believe the Jim Hunt Committee and Maylon E. Little, as treasurer, (the "Hunt Committee") violated 2 U.S.C. §§ 434 and 441a(f) and 11 C.F.R. § 106.3, and the State of North Carolina ("North Carolina") violated 2 U.S.C. § 441a(a)(1)(A).

Responses to the reason to believe notifications were filed on October 1, 1984 (see Attachments 1 and 2). North Carolina and the Hunt Committee requested pre-probable cause conciliation and offered the documentation relating to the Governor's travel to the Commission for review.

Additionally, the Hunt Committee noted additional steps it had taken to assure compliance with the Act. First, on September 13, 1984, an advisory opinion request, AOR 1984-48, had been submitted requesting clarification of 11 C.F.R. § 106.3; second, a private accounting firm, Peat, Marwick, Mitchell and Company, had been hired on September 7, 1984, by the Hunt Committee to review the Governor's air travel expenses; and third, pursuant to the Peat, Marwick, Mitchell and Company Special Report of September 21, 1984, $185,938.87 was paid to North Carolina on

September 24, 1984.

On October 10 through 12, 1984, staff members of the Office of General Counsel met with Counsel for the respondents and reviewed and copied documents in Raleigh, North Carolina. The documents consisted of records for approximately 108 trips containing a daily itinerary, the Governor's daily schedule, a North Carolina Department of Commerce aircraft trip report, and, in some cases, miscellaneous memos (see example - attachment 3). The records covered trips dating from August 9, 1983, when Hunt became a candidate for the U.S. Senate, through July 31, 1984, the last date the time allocation formula was used to calculate reimbursement for political travel on state aircraft. These same records were used by the Governor's Office to determine the reimbursement owed to the State by the Hunt Committee employing the time allocation formula.

The Hunt Committee also arranged for us to meet with a representative of Peat, Marwick, Mitchell and Company, the firm which audited the Hunt Committee's air travel. The firm prepared a detailed report recalculating all trips made by Governor Hunt since he became a candidate. Respondents have submitted the audit report to the Commission (see attachment 4).

In order to comply with the Regulations at 11 C.F.R. § 106.3 which allows for downgrading of aircraft and reimbursement of hypothetical trips including all political stops, the Hunt Committee instructed Peat, Marwick, Mitchell and Company to revise the trip calculations. These revisions were made and submitted to the Commission on December 11, 1984, (see attachment 4).

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North Carolina in its December 11, 1984, letter requested dismissal of the case. In support of its request, a copy of a report prepared by the North Carolina State Auditor, an independent state office, was submitted (see attachment 5). This report reviewed the use of air travel by the Governor on State aircraft for political purposes for the period July 1, 1982, through September 30, 1984. It concluded that the State had been fairly paid for the use of its aircraft and, in fact, was overpaid by $500. Therefore, North Carolina argues that no in-kind contributions were made to the Hunt Committee by North Carolina.

The December submission by the Hunt Committee enclosed a copy of the accounting firm's final report, the recalculation made pursuant to the Regulations, and copies of checks reflecting payments to North Carolina from the Hunt Committee (see attachment 4). The Hunt Committee argues that the time allocation reimbursement system it employed was in compliance with the Regulations and that additional steps to assure complete and full compliance with the Act and Regulations had been taken. The Committee notes, in particular, its decision to pay in full the cost of any trip taken by the Governor which included a political stop which resulted in a gross overpayment to North Carolina.

The General Counsel proposes that the Commission enter into pre-probable cause conciliation with the Hunt Committee pursuant to its October request with regard to 11 C.F.R. § 106.3 and take no further action against the Hunt Committee and North Carolina with regard to 2 U.S.C. §§ 434 and 441a(f) and 441a(a)(1)(A), respectively.

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II. FACTUAL AND LEGAL ANALYSIS

a) Applicable law.

11 C.F.R. § 106.3 sets forth certain requirements regarding the allocation of expenses between campaign and non-campaign related travel. First, subsection 106.3(b)(2) states that where a candidate's trip involves both campaign and non-campaign related stops, the campaign expenditure is calculated on the actual cost-per-mile of the means of transportation used, starting at the point of origin of the trip, via every campaign-related stop and ending at the point of origin.

Second, subsection 106.3(b)(3) defines a campaign related stop as any stop in which campaign related activity is conducted, exclusive of any incidental contacts.

Third, subsection 106.3(c) requires that when individuals, other than the candidate, conduct campaign related activities on a trip, the portion of this trip attributed to the candidate shall be allocated on a reasonable basis.

Finally, subsection 106.3(e) addresses the reportable expenses of a candidate who uses government conveyances for campaign-related travel. The regulations state that the reportable expenditure for such a candidate is the rate for a comparable commercial conveyance.

b) Application of law to facts.

The time allocation for travel reimbursement was adopted by North Carolina in 1980 after the Governor instructed his staff to have all "political" travel on state airplanes and helicopters

paid for by his political committee. In response to the Governor's request, the staff adopted the time formula method whereby campaign and non-campaign related travel charges were based on the amount of time the Governor conducted political activity compared to the amount of time he conducted official business. When Governor Hunt became a federal candidate, the Governor and North Carolina continued to use the allocation formula adopted in 1980.

The procedure used by the Governor's Office and the Hunt Committee for allocating costs between official business and political activity can be summarized as follows. The North Carolina State Department of Commerce billed the Governor's office for all of the Governor's air travel, whether for official business or for political activity, on state owned airplanes and helicopters. The rate was established by the Commerce Department. The Governor's Office then analyzed the Governor's daily schedule to determine if any part of the travel was political. If so, the staff computed a percentage which is the amount of political time compared to the total time of travel. The time allocation was based on aircraft trip records which record flight times in block time. Any overnight, waiting, or flight time was considered "official time" and not billed to the Committee. The percentage was then multiplied against the entire bill to obtain the share of the trip to be billed to the Governor's political committee. The Governor's Office paid the

bill and the political committee reimbursed the Governor's office accordingly.

On September 5, 1984, the Commission determined that the time allocation formula used by the respondents does not comply with the travel allocation requirements at 11 C.F.R. § 106.3(b)(2) and (3) and 106.3(e). In particular, 11 C.F.R. § 106.3(b)(2) requires that the campaign leg of a trip be allocated on the actual cost-per-mile of the conveyance starting from the point of origin, through each stop, and back to the point of origin. The time formula described by the Hunt Committee and North Carolina allocates only the time of the stop or stops, not travel to and from the point of origin.

Further, 11 C.F.R. § 106.3(b)(3) states that if campaign related travel is conducted at a stop, the entire stop is political. The time formula would divide a stop between campaign and non-campaign business based on the amount of time spent on political versus official business. The regulation does not permit subdivision of a stop.

Finally, 11 C.F.R. § 106.3(e) requires that the Hunt Committee reimburse North Carolina at a "comparable commercial rate" for travel on North Carolina helicopters and airplanes. According to the Hunt Committee and North Carolina, the time formula is used in reimbursing the State. The rate charged for the aircraft is set by the North Carolina Commerce Department based on their computations and the Governor's Office uses the time allocation formula in determing the reimbursement. Clearly, the comparable commercial rate is not being considered in the calculation of the reimbursement.

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On September 7, 1984, the Hunt Committee engaged the services of Peat, Marwick, Mitchell and Co., a private accounting firm, to recompute the Governor's air travel on state-owned aircraft and out-of-town ground travel from August 9, 1983, to July 31, 1984, and to compute the cost of local ground travel from August 9, 1983, through September 21, 1984. The auditing firm was given the guidelines from the Hunt Committee, which were those submitted in AOR 1984-48. These guidelines were drawn up by the Hunt Committee (see attachment 4).

The Hunt Committee also requested that North Carolina be reimbursed for the entire cost of any trip in which political activity was conducted. These trips were identified by the Hunt Committee and documentation forwarded to the accounting firm. Additionally the firm was instructed to calculate for each trip the actual cost to the State Commerce Department and then calculate the same trip using a hypothetical trip on the same type aircraft. The firm was instructed to charge the Committee the higher cost of each trip. This resulted in the Hunt Committee's payment of $185,938.87 to North Carolina on September 24, 1984, bringing the total payment to $237,624.92 ($51,686.05 had been previously paid to the Governor's Office). Ground transportation and interest are also include in this figure.

The Peat Marwick report was revised in October of 1984. The recalculations were made pursuant to 11 C.F.R. § 106.3 which allows downgrading of aircraft, where applicable and payment of

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hypothetical trips when political and non-political activity is conducted in one trip. The revised figure of $84,646.93 plus interest therefore, represents the total charges for Governor Hunt's use of aircraft from August 9, 1983 through July 31, 1984, as required by the Regulations.

The Governor used the State aircraft through August of 1984 and took one trip in September. The Hunt Committee has paid $7,914.59 for these additional trips. The total cost of campaign-related travel on state-owned aircraft is thus $92,516.52 plus interest.

Based on the above facts, the Office of General Counsel recommends pursuing the Hunt Committee for a violation of 11 C.F.R. § 106.3 for the Hunt Committee's failure to properly allocate the cost for travel on state-owned aircraft as prescribed by 11 C.F.R. § 106.3. However, we recommend taking no further action with regard to the Hunt Committee's violation of 2 U.S.C. § 434 and § 441a(f) and North Carolina's violation of 2 U.S.C. § 441a(a)(1)(A). The no further action recommendations are based on the fact that the Hunt Committee has paid in full for all trips taken by the Governor on state-owned aircraft. In actuality, the Hunt Committee has paid well beyond what is required by the Regulations. Additionally, the State Auditor reported that North Carolina had been paid in full for the cost of Governor's travel on the state-owned aircraft.

III. CONCILIATION DISCUSSION

IV. RECOMMENDATION

1. Enter into pre-probable cause conciliation pursuant to with the Jim Hunt Committee and Maylon E. Little, as treasurer, with regard to 11 C.F.R. § 106.3.

2. Take no further action against the Jim Hunt Committee and Maylon E. Little, as treasurer, with regard to 2 U.S.C. § 434 and § 441a(f).

3. Take no further action against the State of North Carolina with regard to 2 U.S.C. § 441a(a)(1)(A) and close the file with regard to the State of North Carolina.

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4. Approve and send the attached letters and conciliation agreement.

Charles N. Steele
General Counsel

January 15, 1985
Date

By: Kenneth A. Gross
Associate General Counsel

Attachments

1- NC RTB Response pg. 1
2- Hunt RTB Response pgs. 2-16
3- Example Documentation pgs. 17-28
4- Hunt Response (12/7/84) pgs. 29-82
(Peat Marwick Report pgs. 51-82)
5- NC Response (12/7/84) pgs. 83-119)
(State Auditor Report pgs 85-107)
6- Proposed Conciliation Agreement pgs. 120-123)
7- Proposed Letters pgs. 124 & 125)

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY
GCC #4928
84 OCT 1 P2:48

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

September 28, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 K Street, NW
Washington, DC 20463

Re: MUR 1686
State of North Carolina

Dear Chairman Elliott:

I have received your letter of September 13, 1984, notifying me of the Commission's determination of September 5, 1984, and of the Commission's desire to settle this matter through conciliation prior to a finding of probable cause.

The State of North Carolina also wishes to settle this matter through conciliation. In that regard, we will make available all documentary materials to enable the Commission to fully investigate and resolve this matter by conciliation. We will make these materials available in this office, or we will bring these documents to the offices of the Commission if the Commission desires.

I will be contacting Ms. Judy Thedford in the Office of General Counsel to the Commission to arrange for the orderly inspection of all materials necessary to the Commission's determinations.

Thank you for your courteous consideration of this response.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel to the Governor

cc: Judy Thedford

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KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1020 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 12065
(919) 821-4416

RECEIVED
OFFICE OF THE SEC.
COMMISSION
84 OCT 1 P2:48

September 28, 1984

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1686, Jim Hunt Committee,
Maylon E. Little, Treasurer

Dear Chairman Elliott:

We are in receipt of your letter of September 13, 1984 regarding MUR 1686. I am responding on behalf of David F. Kirby, my partner, who is out of town during the ten day period required for response. Mr. Kirby and I have discussed the matter and I am responding on behalf of Jim Hunt Committee and Maylon E. Little, Treasurer, requesting that this matter be referred to the office of General Counsel for conciliation as you have suggested. In this regard, I would like to advise the Commission of certain developments in regard to this matter.

First, on September 13, 1984 the Jim Hunt Committee, along with counsel to the Governor, requested an Advisory Opinion as to the compliance with Federal regulation of the guidelines which are attached to our Advisory Opinion Request, a copy of which is attached hereto. Pursuant to 2 USC §437f and 11 CFR §112, it is our understanding that a response will be forthcoming within 20 days of the receipt of the request.

Second, on September 7, 1984, the Governor and the Jim Hunt Committee submitted the guidelines which are contained in our request for an Advisory Opinion along with all records of the State of North Carolina regarding the Governor's travel to Peat, Marwick, Mitchell & Co. for calculation of the sums pursuant to the guidelines that the State of North Carolina should be billed and paid by the Jim Hunt Committee. A copy of the letter of engagement with Peat, Marwick, Mitchell & Co. is enclosed.

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Third, on September 21, 1984, upon receipt of the calculations by Peat, Marwick & Mitchell, the Jim Hunt Committee paid to the State of North Carolina the sum of $185,938.87 for the use of State aircraft and ground conveyance in addition to sums previously paid.

As you will note, the guidelines subject to the Advisory Opinion Request require compliance not only with 11 CFR §106.3 FEC regulation but also reimbursement at the actual cost to the Department of Commerce of the use of the State aircraft, if greater.

Finally, the Committee is willing to make available all necessary documentary material to enable the Commission to fully investigate and resolve this matter by conciliation and will make these materials available in Washington, D.C. if the Commission so desires. I have spoken with Ms. Judy Thedford about this matter and have made her aware of our willingness to resolve this matter in this fashion.

Thank you for your courteous consideration of this response. Should you have any questions, please contact me or David Kirby of our office and we will be pleased to respond.

Sincerely,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

John R. Wallace

JRW/efc

Enclosure

(3)

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Peat, Marwick, Mitchell & Co.
Certified Public Accountants
4300 Six Forks Road
Post Office Box 18000
Raleigh, North Carolina 27619
919-782-6600

September 20, 1984

Messrs. David Kirby and John Wallace
Kirby, Wallace, Creech, Sarda & Zaytoun
Attorneys at Law
Post Office Box 12065
Raleigh, North Carolina 27605

Dear Messers. Kirby and Wallace:

It was a pleasure to meet with Jack Cozort and Pam Gaither to discuss our engagement to perform certain agreed-upon procedures for the Jim Hunt For Senate Committee.

They furnished us with information concerning Mr. Hunt's use of State-owned aircraft for official and political purposes and a list of guidelines to be used in determining the amount that the campaign will pay to the State of North Carolina for the use of the aircraft. We are being engaged to apply the guidelines to each of the Governor's trips taken on State-owned aircraft between August 9, 1983, and July 31, 1984, where any political activities were conducted. The principal result of this work will be a calculation of reimbursable costs as defined by the guidelines. The agreed-upon procedures do not constitute an examination in accordance with generally accepted auditing standards, and we are not being engaged to verify or audit any of the information provided to us. Consequently, we will express no opinion regarding the fairness or appropriateness of the reimbursable costs. We will obtain Mr. Cozort's approval of any assumptions or interpretations that might be necessary to apply the guidelines to the various trips taken on State-owned aircraft.

Upon completion of this engagement, we will provide you with a report summarizing the results of applying the agreed-upon procedures necessary to calculate the reimbursable costs in accordance with the guidelines. The report will include summary schedules of (1) the reimbursable cost of each trip, (2) the excess of total reimbursable costs over amounts previously paid, and (3) total reimbursable costs in excess of travel costs on alternative conveyances (determined in accordance with the guidelines). The report is solely for your use and is not to be referred to or distributed to anyone who is not affiliated with the Jim Hunt For Senate Committee. However, we understand that the report may be made a matter of public record.

(4)

The fee for our services will be billed to the Jim Hunt For Senate Committee at our standard hourly rates plus expenses for typing and report reproduction.

We sincerely appreciate the opportunity to serve the Jim Hunt For Senate Committee in this capacity. Please sign and return one copy of this letter indicating your acceptance of the matters discussed above.

Sincerely,

PEAT, MARWICK, MITCHELL & CO.

James D. Artman

James D. Artman
Partner

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Accepted:

Jim Hunt For Senate Committee

By: _____

Date: _____

JDA/htf

(5)

KIRBY, WALLACE, GREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1080 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. GREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 18065
(919) 821-4416

September 13, 1984

Federal Election Commission
Office of General Counsel
1325 K Street, N.W.
Washington, D.C. 20463

Re: Advisory Opinion Request
11 CFR §106.3

Dear Commissioners:

The undersigned counsel for Governor Jim Hunt and the Jim Hunt Committee request an advisory opinion under 2 USC §437f(a)(2) and 11 CFR §112.1. We request an opinion on whether the enclosed proposed guidelines comply with your interpretation of your regulations regarding allocation of expenses between campaign and noncampaign-related travel. 11 CFR §106.3. Governor Hunt has instructed the Committee to make full and fair reimbursement to the State of North Carolina for all campaign-related travel expenses. The State of North Carolina intends to bill and collect payment from the Jim Hunt Committee for campaign-related use of state-owned aircraft by the Governor, the Committee, or any other persons campaigning for the Governor, based upon the guidelines we are submitting.

It is our understanding that pursuant to 11 CFR §112.4(b) the Commission shall respond to this request within twenty (20) days.

The Code of Federal Regulations provides only limited instruction on allocating expenses between campaign and noncampaign-related travel to candidates who are public officials and who travel on government conveyances or use government accommodations. 11 CFR §106.3. Because of the lack of instruction contained in 11 CFR §106.3, counsel for the Governor and the Committee have referred to the special expense allocation provisions for Presidential and Vice-Presidential candidates found in 11 CFR §9004.7 and 11 CFR §9034.7 and special expense reimbursement provisions for corporations and labor unions found in 11 CFR §114.9 in interpreting 11 CFR §106.3 and in drafting proposed guidelines for reimbursing allocable campaign-related expenses.

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The regulation the Governor and the Committee wish to have interpreted is 11 CFR §106.3(e) which provides:

> (e) Notwithstanding paragraphs (b) and (c) of this section, the reportable expenditure for a candidate who uses government conveyance or accommodations for travel which is campaign-related is the rate for comparable commercial conveyance or accommodation. In the case of a candidate authorized by law or required by national security to be accompanied by staff and equipment, the allocable expenditures are the costs of facilities sufficient to accommodate the party, less authorized or required personnel and equipment. If such a trip includes both campaign and noncampaign stops, equivalent costs are calculated in accordance with paragraphs (b) and (c) of this section.

The ambiguity of this regulation has raised numerous questions for the Jim Hunt Committee and the State of North Carolina in calculating reportable and reimbursable travel expenses. The regulation simply provides that when a government conveyance is used, the Committee should reimburse the State at the "rate of a comparable commercial conveyance". As the Commission will note, the term "comparable commercial conveyance" is not defined in the regulation. Therefore, counsel to the Governor and the Committee have drafted proposed guidelines based upon related provisions of the Code of Federal Regulations, conversations with FEC counsel, common sense, and the Governor's instruction to pay more than required by federal regulations if there is any doubt as to the amount due.

Counsel to the Committee and the Governor respectfully request that the Commission examine the proposed guidelines and issue an advisory opinion as to whether the proposed guidelines comply with the spirit and letter of the Federal Elections Campaign Act. These guidelines have been made available to the State and the Committee for their use in calculating the allocable campaign expenses to be reimbursed by the Committee to the State. We request that the

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Commission carefully scrutinize these guidelines for compliance with federal election law.

* * *

PROPOSED GUIDELINES FOR ALLOCATION OF TRAVEL EXPENSES.

Federal election law requires that a candidate report all travel expenses incurred in connection with planned campaign-related activity. When the Governor uses government conveyances or accommodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

I. Campaign-Related Travel.

The Committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions is not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser, or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else travelling on a State conveyance who is conducting any campaign-related activities.

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II. Computation of Costs.

The Committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjunction with air travel. Costs are to be computed in one of the following methods:

(1) At 20 1/2 cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00)

(2) At $6.00 per hour if accurate records of time are kept, in accordance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

B. Air Travel.

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(9)

(c) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign-related activity at a city makes that stop of the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the Committee must reimburse the State an amount equal to what it would cost to use "comparable commercial conveyance". The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyance.

There are two possible means of travel by plane: regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at locations served by regularly scheduled commercial air service, the rate to be used is first class air fare for each person whose travel is reportable and reimbursable. (See 11 C.F.R. §9034.7(b)(5)(i).)

(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accommodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's use of the State aircraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the Committee will exclude the cost of transporting security in calculating the amount to be reimbursed. (See 11 C.F.R. 9034.7(b)(5)(ii).)

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel

(10)

8503352183 7

is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates for smaller, more spartan conveyances.

(d) In determining how much the Committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security and persons on official business, when appropriate. For example, if the total cost of chartering similar aircraft including the pilot was $600.00, and the only passengers on board were the Governor, and one security agent, and the trip was part official and part political, the Committee should reimburse the State $300.00, one-half of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other persons deemed reimbursable. In other words, it is permissible to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor, and others deemed reimbursable.

(3) When computing the charter rates, use the times recorded by the pilots on the Department of Commerce invoice for actual flight time and actual ground time. Do not use the estimated flying times and ground times from the schedule. Always include in flight time the time for the helicopter to fly from the hanger to pick up the Governor downtown and to return to the hanger after leaving the Governor downtown.

(4) If the reimbursement cost for air travel is ever less than the cost of the trip to the Department of Commerce, regardless of the method used to compute the reimbursement cost, use the cost of the trip to the Department of Commerce as the amount to be reimbursed.

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(11)

Additionally, the Committee respectfully requests that the Commission provide assistance by answering the following questions concerning the interpretation of 11 CFR §106.3.

1. When the term "comparable commercial conveyance" is used in 11 CFR §106.3, is the Committee allowed to reimburse travel expenses at the rate of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

2. In the case of travel to a city not served by regularly scheduled commercial air service, is the Committee required to reimburse at the usual charter rate for a "comparable commercial conveyance"?

3. Does the Committee have the option of paying the usual charter rate for commercial conveyance instead of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

4. In determining the rate for a "comparable commercial conveyance", is it permissible for the Committee to calculate the reportable expense by dividing the total operating cost for the usual charter rate for a comparable airplane or helicopter by the total number of passengers transported and pay the State an amount equal to that portion of the actual cost of the charter which is allocable to all passengers traveling for campaign purposes? In calculating this amount, if the candidate is required or authorized by law to be accompanied by security or authorized staff, is it permissible for the Committee to exclude those costs in allocating reportable and reimbursable expenditures?

5. Is it permissible for the Committee to calculate the reportable and reimbursable travel expense by determining the usual charter rate for a smaller airplane or helicopter which is sufficiently large to transport the Governor and all other persons who are conducting campaign-related activity, less facilities sufficient to accommodate staff or security which is authorized or required by law to accompany the Governor. For example, if

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the Governor, security, and one campaign aide travel between cities in North Carolina along with the pilot and security personnel, is it permissible for the Governor to pay for the usual charter rate of a smaller aircraft which is sufficiently large to transport the Governor, security, and the aide?

6. When calculating the amount to be reported and reimbursed, does the Committee have the option of selecting between a cost calculation based on the actual conveyance used or the usual charter rate for a similar aircraft sufficiently large to transport all persons conducting campaign activity?

7. The State Bureau of Investigation which provides security for the Governor has recommended that the Governor travel on state-owned aircraft, piloted by state employees, for security and safety reasons. Please confirm that the cost of required security personnel is excludable in calculating the cost of "comparable commercial conveyance" under 11 CFR §106.3(e)?

* * *

Governor Hunt has instructed the Committee to make full and fair reimbursement to the State of North Carolina for all campaign-related travel expenses. The Governor and the Committee ask the Commission to answer the foregoing questions in order that all calculations and reimbursements for travel, both past and future, be made according to a method which has been approved by the Commission. The Governor and the Committee ask for this opinion because the regulations are ambiguous and the Committee and the Governor wish to fully abide by the spirit and the letter of the law.

If the Commission has objections to any of the proposed guidelines, please specify the objection and provide us with an opinion as to what the Commission considers to be appropriate.

8503521890

Thank you for assistance in this regard.

Respectfully submitted,

JACK COZORT

Jack Cozort
Legal Counsel to the Governor

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

By: _____
David F. Kirby
Counsel to the Jim
Hunt Committee

JC/DFK/efc

8503521891

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1080 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 18065
(919) 821-4416

September 14, 1984

Federal Election Commission
Office of General Counsel
1325 K Street, N.W.
Washington, D.C. 20463

Re: Advisory Opinion Request of Governor James B. Hunt, Jr. and the Jim Hunt Committee

8503521893

Dear Commissioners:

On Thursday, September 13, 1984, counsel to Jim Hunt, Governor of North Carolina and counsel to the Jim Hunt Committee filed an advisory opinion request as to appropriate methods of reimbursement for use of government conveyances. The request identifies an attachment which was inadvertently omitted at the time of the filing.

The attachment, enclosed herein, sets forth a schedule of rates established by a local automobile rental agency which would constitute rates for a "comparable commercial conveyance". Please attach this exhibit to the already filed request for an advisory opinion.

Should you have any questions in this regard, please contact me.

Sincerely,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

John R. Wallace

JRW/efc

Enclosure

cc: Jack Cozort
Legal Counsel to the Governor

15

TRIANGLE RENTAL
CAR · TRUCK · VAN

RALEIGH-DURHAM AIRPORT
RALEIGH, N.C. 27606
(919) 782-3464

4100 WESTERN BOULEVARD
RALEIGH, N.C. 27606
(919) 851-2555

HERE ARE OUR NEW CORPORATE RATES
(EFFECTIVE JANUARY 1984)

8503352189 3

	DAILY	WEEKLY	MONTHLY	HOURLY	MILEAGE
ECONOMY	24.00	120.00	445.00	4.00	UNL
COMPACT	26.00	130.00	475.00	5.00	UNL
MID SIZE	30.00	150.00	535.00	6.00	UNL
FULL SIZE	32.00	160.00	565.00	6.00	UNL
PREMIUM	36.00	180.00	625.00	7.00	UNL
WAGON	40.00	200.00	685.00	7.00	UNL
VAN (15 pass.) (FREE MILES)	50.00 (100 p/d)	250.00 (700 p/d)	950.00 (2000 p/m)	7.00	.31

WE FEATURE GENERAL MOTORS CARS AND FORD VANS EQUIPPED
WITH AM/FM STEREO, AIR CONDITIONING, POWER STEERING,
POWER BRAKES, FRONT WHEEL DRIVE, CRUISE CONTROL, TILT WHEEL,
TINTED GLASS, AND AUTOMATIC TRANSMISSION

(16)

ITINERARY

File Copy

EVENT(S) INFORMATION:

1. Meeting, American Medical Assoc. — Washington,DC — WEDNESDAY 01/25/84
   101 Vermont Ave, NW & "H" St.
2. Meeting, Morrie Amitay & Myrna Frankel — Washington,DC
   Washington Hilton
3. Meeting, Suzan Adler & Betty Owen, Washington Hilton — Washington,DC
4. Business & Public Schools, A New Paternship, The Conference Board, Inc., Washington Hilto
5. Interview, Christian Science Monitor, Washington Hilton
6. Meeting, American Dental Assoc., 1101 17th St. NW at "L" St., Washington,DC
7. Brief Remarks, Greater Winston-Salem Chamber of Commerce, Hilton Inn, Winston-Salem
8. Reception, Home of Leigh & Bolton Rose, 1040 Arbor Road, Winston-Salem

CONTACT PERSON(S):

1-6 Pat Shore
7. Donna Lambert 727-2666
8. Janice Bennett 725-1297

PARTY MEMBERS:

Governor
Stuart Campbell
Betty Owen – to Washington only
Barbara Matula – to Washington only
Betty McCain – from Winston-Salem
John Bennett – from Winston-Salem
Tony Lathrop – from Winston-Salem

DEPARTURE:

8:30am Depart RDU via Kingair
9:20am Arrive Washington, National Airport
5:00pm Depart Washington, DC for Winston-Salem
6:10pm Arrive Winston-Salem

TRANSPORTATION:

Kingair (N102 NC) – [illegible]
NC State Highway Patrol – [illegible]

SECURITY AND SUPPORT PERSONNEL:

Don Shaver – pilot
Jerry Bradley – pilot

Trooper Norman Keeter (0706) – [illegible] to RDU (AM)
Trooper Earl Haney (0811) – [illegible] from RDU (PM)
Agent Stuart Campbell (0197) – [illegible]

Trooper Terry Tries (0366) – [illegible]
Agent T. W. Bryant (0812) – [illegible]

TELEPHONE NUMBERS:

[illegible] – (202)[illegible]
[illegible] – (202)[illegible]
911
Capitol Police – (202)224-5121
Butler Aviation – (202)[illegible]
Washington Hilton – (202)[illegible]
Sheraton Hotel – (202)[illegible]

Supervisor Ed Hunt, SBI, Greensboro – (919)643-8467
SHP District Office, Winston-Salem – (919)761-2441
SHP Radio, Salisbury (ch. 3 & 4) – (704)637-0207
Winston-Salem Police Department – (919)727-2184 or 911 (EMERGENCY)
Forsyth County Sheriff's Department – [illegible]

SCHEDULE

SEE ATTACHED SCHEDULE

8504358915

HOTEL ACCOMMODATIONS:

None

DEPARTURE FROM EVENT(S):

Departure from Winston-Salem for Raleigh to be determined. Traveling security to notify Raleigh.

REMARKS/INFORMATION:

TELEPHONE NUMBERS (continued):

[illegible] Memorial Hospital - (919)733-5151
[illegible] Baptist Hospital - (919)[illegible]
Hilton Inn - (919)723-7911
[illegible] - (919)[illegible]

We were delayed getting to Washington & had to move the first appointment to 3:30PM. HSC

(15)

Senior Agent H. S. Campbell 01/24/84
Prepared by/Date

Stuart Campbell 1-25-84
Traveling Agent's Signature/Date

WEDNESDAY AM / PM

Meeting, 1101 Vermont Avenue, N.W
Washington, D. C.

Meeting, Suzan Adler, Monroe Room
Concourse Level, Washington Hilto
Washington, D. C.

Business and Public Schools-- A
New Partnership, The Conference
Board, Inc., Washington Hilton,
Washington, D. C.

Interview, Christian Science Mon
Washington Hilton, Washington, D

Meeting, Mark Adams, 1101, 17th
NW, Washington, D. C.

Brief Remarks, Greater Winston-
Salem Chamber of Commerce, Hilto
Inn, Winston-Salem

Reception, Home of Leigh and Sel
Rose, 1040 Arbar Road, Winston-
Salem

8505052-7896

GOVERNOR'S SCHEDULE
WEDNESDAY, JANUARY 25, 1984

Auto/King Air

Governor, Security, Betty Owen, ~~Rick Boyer~~, Barbara Matula
Pilots: Don and Jerry Betty McCain, John Bennett and
P Tony Lathrop P (3 Pol. peop
from W-S to
Raleigh on

7:45 a.m.	depart Mansion
8:10 a.m.	arrive RDU, North Ramp
8:20 a.m.	depart RDU, North Ramp
9:20 a.m.	arrive Washington National, Butler Avia
	(Pat Shore will meet Governor at front entrance)
9:35 a.m.	depart Washington National
10:00 a.m.	arrive 1101 Vermont Avenue, NW at "L"
	Meeting, American Medical Association P Mark Hagood, Regional Political Direc Jack Hotaling, Director and Treasure (202-789-7465)
10:30 a.m.	depart Vermont Avenue, NW
10:45 a.m.	arrive Washington Hilton

(19)

(OVER)

10:45 a.m.	Meeting, Morrie Amitay and Myrna Franke (will meet Governor and Pat at Regis tion desk in Hilton Lobby)
11:30 a.m.	Meeting, Suzan Adler and Betty Owen, Monroe Room, Concourse Level, Washingt Hilton
12:00 Noon - 2:00 p.m.	Business and Public Schools, A New Partnership, The Conference Board, I Washington Hilton
2:15 p.m.	Interview, Julia Molone, Christian Science Monitor, Washington Hilton (Pat and interviewer will meet the Governor in the Hilton after Conference Board meeting)
2:30 p.m.	depart Washington Hilton
2:45 p.m.	arrive 1101 17th Street NW at "L" St.
	Meeting with American Dental Assoc. PAC Mark Adams, Executive Director, (202-833-3036)
3:15 p.m.	depart 17th Street NW

(If time permits Pat may take Governor by to visit with Community College Group Meeting or Governor may wish to stop by Phil Carlton's Room at Mayflower for break)

4:40 p.m.	arrive Washington National, Butler Aviation
5:00 p.m.	depart Washington National
6:10 p.m.	arrive Winston-Salem Airport
6:20 p.m.	depart Winston-Salem Airport
6:30 p.m.	arrive Hilton Inn, Winston-Salem
	Brief Remarks, Winston-Salem Chamber of Commerce
7:00 p.m. (or on instruction of Governor)	depart Hilton Inn
7:15 p.m. (approximately)	arrive 1040 Arbar Road, Winston-Salem
	6:30 p.m. - 9:00 p.m., Reception, Home of Leigh and Selwyn Rose
(on instruction of Governor)	depart Arbar Road
(15 minutes driving time)	arrive Winston-Salem Airport

(MORE)

(20)

8504052-1897

depart Winston-Salem Airport

(20 minutes flying time)

arrive RDU, North Ramp

depart RDU, North Ramp

arrive Mansion

8504052-8998

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

DC-AT-F

NO. 24683

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 172NC

DATE 1-25-84

FROM RDU

CREW Custer + Brantley

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST	TOTAL	BLOCK TIME	TYPE APCH
1	DCH	200	4	800	0845	1000	1.2		.3	1.2	1.3	ILS
2	INT	220	2	440	1707	1818	.5	.7		1.2	1.3	VFR
3	RDU	71	4	284	2118	2140		.4		.4	.5	VFR
4												
5												
6												
7												
		491		1524			1.7	1.1	.3	2.8	3.1	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. FWD.	3746.1	238.1	238.1	295	FLT.	175
THIS DATE	2.8	2.8	2.8	3		
TOTALS	3748.9	240.9	240.9	298	BLK	155

REMARKS:

VOR RECEIVERS CHECKED PER FAR 91.25
ON _____ ACCURATE _____

1	2	3	4	5	6	7
Gov. + 3	Gov. + 1	Gov. + 3				
Secretary	Secretary	Governor				
Betty Ann Secretary	Secretary	Secretary				
Barbara Pictule		~~Betty Brown~~	Betty McCain	$ 300.00	12 hours @ $77.50 per hour	
		~~Barbara Mondale~~	John Bennett	x3.1		
Not political				930.00	official political	
					$ 155.00	
					775.00	
						3-5-84 Chad Cradeball
		6681	25070E8			
Cost Mile						

WEDNESDAY AM / PM

Meeting, 1101 Vermont Avenue, N.W. Washington, D. C.

Meeting, Suzan Adler, Monroe Room, Concourse Level, Washington Hilton Washington, D. C.

Business and Public Schools-- A New Partnership, The Conference Board, Inc., Washington Hilton, Washington, D. C.

Interview, Christian Science Monit Washington Hilton, Washington, D.C

Meeting, Mark Adams, 1101, 17th St NW, Washington, D. C.

Brief Remarks, Greater Winston-Salem Chamber of Commerce, Hilton Inn, Winston-Salem

Reception, Home of Leigh and Selwy Rose, 1040 Arbar Road, Winston-Salem

8504052 1900

GOVERNOR'S SCHEDULE
WEDNESDAY, JANUARY 25, 1984

Auto/King Air

Governor, Security, Betty Owen

Pilots: Don and Jerry

7:45 a.m.	depart Mansion
8:10 a.m.	arrive RDU, North Ramp
8:20 a.m.	depart RDU, North Ramp
9:20 a.m.	arrive Washington National, Butler Aviati
	(Pat Shore will meet Governor at front entrance)
9:35 a.m.	depart Washington National
10:00 a.m.	arrive 1101 Vermont Avenue, NW at "L" St
	Meeting, American Medical Association PA Mark Hagood, Regional Political Direct Jack Hotaling, Director and Treasurer (202-789-7465)
10:30 a.m.	depart Vermont Avenue, NW
10:45 a.m.	arrive Washington Hilton

(OVER)

23

10:45 a.m.	Meeting, Morrie Amitay and Myrna Frankel (will meet Governor and Pat at Registration desk in Hilton Lobby)
11:30 a.m.	Meeting, Suzan Adler and Betty Owen, Monroe Room, Concourse Level, Washington Hilton
12:00 Noon - 2:00 p.m.	Business and Public Schools, A New Partnership, The Conference Board, In Washington Hilton
2:15 p.m.	Interview, Julia Malone, Christian Science Monitor, Washington Hilton (Pat and interviewer will meet the Governor in the Hilton after Conference Board meeting)
2:30 p.m.	depart Washington Hilton
2:45 p.m.	arrive 1101 17th Street NW at "L" St.
	Meeting with American Dental Assoc. PAC Mark Adams, Executive Director, (202-833-3036)
3:15 p.m.	depart 17th Street NW
(If time permits Pat may take Governor by to visit with Community College Group Meeting or Governor may wish to stop by Phil Carlton's Room at Mayflower for break)	
4:40 p.m.	arrive Washington National, Butler Aviation
5:00 p.m.	depart Washington National
6:10 p.m.	arrive Winston-Salem Airport
6:20 p.m.	depart Winston-Salem Airport
6:30 p.m.	arrive Hilton Inn, Winston-Salem
7:00 p.m. (or on instruction of Governor)	Brief Remarks, Winston-Salem Chamber of Commerce depart Hilton Inn
7:15 p.m. (approximately)	arrive 1040 Arbar Road, Winston-Salem
	6:30 p.m. - 9:00 p.m., Reception, Home of Leigh and Selwyn Rose
(on instruction of Governor)	depart Arbar Road
(15 minutes driving time)	arrive Winston-Salem Airport

(24)

(MORE)

8504052190 1

depart Winston-Salem Airport

(20 minutes flying time)
25 min according to Ann Gunter
1-24-84 8:20am

arrive RDU, North Ramp

depart RDU, North Ramp

arrive Mansion

8504052190 2

ITINERARY

EVENT(S) INFORMATION:

1. Meeting, American Medical Assoc. 1101 Vermont Ave, NW at "L" St. — Washington,DC — WEDNESDAY 01/25/84
2. Meeting, Morrie Amitay & Myrna Frankel Washington Hilton — Washington,DC
3. Meeting, Suzan Adler & Betty Owen, Washington Hilton — Washington,DC
4. Business & Public Schools,A New Paternship, The Conference Board,Inc., Washington Hilt
5. Interview, Christian Science Monitor, Washington Hilton
6. Meeting, American Dental Assoc., 1101 17th St. NW at "L" St., Washington,DC
7. Brief Remarks, Greater Winston-Salem Chamber of Commerce,Hilton Inn, Winston-Salem
8. Reception, Home of Leigh & Selwyn Rose, 1040 Arbar Road, Winston-Salem

CONTACT PERSON(S):

1-6 Pat Shore
7. Donna Lambert 727-2666
8. Janice Bennett 725-1299

PARTY MEMBERS:

Governor
Stuart Campbell
Betty Owen

DEPARTURE:

8:20am Depart RDU via Kingair
9:20am Arrive Washington, National Airport
5:00pm Depart Washington, DC for Winston-Salem
6:10pm Arrive Winston-Salem

TRANSPORTATION:

Kingair (N122 NC) - air transportation
NC State Highway Patrol - ground transportation

SECURITY AND SUPPORT PERSONNEL:

Don Gunter - pilot
Jerry Brantley - pilot

Trooper Norman Doering (0806) - transportation to RDU (AM)
Trooper Earl Hardy (0811) - transportation from RDU (PM)
Agent Stuart Campbell (0037) - security on trip

Trooper Terry Price (0844) - advance/transportation in Winston-Salem
Agent J. W. Bryant (0822) - advance in Winston-Salem

TELEPHONE NUMBERS:

NC Washington Office - (202)[illegible]
Washington Police Department - (202)727-4512
Fire/EMS - 911
Capitol Police - (202)224-3121
Butler Aviation - (703)[illegible]
Washington Hilton - (202)[illegible]
Mayflower Hotel - (202)347-[illegible]

Supervisor Bo Hunt, SBI, Greensboro - (919)643-6467
SHP District Office, Winston-Salem - (919)761-2341
SHP Radio, Salisbury (ch. 3 & 4) - (704)636-0807
Winston-Salem Police Department - (919)727-2184 or 911 (EMERGENCY)
Forsyth County Sheriff's Department - (919)727-2112

(26)

(continued)

SCHEDULE

SEE ATTACHED SCHEDULE

8504052190 4

HOTEL ACCOMMODATIONS:

None

DEPARTURE FROM EVENT(S):

Departure from Winston-Salem for Raleigh to be determined. Traveling security to notify Raleigh.

REMARKS/INFORMATION:

TELEPHONE NUMBERS (continued):

Forsyth Memorial Hospital - (919)773-3101
NC Baptist Hospital - (919)748-4995
Hilton Inn - (919)733-7911
Dr. Selwyn Rose - (919)725-1297

(27)

Senior Agent H. S. Campbell 01/24/84

Prepared by/Date

Traveling Agent's Signature/Date

SR SBL XXA SBO, ATTN. REF. [illegible] SCHEDULE FOR WEDNESDAY 01/25/84:

TRAVEL BY KINGAIR. NEED DRIVING TIMES. GOV. WILL BE TRAVELING TO W-S FROM WASHINGTON,D.C.	5:45PM	BRIEF REMARKS, GREATER WINSTON-SALEM CHAMBER OF COMMERCE, BALLROOM, THE HILTON INN, WINSTON-SALEM. LOCAL CONTACT: MAYOR CORPENING OR DONNA LAMBERT 727-2666
TRAVEL BY CAR. NEED DRIVING TIMES.	6:30PM TO 9:00PM	RECEPTION, HOME OF LEIGH AND SELWYN ROSE, 1040 ARDOR ROAD, WINSTON-SALEM, LOCAL CONTACT: JANICE BENNETT 725-1299.

PLEASE HAVE ASSIGNED AGENT CONTACT SHP AND RALEIGH SECURITY AS SOON AS POSSIBLE. NO ADDITIONAL AT THIS TIME.

PLEASE ACK. THIS SCREEN.

SBM/HAWLEY
SBM223 JAN 16 1984 09:38:23 ACK
SBM312 S XXA164 JAN 16 1984 09:39:41
SR SBM,

10-4 SCHEDULE FOR WEDNESDAY, 1-25-84

PL HDQS XXA
SBM313 S SBL642 JAN 16 1984 09:40:00
SR SBM,
10-4,,RON, PLEASE GIVE US A CALL. NEED THE NAME OF THE COORDINATOR OF THE ACTIVITIES IN OPPOSITION TO LAST THURS AND FRI.

THANKS.

SBL/JOMO
SBM314 S SBO946 JAN 16 1984 09:41:25
SR SBM,
10/4
REF GREENSBORO
ALSO HANLEY DID U CHECK ON THAT ITEM FOR WALT HOUSE.
SBO/CHILDREY

(25)

GCC#5904

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1020 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL F. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 12065
(919) 821-4416

84 DEC 10 AM 10:49

84 DEC 10 AM 11:19

December 7, 1984

The Honorable Lee Ann Elliot
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

RE: MUR 1686
Jim Hunt Committee
Maylon E. Little, Treasurer

Dear Ms. Elliot:

The Jim Hunt Committee, in further response to the complaint of David T. Flaherty of April 25, 1984 and as a

8504052 1905

BACKGROUND. The Jim Hunt Committee is the principal campaign committee of Jim Hunt, Governor of North Carolina and the Democratic candidate for the United States Senate from North Carolina in 1984. The Jim Hunt Committee was formed as the Jim Hunt Exploratory Committee on August 9, 1983. At the time of the formation of the Jim Hunt Exploratory Committee, the Governor in the course of his official duties used a King Air airplane and Bell 222 and Bell 206 helicopters for transportation to conduct official business of the State of North Carolina. The aircraft are owned by the Department of Commerce of the State of North Carolina.

Beginning in 1980, when the Governor was not a candidate for federal office, the Governor instructed his staff to pay for all "political travel" on the State airplane or helicopters. Upon the advice and counsel of the State Board of Elections, by and through its Executive Director, Alex Brock, the Governor and his staff determined that the proper method of allocating campaign and non-campaign related travel expenses should be based upon

the percentage of time that the Governor conducted political activity as compared to the amount of time he conducted official business during the course of travel.

This allocation method was used by the Office of the Governor through April of 1984 in good faith reliance upon the advice of the State Board of Elections. The Jim Hunt Committee has paid in full each and every invoice which was submitted by the State of North Carolina for the Governor's campaign-related travel.

In this regard, enclosed is a copy of a special report of the Auditor as to the use of the State aircraft for political travel demonstrating the Committee's full and fair reimbursement to the State of North Carolina.

PAYMENTS. The State of North Carolina billed and was reimbursed for political travel in the following amounts and payments were made on the following dates:

October 3, 1983	$ 620.00	
December 9, 1983	1,243.43	
December 29, 1983	1,992.00	
January 26, 1984	120.00	
February 8, 1984	1,254.14	
March 30, 1984	2,088.73	
April 17, 1984	6,569.60	
June 28, 1984	32,378.33	(For the period March, April, May)
TOTAL PAYMENTS	$ 46,266.23	

A calculation of the sums due and owing pursuant to Advisory Opinion 1984 - 48 and 11 CFR 106.3 demonstrates that the sums due and owing through April, 1984 would approximate $33,000.00. The sums actually paid by the Jim Hunt Committee for that period prior to the filing of the complaint together with payments made within the established billing cycle is approximately $34,000.00. Although a different method of allocation and reporting was used, the results, for that period, are approximately the same. In this regard, enclosed are calculations of Peat, Marwick &

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Mitchell pursuant to instructions from the Jim Hunt Committee which demonstrate the methods employed in this calculation. As the Commission will note, this method of calculation differs from the means employed in determining the actual reimbursement of the Jim Hunt Committee. The Committee submits that these calculations reflect good faith and common sense interpretation of the regulations, which although different from those actually used during the period of August 9, 1983, through April 27, 1984, produce a similar result. The most significant difference between the figures herein submitted and those sums actually paid arises from the downgrading of aircraft within terms of the Advisory Opinion, the use of one charter aircraft to fly the full course whether or not the Governor and political persons are actually on the plane at all times, reflecting the actual costs of the charter rather than a charter route for political persons and a separate charter route for the Governor as has been actually paid, and strict adherence to statute and regulation rather than full compliance with the Governor's instructions to pay the actual cost to the Department of Commerce, which payment has in fact already been made and which exceeds reimburseable sums under 11 CFR 106.3.

The Commission should be aware that in order to calculate the allocable and reportable campaign-related travel pursuant to 11 CFR 106.3 the Jim Hunt Committee found it necessary to employ the services of Peat, Marwick & Mitchell despite the Committee's substantial and competent bookkeeping, accounting and computer support personnel. The firm of Peat, Marwick & Mitchell found it necessary to develop a sophisticated computer program to calculate allocable and reportable travel and, in addition, found it necessary to employ the services of a consultlng charter air service in order to develop the information necessary to develop their computer program. The costs of such services were approximately $40,000.00 to the Committee. The Committee suggests that the regulation is unduly complex and creates an unwarranted burden on those seeking to comply with its terms.

ARGUMENT. The Committee submits that the sums actually paid vastly exceed a realistic good faith and common sense approach to the allocation and payment of travel expenses. In this regard, the Committee submits the Special Report on Calculation of Reimbursable Costs of Campaign Related Travel prepared at its request in documentation of the sums paid by the Jim Hunt Committee to the State of North Carolina. An

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examination of the materials contained with the report and of the calculations performed pursuant to the guidelines proposed by the Hunt Committee and addressed in Advisory Opinion 1984-48 demonstrates the good faith effort of the Hunt Committee and, in particular, the intention of the Governor to fully pay the actual costs of the use of the aircraft to the Department of Commerce or if higher, the costs of allocable campaign-related travel pursuant to statute, regulation and guideline so as to remove any question as to compliance in full with appropriate standards.

An examination of several trips previously paid for in full are appropriate to demonstrate the extent of the Hunt Committee's willingness to pay in excess of realistic interpretations of the statute. An examination of Appendix 2 demonstrates much travel in the early months of the Governor's campaign subsequent to the August 9, 1983 formation of the Exploratory Committee, much of which is purely official business. During this period, a political aide to the Governor travelled with him extensively to be able to consult with the Governor regarding political matters. This aide conducted political business at the official stops of the Governor only infrequently and yet as a result of his travel, entire official trips have been paid for by the Hunt Committee which arguably need not have been paid by virtue of the fact that no political stops were made. An examination of the May 4, 1984 trip demonstrates the extent to which the Hunt Committee has reimbursed the State of North Carolina for what is State and official business. The travel reflected for May 4, 1984 in the amount of $6,027.78 is payment for travel by the Governor to Manteo, North Carolina for official business extending throughout the day interrupted by a 20-minute political meeting. The State would, of course, have borne the entire expense of the trip but for the application of the regulations which provide that the trip in its entirety be paid by the Hunt Committee. As a consequence, a 20-minute meeting has resulted in payment by the Committee to the State of North Carolina in the amount of $6,027.28.

The Governor throughout the campaign performed fully his duties as Governor, resulting in extensive travel about the state, conducting official meetings, attendance at official functions, and most significantly, extensive efforts at industrial recruitment on behalf of the State of North Carolina. This official travel has, by virtue of prearranged political contacts at the various official

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stops, been reimbursed by the Hunt Committee. The total sum for reimbursement to the State during the period of August 9, 1983 through November 6, 1984 exceeded $225,000.00 despite the fact that a charter aircraft for the same period and leased commerical vehicles would have cost significantly less.

INTERPRETATION OF REGULATIONS. The Federal Election Campaign Act contains no statutory provision regarding the allocation of travel expenses by a candidate. The only reference in the Federal Election Campaign Act which has any applicability to the allocation of reimbursable expenses must be gleaned from 2 USC 431 (8) (A) and the concept of an in kind contribution. Under the Act, the only amounts which should be reimbursable or reportable are those amounts which provide the candidate "anything of value". In the situation under review, where the Governor was obligated to make appearances for official business, the requirement that the Jim Hunt Committee pay for an entire official trip at which minimal campaign activity was conducted appears unjust and beyond the intent of the Act. The Jim Hunt Committee submits that there is no authority in the Act to compel any payment beyond the marginal benefit that accrued to the Committee. Accordingly, the Hunt Committee questions the propriety of the allocation methods specified in 11 CFR 106.3 on the grounds that such methods supersede the mandates of the Federal Election Campaign Act regarding contributions.

In support of the argument of the Hunt Committee that its time allocation method constitutes a good faith effort to comply with the dictates of 11 CFR 106.3, the Committee feels compelled to point out the serious shortcomings of 11 CFR 106.3. First, 11 CFR 106.3 is adopted pursuant to the general rulemaking authority of the Commission, 2 USC 438(a)(8), and was adopted without specific Congressional guidance. Second, 11 CFR 106.3 refers to rates for comparable commercial conveyances without defining what constitutes a comparable commercial conveyance anywhere in the section. Nor, apparently, will reference to other uses of the phrase within 11 CFR guide the reader to an adequate definition of the phrase. Apparently the Commission reads the term "comparable commercial conveyance" to in some instances include first-class air travel and in other instances not to include first-class air travel. In some instances it includes charter air service by comparable aircraft; in other instances it does not include comparable charter aircraft. Third, additional confusion arises from

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the use of the phrase in Subpart E "notwithstanding Paragraphs B and C of this section" which tends to indicate an intention to exclude the language of that section from situations in which a government-owned conveyance is used. Finally, application of the terms of 11 CFR 106.3 compel a candidate in the position of Governor Hunt to utilize the services of a charter air service to the exclusion of official aircraft or to impose upon the Governor that his campaign reimburse the State for his performance of his official duties by the use of State aircraft. The Committee submits that this result is not intended by the Congress nor by the Commission and is in result a significant impediment to a candidate such as Governor Hunt.

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Respectfully submitted,

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN

David F. Kirby

John R. Wallace

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PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
4300 Six Forks Road
Post Office Box 18000
Raleigh, North Carolina 27619
919-782-6600

October 24, 1984

Mr. John R. Wallace
Kirby, Wallace, Creech, Sarda & Zaytoun
Attorneys at Law
Post Office Box 12065
Raleigh, North Carolina 27605

Dear Mr. Wallace:

We appreciate the opportunity to provide additional services to the Jim Hunt For Senate Committee. This letter states our understanding of the additional agreed-upon procedures that you wish us to perform.

Our original engagement letter, dated September 20, 1984, stated that we were to apply a list of guidelines to each of the Governor's trips taken on State-owned aircraft between August 9, 1983, and July 31, 1984, where any political activities were conducted. The principal result of this work was a calculation of reimbursable costs as defined by the guidelines.

It is our understanding that, based on discussions you had with the Federal Elections Commission, certain revisions to the original guidelines have been made and you have engaged us to compute the amount of reimbursable costs using the revised guidelines and the other information previously supplied to us. Since these revisions to the guidelines were communicated verbally to us, we have summarized them below to avoid any misunderstanding.

A. General

1. In computing alternative air charter costs, it is permissable to down-grade the Bell 222 to the Bell 206 and the King Air to the Baron if those individuals deemed reimbursable could be accomodated on the smaller craft.

2. Alternative charter costs should not be prorated. The full cost of the charters is considered reimbursable, but the Governor is not charged for a separate imaginary trip.

3. Ignore the cost of the actual trip to the Department of Commerce.

4. No change in computation of reimbursable ground travel.

5. In computing cost of alternative air travel, commercial first class air fares, if available, should be used if less expensive than a charter.

B. Revisions Related to Specific Trips

1. If campaign personnel are on the entire trip, compute cost of alternative air travel for actual trip.

2. If no campaign personnel are on the trip but the Governor conducts political activity at each stop, compute cost of alternative air travel for actual trip.

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3. If no campaign personnel are on the trip and the Governor conducts political activities at only some of the stops, compute the cost of alternative air travel for an imaginary trip to all political stops and back to point of origin.

4. If campaign personnel are on part of the trip and the Governor conducts political activity at only some of the stops, compute the cost of alternative air travel for a trip (actual or imaginary) to all stops where political activity was conducted or where campaign personnel were on the aircraft.

Because time is critical, we will contact you as soon as we have completed the computations discussed above. As you requested, we will not recompute interest cost at this time. Later, we will provide you with a report summarizing the results of applying the agreed-upon procedures to calculate reimbursable costs in accordance with the revised guidelines. The report will include a schedule of the revised reimbursable cost compared to the previously calculated reimbursable cost for each trip. The report will state that it is solely for your use and is not to be referred to or distributed to anyone who is not affiliated with the Jim Hunt For Senate Committee. However, we understand that the report may be made a matter of public record.

The fee for our services will be billed to the Jim Hunt For Senate Committee at our standard hourly rates plus expenses for typing and report reproduction.

Again, we thank you for this opportunity to provide additional professional services to the Committee. Please sign and return one copy of this letter indicating your acceptance of the matters discussed above.

Sincerely,

PEAT, MARWICK, MITCHELL & CO.

James D. Artman

James D. Artman, Partner

Accepted:

Jim Hunt For Senate Committee

By: J. R. Wallace

Date: Oct 24, 1984

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

Date of trip	Total reimbursable costs	Revised reimbursable costs
8-16-83	$ 2,030.59	439.00
8-16-83	2,220.66	592.00
8-18-83	915.20	514.00
10- 1-83	3,029.89	957.00
10- 3-83	2,252.66	809.00
10- 7-83	1,697.50	550.00
10-15-83	1,008.83	483.00
10-21-83	399.22	180.00
10-21-83	1,829.49	232.00
10-22/23-83	1,514.98	490.00
10-24-83	725.95	455.00
10-25-83	843.62	541.50
10-27-83	3,251.96	1,105.00
10-29-83	1,897.56	528.00
10-31-83	1,798.41	351.50
11- 1-83	820.12	266.00
11- 2-83	2,785.83	1,083.00
11- 5-83	4,150.00	962.00
11-19-83	3,918.16	3,452.00
11-22-83	5,361.58	1,142.00
11-22-83	1,230.63	701.00
11-23-83	915.20	509.00
12- 5-83	1,419.89	382.00
12-11/12-83	2,461.27	1,524.00
12-13-83	662.86	380.00
1-10-84	2,252.66	809.00
1-12-84	915.20	458.00
1-17-84	1,073.38	774.00
1-19-84	3,029.89	1,216.00
1-24-84	1,041.38	291.00

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

Date of trip	Total reimbursable costs	Revised reimbursable costs
1-25-84	$ 1,987.67	506.00
1-27/28-84	3,786.07	2,490.00
1-31-84	4,298.00	994.00
2- 7/8-84	1,987.67	592.00
2- 9-84	3,251.96	920.00
2-11-84	1,697.50	550.00
2-12-84	3,060.13	1,408.00
2-13-84	4,464.00	1,031.00
2-14-84	3,029.89	994.00
2-16-84	978.29	662.00
2-18-84	3,248.00	883.00
2-20/21-84	8,141.50	2,188.00
2-23-84	2,252.66	846.00
2-24/28-84	1,610.98	440.00
2-28/29-84	2,398.18	429.00
3- 3-84	978.29	670.00
3- 9-84	956.29	709.00
3-12-84	976.28	587.00
3-19-84	852.12	473.00
3-20/21-84	1,419.89	1,186.00
3-21-84	1,482.98	857.00
3-22-84	1,468.41	897.43
3-26-84	915.20	536.00
3-27-84	830.12	558.00
3-27-84	314.76	148.00
3-28-84	767.03	246.00
3-29-84	852.12	684.00
3-30/31-84	1,514.98	688.00
4- 2-84	978.29	613.00
4- 3-84	662.86	423.00

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

Date of trip	Total reimbursable costs	Revised reimbursable costs
4- 5-84	$ 536.69	296.00
4- 8-84	1,356.81	747.00
4- 9-84	1,104.46	652.00
4-10-84	1,861.49	1,300.00
4-13-84	789.03	453.00
4-14-84	661.52	439.00
4-16-84	725.95	488.00
4-18-84	915.20	567.00
4-19-84	1,104.46	678.00
4-24-84	1,356.81	813.00
4-30-84	2,141.63	698.00
5- 1-84	1,500.88	254.00
5- 2-84	3,585.06	1,216.00
5- 3-84	1,808.53	624.00
5- 3-84	1,400.00	840.00
5- 4-84	6,027.78	1,993.00
5- 5-84	4,917.45	1,290.00
5- 8-84	1,586.46	661.00
5- 9-84	1,238.58	772.00
5-10-84	1,197.50	648.00
5-11-84	7,378.00	1,623.00
5-14-84	3,140.92	957.00
5-15-84	1,356.81	978.00
5-20-84	2,618.53	759.00
5-21-84	8,209.67	1,808.00
5-23/24-84	3,596.82	2,367.00
5-25-84	915.20	550.00
5-31-84	1,419.89	753.00
6- 2-84	1,919.56	735.00
6- 2-84	818.90	476.00

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

Date of trip	Total reimbursable costs	Revised reimbursable costs
6- 6-84	$ 2,363.69	809.00
6- 9-84	1,293.72	245.00
6-11-84	1,230.63	678.00
6-12-84	1,919.56	698.00
6-14-84	915.20	502.00
6-16-84	1,081.20	698.00
6-22-84	662.86	406.00
6-25-84	4,473.32	661.00
6-26-84	2,141.63	698.00
6-29/30-84	3,728.09	1,115.00
7- 4-84	2,363.69	819.50
7- 7-84	1,395.96	782.00
7-9/10-84	1,262.63	550.00
7-10-84	923.82	407.00
7-10/11-84	1,136.46	941.00
7-25-84	1,919.56	632.00
7-26-84	978.29	553.00
7-31-84	978.29	633.00
	$ 216,575.88	$ 84,646.93

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NON-NEGOTIABLE

THE JOINT COMMITTEE - RALEIGH, NC

DATE	DESCRIPTION	AMOUNT
1-29-83	Air Travel for Governor on State Plane	$620.00

4195

DATE	DESCRIPTION	AMOUNT
12-9-83	Air Travel for Governor	$1,243.43

NON-NEGOTIABLE

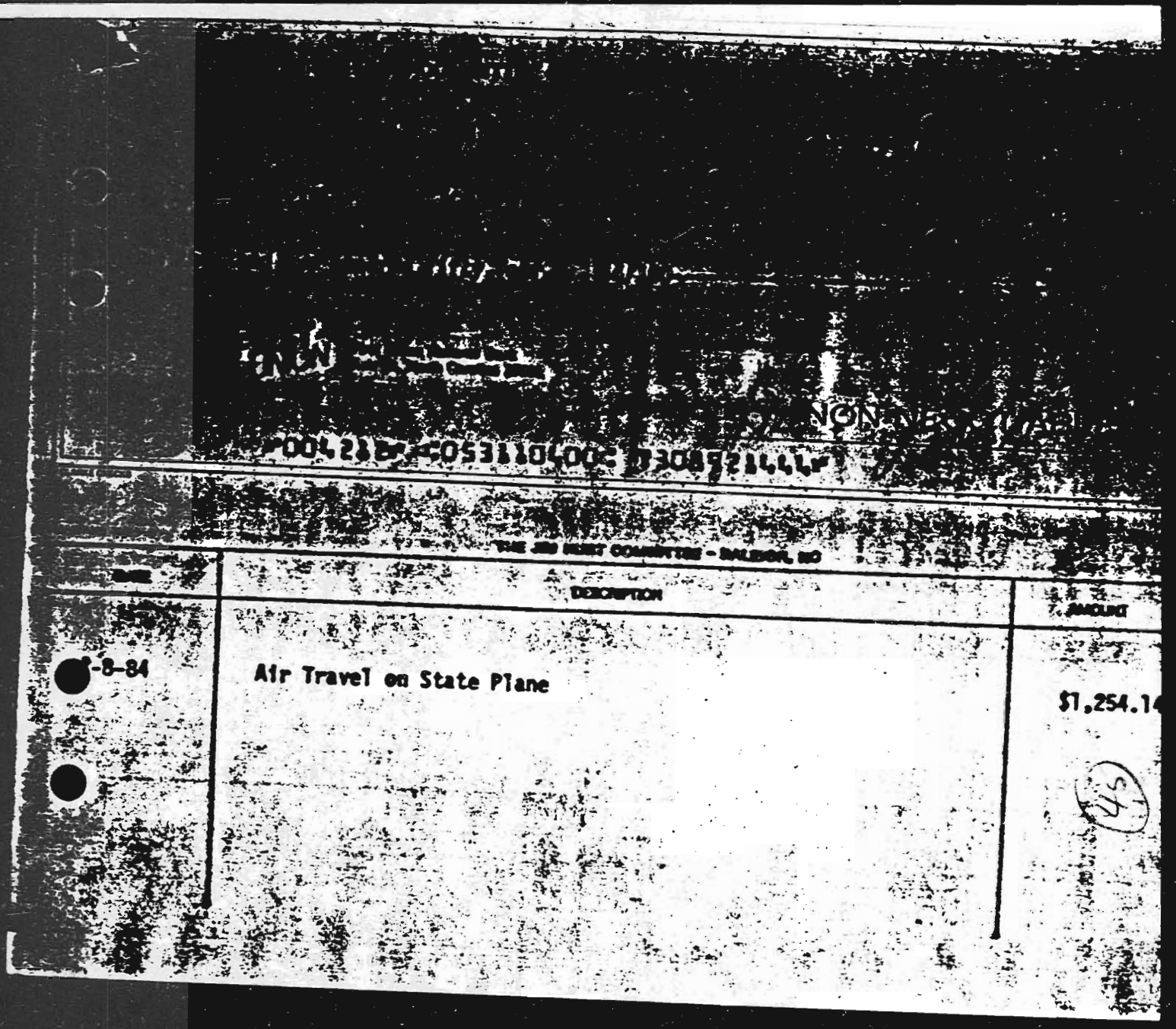
THE JIM HUNT COMMITTEE - RALEIGH, NC

	DESCRIPTION	AMOUNT
28-83	Air Travel for Governor and parties on State Plane	$1,992.00

43

NONNEGOTIABLE

	DESCRIPTION	AMOUNT
1-26-84	Air Travel on State Plane	$120.00



DATE	DESCRIPTION	AMOUNT
8-8-84	Air Travel on State Plane	$1,254.1

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

April 17, 1984

"INVOICE"

TO: Jan Parker

FROM: Shirley Fowler

Travel for Governor on State Plane (as per attached invoices)

$6,569.60

Please make check payable to Governor's Office.

Thank you,

Attachments

Check received
4-18-84
6569.60

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

April 17, 1984

"INVOICE"

te Plane (as per attached invoices)

9.60

to Governor's Office.

[redacted]

JIM HUNT COMMITTEE
P. O. BOX 25937
215 HILLSBOROUGH STREET
RALEIGH, NC 27611

1414

4-18 19 89 88-112/531

PAY TO THE ORDER OF Governor's Office $ 6569 50

Six Thousand Five Hundred Sixty nine and 50/100 DOLLARS

BB&T
BRANCH BANKING AND TRUST COMPANY
RALEIGH, N.C. 27602

FOR _____ Jim Parker

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STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

March 21, 1984

"INVOICE"

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TO: The Jim Hunt Committee

FROM: Governor's Office

RE: Governor's Travel on State Plane to be paid by Committee

1-10-84	Meeting at Star Lite Restaurant	$ 40.01
1-19-84	Meeting in Tabor City	142.22
1-31-84	Reception in Ahoskie	232.50
1-12-84	Event honoring Mayor Bill Cox (Betty McCain spoke)	420.00
1-17-84	Reception in Charlotte	330.00
1-25-84	Washington, D. C.	775.00
1-27-84	Reception in Birmingham, Ala.	149.00
Total		$ 2,088.73

Please make check payable to Governor's Office. If you have any questions, please let me know.

Thank you,

Shirley

Shirley S. Fowler
Budget Officer

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Paid by Ck # 1119 from Jim Hunt Committee dated 3-30-84 deposited by Gov. Office on 4-12-84 Check received

Total amount invoiced to Committee
for March, April + May, 1974

32,378.33

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Re: of Aug 4, 1984

1- Date of trips - Places traveled
What trips - any that were political

2- Law firm committee was invoiced + law firm paid

3- Copy of Commerce invoices

4- Mode of transportation Bell 206, 102 King air

JIM HUNT COMMITTEE
P. O. BOX 25937
215 HILLSBOROUGH STREET
RALEIGH, NC 27611

2136

6-28- 19 84 88-112 831

PAY TO THE ORDER OF Office of the Governor $32,378.37

BB&T
BRANCH BANKING AND TRUST COMPANY
Raleigh, North Carolina 27602

Thirty-two thousand, three hundred seventy-eight and 37/100 DOLLARS

For Allocation of use of state aircraft

Jim Parker

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PEAT MARWICK

JIM HUNT FOR SENATE COMMITTEE

Special Report

Calculation of Reimbursable Cost
of Campaign-Related Travel

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PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
4300 Six Forks Road
Post Office Box 18000
Raleigh, North Carolina 27619

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CONFIDENTIAL

The Jim Hunt for Senate Committee:

We have applied certain agreed-upon procedures as described below for the purpose of determining the amount that the Jim Hunt for Senate Committee ("Committee") will pay to the State of North Carolina for the use of State-owned aircraft and automobiles for political purposes during the period from August 9, 1983 to July 31, 1984, the latest date for which flight information was made available to us. The calculations we performed were based on the following guidelines and other information supplied to us by legal counsel to Governor Jim Hunt.

A. Guidelines representing interpretations of the Federal Election Commission (FEC) regulations as they relate to a candidate pursuing election to a federal office ("Guidelines"). See Appendix I.

   It is our understanding that the Guidelines were prepared by the Governor's legal counsel and attorneys representing the Committee and that the Guidelines are expected to comply with FEC regulations. We made no attempt to determine whether the Guidelines comply with FEC regulations.

B. Flight records and itineraries for all trips deemed to have at least one political function, including designation of political and official events and campaign-related individuals.

   It is our understanding that the flight records were prepared by the Department of Commerce ("DOC") and that the itineraries were prepared by the Governor's office. We made no attempt to verify the accuracy or authenticity of the flight records or the itineraries.

The identification of trips with political stops and individuals conducting campaign-related activities was made by the Governor's legal counsel. We made no attempt to determine whether all such trips or all such individuals were properly identified.

C. The current Department of Commerce ("DOC") cost per block hour for various types of State-owned aircraft used by the Governor.

It is our understanding that DOC costs per block hour supplied to us were calculated by a representative of DOC. We made no attempt to determine the fairness or the accuracy of hourly costs determined by DOC.

D. Commercial charter rates for various aircraft.

The commercial charter rates for various aircraft were supplied to us by the Governor's legal counsel. We contacted outside charter services to ascertain the proper methods of applying the various rates for flying time, waiting time and overnight expenses.

E. Photocopies of checks representing payments made by the Committee for trips taken during the period from August 9, 1983 to July 31, 1984.

The photocopies of checks were furnished by the Governor's legal counsel. We made no attempt to determine whether the amounts on the checks actually cleared the bank or whether other payments might have been made and not included with the photocopies of checks given to us.

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SUMMARY OF AGREED-UPON PROCEDURES

Following is a brief description of our procedures:

A. Calculate the reimbursable cost of each trip on State-owned aircraft by applying the Guidelines in Appendix I.

B. Calculate the cost of alternative ground travel in and around Raleigh.

C. Deduct payments previously made by the Committee to reimburse the State for campaign-related trips on State-owned aircraft.

D. Calculate interest at prime lending rates on the unreimbursed balance due.

E. Calculate the amount of the total payment now due, and the amount by which the total reimbursement exceeds the cost of alternative conveyances that would have been used in the calculations had the Guidelines not required that no less than the full DOC cost be reimbursed.

The following sections of this report describe in detail the agreed-upon procedures that we performed and the results of applying those procedures.

DETAIL DESCRIPTION OF REIMBURSABLE COST COMPUTATIONS

The Guidelines require the Committee to reimburse the State for those individuals who were considered to be involved in campaign-related activity on any portion of a trip using State-owned aircraft and automobiles.

As previously stated, our procedures did not include determination of which activities were campaign-related, nor did they include determination of individuals who were subject to the Guidelines. Reimbursable costs for such individuals were determined on a trip-by-trip basis and appear in Appendix II. Dates, points of departure and destination, and aircraft types for each trip appear in Appendix III. Calculations were made in the following manner:

A. Ground travel:

1. All ground travel was considered reimbursable when State-owned automobiles were used in conjunction with air travel. These costs were computed using one of the following methods (with a minimum of $10.00 per day):

   a. At 20-1/2 cents per mile when accurate records of actual mileage were available, up to 150 miles. For travel in excess of 150 miles, a daily rate of $32.00 per day was used.

   b. At $6.00 per hour if accurate records of time were kept. If ground travel was for more than five hours, a daily rate of $32.00 per day was used.

   c. At $32.00 per day if neither accurate mileage nor accurate time records were maintained.

   Hourly and daily rental rates, which were obtained from a Raleigh-based vehicle rental company, were based on the rates for a full-sized automobile. The Governor's legal counsel provided us with these rates under letterhead of the rental company.

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2. In addition to ground travel discussed above, we were instructed to include as a reimbursable cost the cost of renting a full-sized automobile on monthly terms beginning in August, 1983. It is our understanding that this cost is to be included in order to reimburse the State for use of State-owned vehicles for ground travel in and around the Raleigh area. The total cost of this travel was computed at the rate of $565.00 per month, the monthly rate for full-sized cars shown on the rental company's rate schedule. This monthly charge for the period August, 1983 through September, 1984 was included in the total reimbursable amount.

B. Air Travel - The Guidelines state that the Governor, as a candidate, must not be given an advantage by being able to use State-owned aircraft. Under this assumption, the amount to be reimbursed for air travel may never be less than the cost of the trip to the Department of Commerce. The following describes the procedures used in determining the reimbursable cost for air travel.

1. Calculation of the cost of imaginary trips:

a. An imaginary trip is defined as that route the Governor and members of his family would have taken had they gone on a campaign trip separate and apart from the combined official and campaign-related trip which was actually taken. That is, the imaginary trip covers all stops where campaign-related activity was conducted from the point of origin and back to the point of origin.

b. If all stops on the imaginary trip were served by commercial air service, the rate used to determine the reimbursable

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amount was the current one-way first class air fare for each leg of the imaginary trip. If several different first class rates were quoted, the average of high and low fares was used. If first class service was not available, coach fare was used. Commercial air fares, when applicable, were obtained from a Raleigh-based travel agency.

c. If any one stop on the imaginary trip was not served by commercial air, the imaginary trip was priced at charter rates using the following guidelines:

If a helicopter was used on the actual trip, the reimbursable cost was determined using charter rates for the same type of helicopter.

If a fixed-wing aircraft was used on the actual trip, the reimbursable cost was computed at the lesser of (1) the Committee's share of the charter cost of the same aircraft based on the pro rata portion of political to total persons on the flight or (2) the charter cost of a smaller aircraft which would have been large enough to carry the Governor and all other persons considered reimbursable.

Charter rates are based on actual flight times, as opposed to engine block time which is used by DOC. Flight times for legs of trips which corresponded to routes taken on State-owned aircraft were obtained from DOC flight records for those trips. In cases where the imaginary trip included routes for which no DOC flight records were available, estimated flight

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times for the applicable aircraft were obtained from an outside charter service.

Charter rates per hour, as obtained from outside charter services, were as follows:

Bell 222 Helicopter	-	$ 1,100.00
Bell 206 Helicopter	-	$ 370.00 through June 30, 1984, $ 375.00 thereafter
Kingair (fixed wing)	-	$ 400.00
Baron (fixed wing)	-	$ 290.00

Charter services charge separately for waiting time and overnight expenses. Based on discussions with charter services, waiting time is charged on the portion of time the aircraft waits (at a given point) in excess of the amount of flight time to that point. Actual wait times were obtained from DOC flight records. Charter waiting rates per hour, as obtained from outside charter services, were as follows:

Bell 222 Helicopter	-	$ 100.00
Bell 206 Helicopter	-	No separate charge
Kingair (fixed wing)	-	$ 20.00
Baron (fixed wing)	-	$ 20.00

Overnight expenses were charged at the rate of $200.00 per night. It should be noted that DOC makes no separate charge for overnight expenses as those costs are included in their calculations of block time rates per hour.

d. Inherent in the imaginary trip concept is the fact that if the imaginary trip is different from the trip actually taken, the Governor and members of his family become official members of the actual trip for purposes of calculating the Committee's pro rata share of the actual trip's charter cost. For example, if campaign-related individuals were on the actual trip and the Governor and his family were deemed to be on an imaginary trip different from the actual trip, the reimbursable costs include both the cost of the imaginary trip and the Committee's pro rata share of the actual trip as computed under b. and c. above.

2. Calculation of the Department of Commerce cost of trips:

a. DOC charges for use of State-owned aircraft are based on aircraft engine block time. Block time is the length of time the engines are actually running and is recorded in tenths of an hour. Block times for trips deemed to be campaign-related were obtained from DOC flight records.

b. Hourly rates for various aircraft operated by DOC were calculated by DOC based on their operating costs for a year. The DOC hourly rates used in the calculations were as follows:

Bell 222 Helicopter	-	$1,110.33 per hour
Bell 206 Helicopter	-	$ 524.60 per hour
Kingair (fixed wing)	-	$ 630.86 per hour

C. Interest - Total reimbursable costs include interest computed in the following manner:

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1. Principal - The amount on which interest was calculated was the reimbursable cost of travel as computed above, less any payments made by the Committee for the purpose of reimbursing the State for campaign-related travel.

2. Interest Rate - Interest was calculated using Wachovia Bank and Trust Company's prime lending rates which were in effect during the period from August 9, 1983 through September 21, 1984.

3. Term - The terms over which interest was calculated were the periods from the date of each trip through September 21, 1984.

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RESULTS OF AGREED-UPON PROCEDURES

Our calculations, based on the Guidelines and other information (as they pertained to campaign-related air and out-of-town ground travel for the period from August 9, 1983 through July 31, 1984 and to local ground travel for the period from August 9, 1983 through September 21, 1984) supplied to us resulted in an excess of reimbursable costs over amounts previously paid. The following table summarizes this excess:

Total reimbursable travel (Appendix II, Column 9)	$ 216,575.88
Total reimbursable ground travel - local	7,910.00
Total reimbursable travel costs	224,485.88
Interest (at prime rates)	13,139.04
Total reimbursable costs	237,624.92
Less payments made	(51,686.05)
Amount due	$ 185,938.87

(60)

The following table summarizes the computation of the excess of total reimbursable air travel costs over the total cost of using alternative conveyances:

Total reimbursable air travel (Appendix II, Column 7)		$ 212,964.95
Alternative air travel costs:		
Charter (Appendix II, Column 6)	$ 113,200.71	
Commercial (Appendix II, Column 3)	19,980.50	
		(133,181.21)
Excess reimbursement		$ 79,783.74

* * * * * *

The agreed-upon procedures, which were limited to those described previously in this report, did not constitute an examination in accordance with generally accepted auditing standards. Also, we were not engaged to verify or audit any of the information provided to us. Accordingly, we express no opinion as to the fairness of appropriateness of the reimbursable costs as calculated.

This report is intended solely for your information and is not to be referred to or distributed to anyone other than those associated with the Jim Hunt for Senate Committee. However, we understand that this report may be made a matter of public record.

Peat, Marwick, Mitchell & Co.

September 21, 1984

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Appendix I

GUIDELINES FOR CAMPAIGN-RELATED TRAVEL

Federal election law requires that a candidate report all travel expenses incurred in connection with campaign-related activity. When the Governor uses government conveyances or accommodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

I. WHO IS SUBJECT TO THE LAW?

The committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions are not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else, travelling on a State conveyance who is conducting any campaign-related activities.

II. COMPUTATION OF COSTS

The campaign committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjunction with air travel. Costs are to be computed in one of the following methods:

(1) At 20-1/2 cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00.)

(2) At $6.00 per hour if accurate records of time are kept, in accordance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

(CAVEAT: The Federal Election Commission regulations are not very clear on the computation of ground transportation. Our rates are based on what we feel to be a reasonable interpretation of the law. You must keep in mind, however, that the FEC may disagree.)

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GUIDELINES FOR CAMPAIGN-RELATED TRAVEL, CONTINUED

B. Air Travel

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(c) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign-related activity at a city makes that stop on the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the committee must reimburse the State an amount equal to what it would cost to use comparable commercial conveyances. The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyances.

There are two possible means of travel by plane: Regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at locations served by regularly scheduled commercial air service, the rate to be used is first class air fare for each person whose travel is reportable and reimbursable. (See 11 C.F.R. 9034.7(b)(5)(i).)

(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accommodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's security is authorized under State law. The Governor's use of the State aircraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the committee will not have to reimburse for security. (See 11 C.F.R. 9034.7(b)(5)(ii).)

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GUIDELINES FOR CAMPAIGN-RELATED TRAVEL, CONTINUED

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates from smaller, more spartan conveyances.

(d) In determining how much the committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security and persons on official business, when appropriate. For example, if the total cost of chartering similar aircraft, including pilots, was $600.00, and the only passengers on board were the Governor and one security agent, and the trip was part official and part political, the committee should reimburse the State $300.00, one-half of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other persons deemed reimbursable. In order words, it is permissible to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor and others deemed reimbursable.

(3) When computing the charter rates, use the times recorded by the pilots on the Department of Commerce invoice for actual flight time and actual ground time. Do not use the estimated flying times and ground times from the schedule. Always include in flight time the time for the helicopter to fly from the hangar to pick up the Governor downtown and to return to the hangar after leaving the Governor downtown.

(4) If the reimbursement cost for air travel is ever less than the cost of the trip to the Department of Commerce, regardless of the method used to compute the reimbursement cost, use the cost of the trip to the Department of Commerce as the amount to be reimbursed.

(CAVEAT: The FEC regulations on allocation of expenses for air travel are vague and subject to widely varying interpretations. Our rules are based on what we feel is a reasonable interpretation of the regulations. The FEC may disagree.)

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS, CONTINUED

-1- Date of trip	-2- Dept. of Commerce costs	-3- Commercial air fare (if applicable)	-4- Pro rata share of charter costs on same craft including imaginary trips	-5- Charter costs for smaller craft (if applicable)	-6- Alternative charter costs (lower of columns 4 or 5)	-7- Reimbursable air travel (greatest of columns 2, 3 or 6)	-8- Ground travel	-9- Total reimbursable costs
6- 6-84	$ 2,331.69	-	1,170.00	-	1,170.00	2,331.69	32.00	2,363.69
6- 9-84	1,261.72	213.00	-	-	-	1,261.72	32.00	1,293.72
6-11-84	1,198.63	-	375.00	644.20	375.00	1,198.63	32.00	1,230.63
6-12-84	1,887.56	-	1,025.00	-	1,025.00	1,887.56	32.00	1,919.56
6-14-84	883.20	777.00	-	-	-	883.20	32.00	915.20
6-16-84	1,049.20	-	444.00	-	444.00	1,049.20	32.00	1,081.20
6-22-84	630.86	-	203.00	356.67	203.00	630.86	32.00	662.86
6-25-84	4,441.32	-	1,860.00	-	1,860.00	4,441.32	32.00	4,473.32
6-26-84	2,109.63	-	920.00	-	920.00	2,109.63	32.00	2,141.63
6-29/30-84	3,664.09	-	2,478.33	-	2,478.33	3,664.09	64.00	3,728.09
7- 4-84	2,331.69	-	690.00	-	690.00	2,331.69	32.00	2,363.69
7- 7-84	1,363.96	-	475.00	-	475.00	1,363.96	32.00	1,395.96
7-9/10-84	1,198.63	-	560.00	993.33	560.00	1,198.63	64.00	1,262.63
7-10-84	891.82	-	375.00	-	375.00	891.82	32.00	923.82
7-10/11-84	1,072.46	-	570.67	893.50	570.67	1,072.46	64.00	1,136.46
7-25-84	1,887.56	-	1,280.00	-	1,280.00	1,887.56	32.00	1,919.56
7-26-84	946.29	-	427.50	496.00	427.50	946.29	32.00	978.29
7-31-84	946.29	647.50	-	-	-	946.29	32.00	978.29
	$ 203.650.49	19.980.50	115.111.51	23.575.53	113.200.71	212.964.95	3.610.93	216.575.88

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS, CONTINUED

-1- Date of trip	-2- Dept. of Commerce costs	-3- Commercial air fare (if applicable)	-4- Pro rata share of charter costs on same craft including imaginary trips	-5- Charter costs for smaller craft (if applicable)	-6- Alternative charter costs (lower of columns 4 or 5)	-7- Reimbursable air travel (greatest of columns 2, 3 or 6)	-8- Ground travel	-9- Total reimbursable costs
4- 5-84	$ 504.69	-	164.40	237.00	164.40	504.69	32.00	536.69
4- 8-84	1,324.81	1,120.00	-	-	-	1,324.81	32.00	1,356.81
4- 9-84	1,072.46	-	421.67	641.33	421.67	1,072.46	32.00	1,104.46
4-10-84	1,829.49	-	1,857.33	1,107.67	1,107.67	1,829.49	32.00	1,861.49
4-13-84	757.03	-	308.00	406.50	308.00	757.03	32.00	789.03
4-14-84	629.52	-	610.50	-	610.50	629.52	32.00	661.52
4-16-84	693.95	-	371.47	394.33	371.47	693.95	32.00	725.95
4-18-84	883.20	-	305.00	536.00	305.00	883.20	32.00	915.20
4-19-84	1,072.46	-	631.00	657.67	631.00	1,072.46	32.00	1,104.46
4-24-84	1,324.81	840.00	-	-	-	1,324.81	32.00	1,356.81
4-30-84	2,109.63	-	1,736.00	-	1,736.00	2,109.63	32.00	2,141.63
5- 1-84	1,468.88	-	222.00	-	222.00	1,468.88	32.00	1,500.88
5- 2-84	3,553.06	-	2,100.00	-	2,100.00	3,553.06	32.00	3,585.06
5- 3-84	1,776.53	-	1,417.50	-	1,417.50	1,776.53	32.00	1,808.53
5- 3-84	1,324.81	1,400.00	-	-	-	1,400.00	-	1,400.00
5- 4-84	5,995.78	-	4,379.17	-	4,379.17	5,995.78	32.00	6,027.78
5- 5-84	4,885.45	-	4,394.00	-	4,394.00	4,885.45	32.00	4,917.45
5- 8-84	1,554.46	-	1,376.00	-	1,376.00	1,554.46	32.00	1,586.46
5- 9-84	1,206.58	-	897.25	-	897.25	1,206.58	32.00	1,238.58
5-10-84	946.29	1,165.50	-	-	-	1,165.50	32.00	1,197.50
5-11-84	5,107.52	-	7,346.00	-	7,346.00	7,346.00	32.00	7,378.00
5-14-84	3,108.92	-	2,136.00	-	2,136.00	3,108.92	32.00	3,140.92
5-15-84	1,324.81	1,260.00	-	-	-	1,324.81	32.00	1,356.81
5-20-84	2,586.53	727.00	-	-	-	2,586.53	32.00	2,618.53
5-21-84	5,440.62	-	8,177.67	-	8,177.67	8,177.67	32.00	8,209.67
5-23/24-84	3,532.82	-	2,099.20	2,103.33	2,099.20	3,532.82	64.00	3,596.82
5-25-84	883.20	518.00	-	-	-	883.20	32.00	915.20
5-31-84	1,387.89	922.50	-	-	-	1,387.89	32.00	1,419.89
6- 2-84	1,887.56	-	1,642.50	-	1,642.50	1,887.56	32.00	1,919.56
6- 2-84	786.90	-	296.00	-	296.00	786.90	32.00	818.90

ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS, CONTINUED

-1- Date of trip	-2- Dept. of Commerce costs	-3- Commercial air fare (if applicable)	-4- Pro rata share of charter costs on same craft including imaginary trips	-5- Charter costs for smaller craft (if applicable)	-6- Alternative charter costs (lower of columns 4 or 5)	-7- Reimbursable air travel (greatest of columns 2, 3 or 6)	-8- Ground travel	-9- Total reimbursable costs
1-25-84	$ 1,955.67	474.00	-	-	-	1,955.67	32.00	1,987.67
1-27/28-84	3,722.07	-	682.00	2,420.67	682.00	3,722.07	64.00	3,786.07
1-31-84	3,442.02	-	4,266.00	-	4,266.00	4,266.00	32.00	4,298.00
2- 7/8-84	1,955.67	560.00	-	-	-	1,955.67	32.00	1,987.67
2- 9-84	3,219.96	-	2,357.33	-	2,357.33	3,219.96	32.00	3,251.96
2-11-84	1,665.50	-	1,276.50	-	1,276.50	1,665.50	32.00	1,697.50
2-12-84	3,028.13	1,376.00	-	-	-	3,028.13	32.00	3,060.13
2-13-84	3,219.96	-	4,432.00	-	4,432.00	4,432.00	32.00	4,464.00
2-14-84	2,997.89	-	2,808.67	-	2,808.67	2,997.89	32.00	3,029.89
2-16-84	946.29	-	517.50	609.83	517.50	946.29	32.00	978.29
2-18-84	2,664.79	-	3,216.00	-	3,216.00	3,216.00	32.00	3,248.00
2-20/21-84	7,772.31	-	8,077.50	-	8,077.50	8,077.50	64.00	8,141.50
2-23-84	2,220.66	-	1,654.17	-	1,654.17	2,220.66	32.00	2,252.66
2-24/28-84	1,450.98	280.00	-	-	-	1,450.98	160.00	1,610.98
2-28/29-84	2,334.18	365.00	-	-	-	2,334.18	64.00	2,398.18
3- 3-84	946.29	894.00	-	-	-	946.29	32.00	978.29
3- 9-84	946.29	-	628.80	439.83	439.83	946.29	10.00	956.29
3-12-84	944.28	-	407.00	-	407.00	944.28	32.00	976.28
3-19-84	820.12	332.00	-	-	-	820.12	32.00	852.12
3-20/21-84	1,387.89	-	1,544.00	1,162.83	1,162.83	1,387.89	32.00	1,419.89
3-21-84	1,450.98	980.00	-	-	-	1,450.98	32.00	1,482.98
3-22-84	1,450.98	-	537.00	896.50	537.00	1,450.98	17.43	1,468.41
3-26-84	883.20	518.00	-	-	-	883.20	32.00	915.20
3-27-84	820.12	-	415.20	518.17	415.20	820.12	10.00	830.12
3-27-84	314.76	-	74.00	-	74.00	314.76	-	314.76
3-28-84	757.03	118.00	-	-	-	757.03	10.00	767.03
3-29-84	820.12	-	493.33	629.00	493.33	820.12	32.00	852.12
3-30/31-84	1,450.98	624.00	-	-	-	1,450.98	64.00	1,514.98
4- 2-84	946.29	-	797.00	578.17	578.17	946.29	32.00	978.29
4- 3-84	630.86	-	318.93	402.67	318.93	630.86	32.00	662.86

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Appendix II

ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

-1- Date of trip	-2- Dept. of Commerce costs	-3- Commercial air fare (if applicable)	-4- Pro rata share of charter costs on same craft including imaginary trips	-5- Charter costs for smaller craft (if applicable)	-6- Alternative charter costs (lower of columns 4 or 5)	-7- Reimbursable air travel (greatest of columns 2, 3 or 6)	-8- Ground travel	-9- Total reimbursable costs
8-16-83	$ 1,998.59	-	1,070.00	-	1,070.00	1,998.59	32.00	2,030.59
8-16-83	2,220.66	-	1,005.00	-	1,005.00	2,220.66	-	2,220.66
8-18-83	883.20	518.00	-	-	-	883.20	32.00	915.20
10- 1-83	2,997.89	-	883.33	-	883.33	2,997.89	32.00	3,029.89
10- 3-83	2,220.66	-	1,930.00	-	1,930.00	2,220.66	32.00	2,252.66
10- 7-83	1,665.50	-	930.00	-	930.00	1,665.50	32.00	1,697.50
10-15-83	976.83	-	246.10	331.50	246.10	976.83	32.00	1,008.83
10-21-83	367.22	-	148.00	-	148.00	367.22	32.00	399.22
10-21-83	1,829.49	-	232.00	1,025.67	232.00	1,829.49	-	1,829.49
10-22/23-83	1,450.98	-	426.00	782.17	426.00	1,450.98	64.00	1,514.98
10-24-83	693.95	-	351.33	410.50	351.33	693.95	32.00	725.95
10-25-83	820.12	518.00	-	-	-	820.12	23.50	843.62
10-27-83	3,219.96	-	2,106.67	-	2,106.67	3,219.96	32.00	3,251.96
10-29-83	1,887.56	-	1,224.00	1,055.83	1,055.83	1,887.56	10.00	1,897.56
10-31-83	1,766.41	-	291.00	-	291.00	1,766.41	32.00	1,798.41
11- 1-83	820.12	-	266.00	510.33	266.00	820.12	-	820.12
11- 2-83	2,775.83	-	1,813.33	-	1,813.33	2,775.83	10.00	2,785.83
11- 5-83	2,997.89	-	4,150.00	-	4,150.00	4,150.00	-	4,150.00
11-19-83	3,886.16	-	2,850.00	-	2,850.00	3,886.16	32.00	3,918.16
11-22-83	5,329.58	-	1,848.00	-	1,848.00	5,329.58	32.00	5,361.58
11-22-83	1,198.63	-	498.66	661.33	498.66	1,198.63	32.00	1,230.63
11-23-83	883.20	-	654.00	450.00	450.00	883.20	32.00	915.20
12- 5-83	1,387.89	-	350.00	763.00	350.00	1,387.89	32.00	1,419.89
12-11/12-83	2,397.27	1,460.00	-	-	-	2,397.27	64.00	2,461.27
12-13-83	630.86	348.00	-	-	-	630.86	32.00	662.86
1-10-84	2,220.66	-	700.00	-	700.00	2,220.66	32.00	2,252.66
1-12-84	883.20	-	267.00	460.00	267.00	883.20	32.00	915.20
1-17-84	1,009.38	766.00	-	-	-	1,009.38	64.00	1,073.38
1-19-84	2,997.89	-	626.00	-	626.00	2,997.89	32.00	3,029.89
1-24-84	1,009.38	259.00	-	-	-	1,009.38	32.00	1,041.38

Appendix III

SCHEDULE OF REIMBURSABLE TRIPS

Date	Flight From	Flight To	Aircraft Type
8/16/83	Hanger	Dobbs	Bell 222
	Dobbs	Nashville	Bell 222
	Nashville	Rockymount	Bell 222
	Rockymount	Wilson	Bell 222
	Wilson	Kenly	Bell 222
	Kenly	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
8/16/83	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Highpoint	Bell 222
	Highpoint	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
8/18/83	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
10/01/83	Hanger	Dobbs	Bell 222
	Dobbs	ECSU	Bell 222
	ECSU	EC Airport	Bell 222
	EC Airport	ECSU	Bell 222
	ECSU	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/03/83	Hanger	Dobbs	Bell 222
	Dobbs	Winston-Salem	Bell 222
	Winston-Salem	Greensboro	Bell 222
	Greensboro	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/07/83	Hanger	Dobbs	Bell 222
	Dobbs	Greenville	Bell 222
	Greenville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/15/83	Hanger	Dobbs	Bell 206
	Dobbs	RDU	Bell 206
	RDU	Mt Olive	Kingair
	Mt Olive	RDU	Kingair
	RDU	Military Center	Bell 206
	Military Center	Hanger	Bell 206

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
10/21/83	Hanger	Dobbs	Bell 206
	Dobbs	RDU	Bell 206
	RDU	Hanger	Bell 206
	RDU	Wash DC	Kingair
	Wash DC	Southern Pines	Kingair
	Southern Pines	RDU	Kingair
10/22&23/83	RDU	Hickory	Kingair
	Hickory	Asheville	Kingair
	Asheville	RDU	Kingair
10/24/83	RDU	Burlington	Kingair
	Burlington	Greensboro	Kingair
	Greensboro	RDU	Kingair
10/25/83	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
10/27/83	Hanger	Dobbs	Bell 222
	Dobbs	New Bern	Bell 222
	New Bern	Figure 8 Isle	Bell 222
	Figure 8 Isle	Wilmington	Bell 222
	Wilmington	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/29/83	Hanger	Dobbs	Bell 222
	Dobbs	Asheboro	Bell 222
	Asheboro	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/31/83	RDU	Asheville	Kingair
	Asheville	Andrews/Murphy	Kingair
	Andrews/Murphy	Asheville	Kingair
	Asheville	RDU	Kingair
11/01/83	RDU	Goldsboro	Kingair
	Goldsboro	Williamston	Kingair
	Williamston	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
11/2/83	Hanger	Dobbs	Bell 222
	Dobbs	Gastonia	Bell 222
	Gastonia	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
11/5/83	Hanger	Dobbs	Bell 222
	Dobbs	Chapel Hill	Bell 222
	Chapel Hill	Charlotte	Bell 222
	Charlotte	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
11/19/83	Hanger	N G Armory	Bell 222
	N G Armory	Wilson	Bell 222
	Wilson	Cedar Island	Bell 222
	Cedar Island	Morehead City	Bell 222
	Morehead City	Cedar Island	Bell 222
	Cedar Island	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
11/22/83	Hanger	Dobbs	Bell 222
	Dobbs	Tarboro	Bell 222
	Tarboro	Manteo	Bell 222
	Manteo	Hanger	Bell 222
	RDU	Manteo	Kingair
	Manteo	Wilson	Kingair
	Wilson	RDU	Kingair
11/23/83	RDU	Stanly County	Kingair
	Stanly County	Wilson	Kingair
	Wilson	RDU	Kingair
12/5/83	RDU	Salisbury	Kingair
	Salisbury	Asheville	Kingair
	Asheville	Salisbury	Kingair
	Salisbury	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
12/11&12/83	RDU	La Guardia	Kingair
	La Guardia	RDU	Kingair
12/13/83	RDU	Winston-Salem	Kingair
	Winston-Salem	RDU	Kingair
1/10/84	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	RDU	Bell 222
1/12/84	RDU	Edenton	Kingair
	Edenton	RDU	Kingair
1/17/84	RDU	Winston-Salem	Kingair
	Winston-Salem	Charlotte	Kingair
	Charlotte	RDU	Kingair
1/19/84	Hanger	Dobbs	Bell 222
	Dobbs	Loris/Tabor City	Bell 222
	Loris/Tabor City	Myrtle Beach	Bell 222
	Myrtle Beach	Loris/Tabor City	Bell 222
	Loris/Tabor City	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
1/24/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
1/25/84	RDU	Wash DC	Kingair
	Wash DC	Winston-Salem	Kingair
	Winston-Salem	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
1/27&28/84	RDU	Wash DC	Kingair
	Wash DC	Birmingham	Kingair
	Birmingham	Anniston	Kingair
	Anniston	RDU	Kingair
1/31/84	Hanger	McKimmon Ctr	Bell 222
	McKimmon Ctr	Durham	Bell 222
	Durham	Croasdale	Bell 222
	Croasdale	Ahoskie	Bell 222
	Ahoskie	Ahoskie Airport	Bell 222
	Ahoskie Airport	Ahoskie	Bell 222
	Ahoskie	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/7&8/84	RDU	Wash. D.C.	Kingair
	Wash. D.C.	Charlotte	Kingair
	Charlotte	RDU	Kingair
2/9/84	Hanger	Dobbs	Bell 222
	Dobbs	Greenville	Bell 222
	Greenville	Farmville	Bell 222
	Farmville	Fayetteville	Bell 222
	Fayetteville	Fay. Airport	Bell 222
	Fay. Airport	Fayetteville	Bell 222
	Fayetteville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/11/84	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/12/84	RDU	Vero Beach FL	Kingair
	Vero Beach FL	RDU	Kingair
2/13/84	Hanger	Dobbs	Bell 222
	Dobbs	Dupont Factory	Bell 222
	Dupont Factory	Wilmington	Bell 222
	Wilmington	Farmville	Bell 222
	Farmville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
2/14/84	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Oxford	Bell 222
	Oxford	Burlington	Bell 222
	Burlington	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/16/84	RDU	Winston-Salem	Kingair
	Winston-Salem	N. Wilkesboro	Kingair
	N. Wilkesboro	RDU	Kingair
2/18/84	Hanger	Dobbs	Bell 222
	Dobbs	Whiteville	Bell 222
	Whiteville	Chadburn	Bell 222
	Chadburn	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/20&21/84	Hanger	Dobbs	Bell 222
	Dobbs	Asheville Airport	Bell 222
	Asheville Airport	Fontanna	Bell 222
	Fontanna	Bryson City	Bell 222
	Bryson City	Cherokee	Bell 222
	Cherokee	Maggie Valley	Bell 222
	Maggie Valley	Asheville	Bell 222
	Asheville	Asheville Airport	Bell 222
	Asheville Airport	Asheville	Bell 222
	Asheville	Canton	Bell 222
	Canton	Asheville	Bell 222
	Asheville	Canton	Bell 222
	Canton	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/23/84	Hanger	New Bern	Bell 222
	New Bern	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/24-28/84	RDU	Wash D.C.	Kingair
	Wash D.C.	RDU	Kingair
2/28&29/84	RDU	LaGuardia	Kingair
	LaGuardia	RDU	Kingair
3/3/84	RDU	Greensboro	Kingair
	Greensboro	Charlotte	Kingair
	Charlotte	RDU	Kingair
3/9/84	RDU	Eliz City	Kingair
	Eliz City	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
3/12/84	Hanger	Dobbs	Bell 206
	Dobbs	Greensboro	Bell 206
	Greensboro	Durham	Bell 206
	Durham	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206
3/19/84	RDU	Wilmington	Kingair
	Wilmington	RDU	Kingair
3/20&21/84	RDU	Charlotte	Kingair
	Charlotte	Shelby	Kingair
	Shelby	RDU	Kingair
3/21/84	RDU	Wash D.C.	Kingair
	Wash D.C.	RDU	Kingair
3/22/84	RDU	Hickory	Kingair
	Hickory	Statesville	Kingair
	Statesville	RDU	Kingair
3/26/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
3/27/84	RDU	Winston-Salem	Kingair
	Winston-Salem	Greensboro	Kingair
	Greensboro	RDU	Kingair
	Hanger	RDU	BE11 206
	RDU	Dobbs	BE11 206
	Dobbs	Hanger	BE11 206
3/28/84	RDU	Greenville	Kingair
	Greenville	RDU	Kingair
3/29/84	RDU	Kinston	Kingair
	Kinston	Goldsboro	Kingair
	Goldsboro	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
3/30&31/84	RDU	Charlotte	Kingair
	Charlotte	Asheville	Kingair
	Asheville	Hickory	Kingair
	Hickory	RDU	Kingair
4/2/84	RDU	Fayetteville	Kingair
	Fayetteville	Scotland Co.	Kingair
	Scotland Co.	Anson Co.	Kingair
	Anson Co.	RDU	Kingair
4/3/84	RDU	Greenville	Kingair
	Greenville	Wilson	Kingair
	Wilson	RDU	Kingair
4/5/84	RDU	Goldsboro	Kingair
	Goldsboro	RDU	Kingair
4/8/84	RDU	Wash D.C.	Kingair
	Wash D.C.	RDU	Kingair
4/9/84	RDU	Manteo	Kingair
	Manteo	RDU	Kingair
4/10/84	RDU	Jacksonville,NC	Kingair
	Jacksonville,NC	Charlotte	Kingair
	Charlotte	Monroe	Kingair
	Monroe	RDU	Kingair
4/13/84	RDU	Winston-Salem	Kingair
	Winston-Salem	Greensboro	Kingair
	Greensboro	RDU	Kingair
4/14/84	Hanger	Dobbs	Bell 206
	Dobbs	Wilson	Bell 206
	Wilson	Rck Ridge Farm	Bell 206
	Rck Ridge Farm	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
4/16/84	RDU	Wash N.C.	Kingair
	Wash N.C.	RDU	Kingair
4/18/84	RDU	Edenton	Kingair
	Edenton	RDU	Kingair
4/19/84	RDU	Charlotte	Kingair
	Charlotte	Salisbury	Kingair
	Salisbury	RDU	Kingair
4/24/84	RDU	Wash DC	Kingair
	Wash DC	RDU	Kingair
4/30/85	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/1/84	Hanger	W Charlotte HS	Bell 206
	W Charlotte HS	Charlotte	Bell 206
	Charlotte	W Charlotte HS	Bell 206
	W Charlotte HS	Durham	Bell 206
	Durham	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206
5/2/84	Hanger	Dobbs	Bell 222
	Dobbs	Wilmington	Bell 222
	Wilmington	Ocean Isle	Bell 222
	Ocean Isle	Wilmington	Bell 222
	Wilmington	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/3/84	Hanger	Greenville	Bell 222
	Greenville	Fuquay	Bell 222
	Fuquay	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
	RDU	Wash DC	Kingair
	Wash DC	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
5/4/84	Hanger	Dobbs	Bell 222
	Dobbs	Hickory	Bell 222
	Hickory	Asheville	Bell 222
	Asheville	Asheville Airport	Bell 222
	Asheville Airport	Newland	Bell 222
	Newland	Boone	Bell 222
	Boone	Hickory	Bell 222
	Hickory	Blowing Rock	Bell 222
	Blowing Rock	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/5/84	Hanger	Dobbs	Bell 222
	Dobbs	Wilson	Bell 222
	Wilson	Hanger	Bell 222
	Hanger	Dobbs	Bell 222
	Dobbs	Wilson	Bell 222
	Wilson	Hertford	Bell 222
	Hertford	Eliz City Aprt	Bell 222
	Eliz City Aprt	Eliz City	Bell 222
	Eliz City	Snow Hill	Bell 222
	Snow Hill	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/8/84	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Gobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/9/84	Hanger	Dobbs	Bell 206
	Dobbs	R T Park	Bell 206
	R T Park	Durham	Bell 206
	Durham	Raeford	Bell 206
	Raeford	Southern Pines	Bell 206
	Southern Pines	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
5/10/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
5/11/84	Hanger	Dobbs	Bell 222
	Dobbs	Lexington	Bell 222
	Lexington	Greensboro	Bell 222
	Greensboro	Greensboro Arpt	Bell 222
	Greensboro Arpt	Greensboro	Bell 222
	Greensboro	Wilmington	Bell 222
	Wilmington	Bolivia	Bell 222
	Bolivia	Dobbs	Bell 222
	Dobbs	RDU	Bell 222
	RDU	Hanger	Bell 222
5/14/84	Hanger	Dobbs	Bell 222
	Dobbs	Pollocksville	Bell 222
	Pollocksville	New Bern Airport	Bell 222
	New Bern Airport	Pollocksville	Bell 222
	Pollocksville	Warsaw	Bell 222
	Warsaw	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/15/84	RDU	Wash DC	Kingair
	Wash DC	RDU	Kingair
5/20/84	RDU	Newark NJ	Kingair
	Newark NJ	White Plains	Kingair
	White Plains	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
5/21/84	Hanger	Dobbs	Bell 222
	Dobbs	RDU	Bell 222
	RDU	Asheville Mall	Bell 222
	Asheville Mall	Asheville	Bell 222
	Asheville	Asheville Mall	Bell 222
	Asheville Mall	Marion	Bell 222
	Marion	Concord	Bell 222
	Concord	Lexington	Bell 222
	Lexington	RDU	Bell 222
	RDU	Hanger	Bell 222
5/23&24/84	RDU	Baltimore	Kingair
	Baltimore	Teterboro	Kingair
	Teterboro	Bostom	Kingair
	Boston	RDU	Kingair
5/25/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
5/31/84	RDU	Asheville	Kingair
	Asheville	Charlotte	Kingair
	Charlotte	RDU	Kingair
6/2/84	Hanger	Dobbs	Bell 222
	Dobbs	Winston-Salem	Bell 222
	Winston-Salem	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
6/2/84	Hanger	Dobbs	Bell 206
	Dobbs	Mt Olive	Bell 206
	Mt Olive	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206
6/6/84	Hanger	Dobbs	Bell 222
	Dobbs	Jacksonville	Bell 222
	Jacksonville	Jacksonville	Bell 222
	Jacksonville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
6/9/84	RDU	Asheville	Kingair
	Asheville	RDU	Kingair
6/11/84	RDU	Hatteras	Kingair
	Hatteras	RDU	Kingair
6/12/84	Hanger	R T Park	Bell 222
	R T Park	Eliz town	Bell 222
	Eliz town	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
6/14/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
6/16/84	Hanger	Dobbs	Bell 206
	Dobbs	Winston-Salem	Bell 206
	Winston-Salem	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206
6/22/84	RDU	Lumberton	Kingair
	Lumberton	RDU	Kingair
6/25/84	Hanger	Dobbs	Bell 222
	Dobbs	Wash Aprt	Bell 222
	Wash Aprt	Goose Creek	Bell 222
	Goose Creek	Wash	Bell 222
	Wash	Wash Aprt	Bell 222
	Wash Aprt	Wash	Bell 222
	Wash	Pinehurst	Bell 222
	Pinehurst	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
6/26/84	Hanger	Dobbs	Bell 222
	Dobbs	Reidsville	Bell 222
	Reidsville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
6/29&30/84	Hanger	Dobbs	Bell 222
	Dobbs	Charlotte	Bell 222
	Charlotte	Salisbury	Bell 222
	Salisbury	Monroe	Bell 222
	Monroe	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
7/04/84	Hanger	Dobbs	Bell 222
	Dobbs	Salisbury	Bell 222
	Salisbury	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
7/07/84	Hanger	Dobbs	Bell 206
	Dobbs	Gov's Resdnce	Bell 206
	Gov's Resdnce	Currie	Bell 206
	Currie	Wilson	Bell 206
	Wilson	Hanger	Bell 206
7/9&10/84	RDU	Norfolk,Va	Kingair
	Norfolk,Va	Williamsburg	Kingair
	Williamsburg	RDU	Kingair
7/10/84	Hanger	Gov's Inn	Bell 206
	Gov's Inn	Greensboro	Bell 206
	Greensboro	Hanger	Bell 206
7/10&11/84	RDU	Manteo	Kingair
	Manteo	RDU	Kingair
7/25/84	Hanger	Dobbs	Bell 222
	Dobbs	Johnston Co	Bell 222
	Johnston Co	Johnston Co	Bell 222
	Johnston Co	Warrenton	Bell 222
	Warrenton	Dobbs/Hanger	Bell 222
7/26/84	RDU	Wilmington	Kingair
	Wilmington	Clinton	Kingair
	Clinton	RDU	Kingair
7/31/84	Hanger	Dobbs	Bell 222
	Dobbs	Lumberton	Bell 222
	Lumberton	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair

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RECEIVED AT THE FEC
GCC#5919
84 DEC 10 P1:

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

84 DEC 11 A9:33

December 7, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

8504052196O

Re: MUR 1686
State of North Carolina

Dear Chairman Elliott:

As counsel to the State of North Carolina, I hereby respectfully request that MUR 1686 be dismissed as to the State of North Carolina.

In support of this request, I am attaching a copy of a special review of the Governor's utilization of State-owned aircraft as conducted by the office of the State Auditor for the State of North Carolina. A copy of the auditor's report is attached hereto as Exhibit A.

The Auditor for the State of North Carolina is an independently elected official, who is not under the supervision or control of the Governor. I have attached hereto as Exhibit B a copy of the portions of the Constitution of North Carolina creating the Office of the State Auditor.

The State Auditor reviewed the Governor's use of State-owned aircraft for the period July 1, 1982, through September 30, 1984. This time period covers all of the time that Governor Hunt was deemed to be a candidate for the United States Senate. After very thoroughly reviewing that travel, the State Auditor concluded that payments from the Jim Hunt Committee to the State of North Carolina resulted in a net overpayment to the State. Therefore, the Governor's use of the State-owned aircraft could not be an unreported in-kind contribution by the State to Governor Hunt's campaign committee. For that reason, I respectfully request that the Commission dismiss the State of North Carolina as a party to MUR 1686.

As you may know, the use of State-owned aircraft by the Governor is also the subject of litigation in State court. In the course of that litigation, the

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State filed copies of notes and memorandums the Governor had written concerning his use of the State aircraft. Attached hereto as Exhibit C is a copy of that filing in State Superior Court.

Thank you for your courteous consideration of this request.

Sincerely,

Jack Cozort

Jack Cozort
Counsel to the Governor

JC/tmg

Attachments

cc: Judy Thedford ✓

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SPECIAL REVIEW

GOVERNOR'S UTILIZATION OF STATE-OWNED AIRCRAFT

October, 1984

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STATE OF NORTH CAROLINA
OFFICE OF THE STATE AUDITOR
RALEIGH 27611

EDWARD RENFROW
STATE AUDITOR

TEL. NO. (919) 733-3217

8504052196

October 11, 1984

The Honorable James B. Hunt, Jr., Governor
Office of the Governor
Raleigh, North Carolina 27611

Dear Governor Hunt:

We have performed a review of your utilization of state-owned aircraft for the period July 1, 1982 through September 30, 1984. Enclosed herewith is a summary of our review.

The specific objectives of the review were:

- To determine the operating costs of the state-owned aircraft under the control of the Department of Commerce.
- To determine if the Office of the Governor has reimbursed the Department of Commerce for all trips taken on state-owned aircraft.
- To determine if representations on allocating the Governor's use of state-owned aircraft between official and political travel are reasonable.
- To determine if the State of North Carolina has recovered its full cost of operating state aircraft for any non-state business.

Since the primary objective of our review was to determine if the State of North Carolina has recovered the full costs associated with operating the state-owned aircraft for non-state business, we did not attempt to determine whether you or the Jim Hunt Committee had complied with the political travel rules and regulations of the Federal Election Commission (FEC). Application of FEC rules to your trips may generate travel costs substantially different from our analyses. Also, we did not attempt to address the legal issue concerning the propriety of using state-owned aircraft for political purposes.

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Exhibit A, Statement of Political Travel Cost, presents in summary the results of our review. It reflects our calculations of political trip costs, payments made in your behalf by the Jim Hunt Committee, and net amounts overpaid or underpaid as of September 30, 1984. This exhibit reflects a total amount due of $235,313.38 with payments from the Jim Hunt Committee totaling $235,882.28; a net overpayment of $568.90.

We wish to express our appreciation to the personnel at both the Department of Commerce and the Office of the Governor for the cooperation extended to us during the review.

Sincerely,

Edward Renfrow
State Auditor

ER/GW:dr

Enclosure

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Scope

The scope of this review was limited to those aircraft trips taken by the Governor, or his immediate family or staff, on state-owned aircraft which are under the management of the Department of Commerce. The period of our examination was for the period July 1, 1982 through September 30, 1984.

Specific procedures utilized in performing our review were:

- To review and analyze accounting records at the Department of Commerce and the Office of the Governor.
- To review and analyze flight records, itineraries, and schedules to determine the total trips taken and the nature of the trips.
- To conduct interviews with pilots, management officials, and accounting staff knowledgeable about the Governor's use of state-owned aircraft.

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Criteria and Methodology

Operating Cost Per Hour:

Our examination included a review of expenses at the Department of Commerce to determine the total operating costs for each aircraft. Operating costs were allocated by the Department of Commerce to three aircraft classes.

- King Air E-90 Airplane
- 222 Bell Helicopter
- Two 206 Bell Helicopters

Based upon our review of the schedule of operating costs prepared by the Department of Commerce, we verified the allocation methods and costs recorded, but made the following adjustments to the amounts computed by the Department of Commerce.

- For flight hours, we recalculated the total number of customer flight (block) hours.
- For salaries, we recalculated these costs on the basis of actual flight time each pilot flew each class of aircraft.
- Depreciation expense was computed using the straight line method, with a salvage value of thirty percent (30%), over an estimated life of ten (10) years. The two 206 Bell helicopters were fully depreciated prior to July 1, 1982.
- Administrative overhead expense was allocated to each class of aircraft on the basis of the indirect cost plan approved by the U. S. Department of Energy for the Department of Commerce.

Interest Computation:

Interest was computed on the unpaid balance of all political trips from July 1, 1982 through September 30, 1984. For each of the months, we calculated the average daily unpaid balances and applied the monthly rate of return earned by the Department of State Treasurer on its short-term investment fund to determine interest payable.

Auditor's Method of Allocating the Governor's Trips Between Official and Political Travel:

We obtained copies of aircraft trip reports, SBI itineraries, and the Governor's agendas. From our analysis of these documents, we assigned the various segments (flight time) of a trip into one of three major categories:

- All Political	100%
- All Official	100%
- Political/Official	50%/50%

Except in unusual circumstances, the return segment of a trip that involved both political and official activities was prorated 50%/50%.

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Results of Review

Billing Rates Compared to Actual Costs:

From our review of the rates established by the Department of Commerce, and used by the Office of the Governor to bill the Jim Hunt Committee, we have concluded that the rates used were not based on actual costs. We feel there are several reasons for this. First, state-owned aircraft are usually purchased through capital improvement projects approved by the General Assembly. For example, in 1980-81 the Department of Commerce purchased the Bell 222 helicopter for approximately $1.3 million dollars. Since the General Assembly appropriated the funds to purchase the aircraft, no depreciation expense was considered necessary by the Department of Commerce when the $200 per hour rate was established for the Bell 222 helicopter. Additionally, the General Assembly supplements Commerce's aircraft operations each year with a general fund appropriation. Since the actual operating costs are supplemented through appropriations, the billing rates established by Commerce were never intended to recover actual operating costs from other state agencies when they used the aircraft for official state business.

It has been previously pointed out to the Governor (State Auditor's Operational Audit on State Owned Aircraft dated August 1978) that the billing rates charged did not recover the full operating costs of the aircraft. In our opinion, the Governor's staff used poor judgment when they assumed that political travel could be reimbursed at the same subsidized rates established for the Governor's official travel.

A comparison of actual costs per hour computed by the State Auditor's Office to Commerce's billing rates per hour is presented below.

	King Air		Bell 222		Bell 206	
	1982-83	1983-84	1982-83	1983-84	1982-83	1983-84
Actual Costs (per auditor)	$1,070.49	$859.87	$925.73	$1,435.00	$569.38	$439.79
Commerce Billing Rates	300.00	300.00	200.00	200.00	195.00	195.00
Understated	$ 770.49	$559.87	$725.73	$1,235.00	$374.38	$244.79

The actual operating costs per hour of operation are substantially greater than the billing rates established by the Department of Commerce. For instance, the billing rate established by Commerce for the Bell 222 was $200.00 per hour, but the actual operating costs per hour during 1983-84 was $1,435.00, representing a difference of $1,235.00 per hour. Since the Governor's Office also used Commerce's rates when billing the Jim Hunt Committee, all invoices sent to the Jim Hunt Committee were understated by the difference between actual costs and the billing rates.

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In September, 1984 the Governor's Office requested the Department of Commerce to compute the actual costs associated with operating the aircraft. The schedule below provides a comparison of the actual cost per hour by aircraft as computed by the Department of Commerce with the actual costs computed by the State Auditor. Depreciation and overhead expenses included by the State Auditor account for most of the differences.

	King Air		Bell 222		Bell 206	
	1982-83	1983-84	1982-83	1983-84	1982-83	1983-84
Actual Costs (per auditor)	$1,070.49	$859.87	$925.73	$1,435.00	$569.38	$439.79
Actual Costs (per Commerce)	725.97	630.86	726.47	1,110.33	553.46	524.60
Understated (Overstated)	$ 344.52	$229.01	$199.26	$ 324.67	$ 15.92	$(84.81)

Reimbursements to Department of Commerce for All Trips Taken By Governor's Office:

To ensure that the Governor's Office was reimbursing the Department of Commerce for all trips taken, we analyzed aircraft trip reports at the Department of Commerce for all trips identifiable and invoiced to the Governor's Office. We subsequently analyzed all payments made by the Governor's Office to Commerce's trip reports and determined that trips were routinely paid for by the Office of the Governor.

We further attempted to attest to the reliability of the Department of Commerce trip reports by comparing flight hours indicated on the trip reports to the aircraft flight time recorders (Hobbs meter). We were told that the flight time recorders were not used, or in the case of one of the aircraft did not exist; therefore, we were unable to verify the flight hours recorded on trip reports to any other evidential matter.

Although we were unable to determine if the trip reports were all-inclusive and represented all flights by the Governor, nothing came to our attention that would cause us to believe that unrecorded flights exist for the Governor.

Reasonableness of Allocating the Governor's Trips Between Official and Political Travel:

From a review of the invoices sent to and payments received from the Jim Hunt Committee, we determined that various allocation methods were used by the Governor's Office to allocate the trip costs between official and political travel. Trips taken during 1982-83 were usually prorated based upon the flight time associated with a particular segment of a trip. Other methods were used during 1983-84, such as determining the total amount of time (in hours) that the Governor spent on official and political activities and then

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billing the Jim Hunt Committee for the political portion of those hours. A recalculation was made in September, 1984 for trips from August 9, 1983 to July 31, 1984 based on the methodology that if any portion of a trip was determined to be political, then the entire trip was charged to and paid for by the Jim Hunt Committee.

The following example describes how the Governor's Office usually allocated trips between official and political travel. On trip number #24536 dated September 25, 1982, the Governor flew on the King Air from Raleigh-Durham airport to Statesville, North Carolina. At Statesville the Governor took ground transportation to Hiddenite to attend a "Celebration of the Arts" event, which was official. From Hiddenite, the Governor took ground transportation to Hickory to attend a political event. The King Air flew from Statesville to Hickory airport and waited on the Governor. After the political event, the Governor flew from Hickory to Raleigh-Durham airport.

The Governor's Office allocated the trip as follows:

Date of Trip	From	To	Flight Time	Official	Political
9/25/82	RDU	Statesville	.70	.70	-
		Hickory	.20	-	.20
		RDU	.70	.70	-
Totals			1.60	1.40	.20

Using the hourly rate of $300.00, the Jim Hunt Committee reimbursed the State $60.00 for the trip (.2 flight hours x $300.00 per hour = $60.00).

We evaluated the above allocation method and did not agree with the results. We realize that no one set rule of allocation would be 100% equitable for all circumstances. However, using the nature of the event or activity and total flight time, we allocated trip #24536 as follows:

Date of Trip	From	To	Flight Time	Official	Political
9/25/82	RDU	Statesville	.70	.70	-
		Hickory	.20	-	.20
		RDU	.70	.35	.35
Totals			1.60	1.05	.55

Our reasoning was to charge each segment of a trip as either 100% official, 100% political, or 50%/50% between official and political. Except in unusual circumstances, the return segment of a trip that involved both political and official activities was split 50%/50%.

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If trip #24536 dated September 25, 1982 had occurred between August 9, 1983 and July 31, 1984, it would have been recalculated in September, 1984 as follows:

Date of Trip	From	To	Flight Time	Official	Political
9/25/82	RDU	Statesville	.70	-	.70
		Hickory	.20	-	.20
		RDU	.70	-	.70
Totals			1.60		1.60

The Jim Hunt Committee would have paid for the entire trip of 1.60 hours.

Summary and Conclusions:

Based upon our review of the Governor's use of state-owned aircraft, we have concluded that the State of North Carolina was not recovering its full cost of operation at the time the aircraft was utilized for non-state business. From our calculation of cost per hour and allocation methodology described herein, we have determined a total cost plus interest of $235,313.38 for the Governor's political travel from July 1, 1982 to September 30, 1984. As shown on Exhibit A, total payments made by the Jim Hunt Committee (including supplemental payments made in September, 1984) have reimbursed the total costs calculated in this review.

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Statement of Political Travel Costs

July 1, 1982 Through September 30, 1984

Exhibit A

	July 1, 1982 Through June 30, 1983	July 1, 1983 Through June 30, 1984	July 1, 1984 Through September 30, 1984	Totals
State Aircraft Travel Costs (Schedule 1)	$44,671.83	$154,223.53	$19,563.15	$218,458.51
Add: Interest (Schedule 2)	2,866.84	9,614.76	4,373.27	16,854.87
Total Amount Due	$47,538.67	$163,838.29	$23,936.42	$235,313.38
Less: Payments (Jim Hunt Committee) (Schedule 3)	7,689.56	217,234.02	10,958.70	235,882.28
Total Amount Due or (Overpaid)	$39,849.11	$(53,395.73)	$12,977.72	$ (568.90)

Statement of Aircraft Trip Costs

By State Fiscal Years

Exhibit B

From	To	Fiscal Year	Trip Costs	Official	Political
July 1, 1982	June 30, 1983	1982-83	$305,486.42	$260,814.59	$ 44,671.83
July 1, 1983	June 30, 1984	1983-84	397,407.48	243,183.95	154,223.53
July 1, 1984	September 8, 1984	1984-85	51,019.33	31,456.18	19,563.15
Trip Totals			$753,913.23	$535,454.72	$218,458.51

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Statement of Aircraft Transportation Costs

Computation of Operating Cost Per Hour

For the Years Ended June 30, 1983 and 1984

Exhibit C

	Totals 1983-84	Totals 1982-83	222 Bell 1983-84	222 Bell 1982-83	King Air 1983-84	King Air 1982-83	Two 206 Bells 1983-84	Two 206 Bells 1982-83
Aircraft Transportation Expenses:								
Operating Costs	$718,650.64	$577,096.74	$344,254.55	$238,613.10	$224,674.25	$175,566.90	$149,721.84	$162,916.74
Indirect Costs	14,326.50	14,292.81	4,775.50	4,764.27	4,775.50	4,764.27	4,775.50	4,764.27
Annual Depreciation	145,162.22	145,162.22	92,662.22	92,662.22	52,500.00	52,500.00		
Total Aircraft Transportation Expenses	$878,139.36	$736,551.77	$441,692.27	$336,039.59	$281,949.75	$232,831.17	$154,497.34	$167,681.01
Total Customer Flight (Block) Hours	987.00	875.00	307.80	363.00	327.90	217.50	351.30	294.50
Operating Cost Per Hour	$889.71	$841.77	$1,435.00	$925.73	$859.87	$1,070.49	$439.79	$569.38

Schedule of Aircraft Trip Costs

For Official and Political Travel

Schedule 1

July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
7/1/82	$ 3,054.91	$ 3,054.91	$ .00
7/9/82	1,284.59	1,284.59	
7/18/82	3,104.42	3,104.42	
7/19/82	3,425.57	2,248.03	1,177.54
7/20/82	2,129.18	2,129.18	
7/21/82	1,391.64	1,391.64	
7/23/82	3,853.76	3,853.76	
7/25-28/82	8,456.87	8,456.87	
7/26/82	5,646.95	5,646.95	
7/29/82	3,054.91	3,054.91	
7/30/82	2,406.90	2,406.90	
8/3/82	2,406.90	2,406.90	
8/4/82	1,138.76	1,138.76	
8/7,10,11/82	7,172.28	5,352.45	1,819.83
8/15/82	4,174.92	2,087.46	2,087.46
8/24/82	1,203.45		1,203.45
8/25/82	1,819.83	1,819.83	
8/26/82	1,481.17	1,481.17	
8/27/82	2,129.18	2,129.18	
8/28/82	1,423.45	1,423.45	
9/2/82	2,499.47	2,499.47	
9/8/82	2,036.61	2,036.61	
9/10/82	1,388.60	1,388.60	
9/14/82	925.73	925.73	
9/15,17/82	4,281.96	4,281.96	
9/17/82	3,517.77	2,777.19	740.58
9/18/82	2,777.19	1,157.16	1,620.03
9/19-20/82	4,389.01	4,389.01	
9/21/82	740.20	398.57	341.63
9/24/82	1,819.83		1,819.83
9/24/82	1,878.95	1,394.98	483.97
9/25/82	1,712.78	1,124.01	588.77
9/28/82	1,666.31	1,110.87	555.44
9/30/82	1,203.45	601.72	601.73
10/1/82	833.16	833.16	
10/1/82	3,147.48	2,406.90	740.58
10/1,3/82	2,140.98	2,140.98	
10/2/82	1,018.30		1,018.30
10/4/82	3,702.92	648.01	3,054.91
10/5/82	4,165.79	3,610.35	555.44
10/5/82	2,355.08	2,355.08	
10/5-7/82	5,780.65	5,780.65	
10/8/82	1,605.74	1,605.74	

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
10/9/82	$ 1,758.89	$ 1,758.89	$ .00
10/12/82	512.44	512.44	
10/13/82	1,666.31		1,666.31
10/14/82	833.16	833.16	
10/14/82	1,481.17	1,481.17	
10/15/82	1,573.74		1,573.74
10/16/82	2,777.19	925.73	1,851.46
10/18/82	1,851.46		1,851.46
10/19/82	3,054.91	972.02	2,082.89
10/21/82	1,758.89		1,758.89
10/23,24/82	2,140.98		2,140.98
10/25/82	1,944.03	509.15	1,434.88
10/26/82	5,276.66	5,276.66	
10/27/82	1,498.69	1,498.69	
10/27/82	398.57	398.57	
10/29/82	2,355.08	1,445.16	909.92
10/30/82	1,758.89	648.01	1,110.88
11/1/82	3,702.92	786.87	2,916.05
11/3/82	2,406.90	2,406.90	
11/4/82	1,284.59	1,284.59	
11/7,10/82	12,203.59	12,203.59	
11/17/82	4,165.79	2,962.34	1,203.45
11/18/82	398.57	398.57	
11/22/82	1,819.83	1,819.83	
11/29/82	2,869.76	2,869.76	
12/2/82	2,499.47	2,499.47	
12/2/82	1,284.59	1,284.59	
12/7/82	1,573.74	786.87	786.87
12/17/82	2,221.75	1,110.87	1,110.88
1/11/83	1,481.17	1,481.17	
1/18/83	3,240.06	3,240.06	
1/20/83	1,296.02	1,296.02	
1/21/83	1,203.45	1,203.45	
1/28/83	1,573.74	1,573.74	
2/4/83	2,592.04	2,592.04	
3/8/83	1,573.74	1,573.74	
3/14/83	1,391.64	1,391.64	
3/14/83	1,758.89	1,758.89	
3/15/83	1,070.49	1,070.49	
3/24/83	1,605.74	1,605.74	
3/25,26/83	2,129.18	2,129.18	
3/27/83	1,819.83	1,819.83	
3/28/83	963.44	963.44	
4/1-4/83	14,130.47	14,130.47	
4/7-10/83	4,496.06	4,496.06	
4/12/83	1,498.69	1,498.69	
4/12/83	2,036.61	2,036.61	

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
4/13/83	$ 2,036.61	$ 2,036.61	$ .00
4/13/83	2,248.03	2,140.98	107.05
4/15/83	4,998.94	3,656.63	1,342.31
4/18/83	3,702.92	3,702.92	
4/22-23/83	3,332.63	3,332.63	
4/26/83	3,795.49	3,795.49	
4/29/83	1,944.03	1,944.03	
4/30/83	4,350.93	4,350.93	
5/2/83	569.38	569.38	
5/6/83	2,221.75	1,573.74	648.01
5/9/83	512.44	512.44	
5/10/83	1,296.02	1,296.02	
5/11/83	3,517.77	3,517.77	
5/15/83	2,676.23	2,676.23	
5/16-17/83	2,676.23	2,676.23	
5/18/83	2,314.33	2,314.33	
5/20/83	1,944.03	1,944.03	
5/21/83	1,666.31	1,666.31	
5/23/83	2,890.32	2,890.32	
5/24/83	1,391.64	1,391.64	
5/25/83	925.73	925.73	
5/27/83	398.57	398.57	
5/27/83	1,110.88	1,110.88	
5/28/83	2,997.37	2,997.37	
5/31/83	626.32	626.32	
6/3/83	2,033.93	2,033.93	
6/7/83	626.32	626.32	
6/10/83	1,296.02	1,296.02	
6/13/83	4,350.93	4,350.93	
6/15/83	1,296.02	1,296.02	
6/17/83	2,676.23	2,676.23	
6/17-18/83	2,248.03	2,248.03	
6/21-22/83	3,532.62	1,766.31	1,766.31
Trip Totals, 1982-83	$305,486.42	$260,814.59	$ 44,671.83
7/7/83	$ 1,117.83	$ 1,117.83	$ .00
7/13/83	4,305.00	4,305.00	
7/28/83	5,596.50	5,596.50	
7/29/83	4,879.00	4,879.00	
7/30-8/2/83	5,245.20	2,622.60	2,622.60
8/2/83	2,870.00	2,870.00	
8/3/83	1,435.00	1,435.00	
8/9/83	3,525.47	3,525.47	
8/15/83	2,726.50	2,726.50	
8/16/83	2,583.00	1,793.75	789.25
8/16/83	2,870.00	1,219.75	1,650.25

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
8/17/83	$ 1,805.73	$ 1,805.73	$ .00
8/18/83	1,203.82		1,203.82
8/24/83	1,203.82	1,203.82	
8/24/83	2,870.00	2,870.00	
9/15/83	4,161.50	4,161.50	
9/16-17/83	1,719.74	1,719.74	
9/23/83	2,439.50	1,363.25	1,076.25
9/30/83	3,013.50	3,013.50	
10/1/83	3,874.50	1,937.25	1,937.25
10/3/83	2,870.00	1,004.50	1,865.50
10/5/83	3,731.00	3,731.00	
10/7/83	2,152.50	1,076.25	1,076.25
10/7/83	859.87	859.87	
10/10/83	1,977.70	1,977.70	
10/15/83	687.90	343.95	343.95
10/12/83	219.90	219.90	
10/15/83	395.81	395.81	
10/18/83	395.81	395.81	
10/21/83	307.85	307.85	
10/21/83	2,493.63	1,805.73	687.90
10/22-23/83	1,977.71	1,289.81	687.90
10/24/83	945.85	300.95	644.90
10/25/83	1,117.84	558.92	558.92
10/27/83	4,161.50	1,219.75	2,941.75
10/28/83	3,013.50	3,013.50	
10/29/83	2,439.50		2,439.50
10/31/83	2,407.64	1,848.72	558.92
11/1/83	1,117.83	730.89	386.94
11/2/83	2,296.00	2,296.00	
11/2/83	3,587.50		3,587.50
11/3/83	2,439.50	2,439.50	
11/4/83	3,874.50	3,874.50	
11/4/83	2,726.50	2,726.50	
11/4/83	1,578.50	1,578.50	
11/5/83	3,874.50	1,148.00	2,726.50
11/7/83	3,181.52	3,181.52	
11/9-10/83	4,213.36	4,213.36	
11/19/83	5,022.50		5,022.50
11/22/83	4,018.00	2,009.00	2,009.00
11/22/83	3,181.52	2,708.59	472.93
11/23/83	1,203.82		1,203.82
11/29-30/83	2,493.62	2,493.62	
12/2/83	687.90	687.90	
12/5/83	1,891.72	1,461.78	429.94
12/8/83	1,891.71	1,891.71	
12/11-12/83	3,267.51		3,267.51
12/13/83	859.88	429.94	429.94

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
12/15/83	$ 1,805.73	$ 1,805.73	$ .00
1/5/84	773.88	773.88	
1/7/84	1,865.50	1,865.50	
1/9/84	3,731.00	3,731.00	
1/10/84	2,870.00	1,435.00	1,435.00
1/12/84	1,203.82		1,203.82
1/17/84	1,375.80	687.90	687.90
1/19/84	4,592.00	2,296.00	2,296.00
1/24/84	1,375.79	1,375.79	
1/25/84	2,665.59	1,891.71	773.88
1/27-28/84	5,073.24	2,407.64	2,665.60
1/31/84	4,448.50	2,009.00	2,439.50
2/7-8/84	2,665.60	1,332.80	1,332.80
2/9/84	4,161.50	2,870.00	1,291.50
2/11/84	2,152.50		2,152.50
2/12/84	4,127.38		4,127.38
2/13/84	4,161.50	3,372.25	789.25
2/14/84	3,874.50	1,865.50	2,009.00
2/16/84	1,289.81	687.90	601.91
2/18/84	3,444.00	2,009.00	1,435.00
2/20/84	6,027.00	5,453.00	574.00
2/21/84	3,874.50	1,435.00	2,439.50
2/23/84	2,870.00	1,435.00	1,435.00
2/24-28/84	1,977.70	988.85	988.85
2/29/84	3,181.52	1,590.76	1,590.76
3/3/84	1,289.81		1,289.81
3/9/84	1,289.80	644.90	644.90
3/10/84	967.54	967.54	
3/12/84	791.62	439.79	351.83
3/16-17/84	3,009.55	3,009.55	
3/19/84	1,117.83	1,117.83	
3/20/84	1,891.72	945.86	945.86
3/21/84	1,977.70		1,977.70
3/22/84	1,977.70	644.90	1,332.80
3/23/84	1,805.73	1,805.73	
3/26/84	1,203.82	601.91	601.91
3/27/84	263.87		263.87
3/27/84	1,117.84	558.92	558.92
2/28/84	1,031.84	1,031.84	
3/29/84	859.87	859.87	
3/30-31/84	1,977.71	687.90	1,289.81
4/1/84	1,231.41	1,231.41	
4/2/84	1,289.80	644.90	644.90
4/3/84	859.88	429.94	429.94
4/5/84	687.90	687.90	
4/6/84	659.69	659.69	
4/8/84	1,805.73		1,805.73

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(102)

July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
4/9/84	$ 1,461.78	$ 730.89	$ 730.89
4/10/84	2,493.62	1,375.79	1,117.83
4/13/84	1,031.84	515.92	515.92
4/14/84	527.74	263.87	263.87
4/16/84	945.86		945.86
4/18/84	1,203.82	601.91	601.91
4/18/84	483.77	483.77	
4/19/84	1,461.78	730.89	730.89
4/24/84	1,805.72	902.86	902.86
4/25/84	3,353.49	3,353.49	
4/29/84	3,267.51	3,267.51	
4/30/84	2,726.50		2,726.50
5/1/84	1,231.41	703.66	527.75
5/1/84	1,031.84	1,031.84	
5/2/84	1,435.00	1,435.00	
5/2/84	4,592.00		4,592.00
5/3/84	2,296.00		2,296.00
5/3/84	1,805.73		1,805.73
5/4/84	7,749.00	6,385.75	1,363.25
5/5/84	6,314.00	4,018.00	2,296.00
5/8/84	2,152.50		2,152.50
5/9/84	1,011.52	483.77	527.75
5/9/84	2,439.50	2,439.50	
5/10/84	1,289.80	644.90	644.90
5/11/84	1,805.72	902.86	902.86
5/11/84	6,601.00	4,233.25	2,367.75
5/14/84	4,018.00		4,018.00
5/15/84	1,805.73		1,805.73
5/17/84	1,143.45	1,143.45	
5/17/84	3,731.00	2,152.50	1,578.50
5/19/84	2,152.50	2,152.50	
5/20/84	3,525.47		3,525.47
5/21/84	1,031.84	515.92	515.92
5/21/84	7,031.50	3,157.00	3,874.50
5/23-24/84	4,815.27	386.94	4,428.33
5/25/84	1,203.82	601.91	601.91
5/25/84	2,870.00	2,870.00	
5/30/84	2,439.50	2,439.50	
5/31/84	1,891.72	687.90	1,203.82
6/1/84	2,870.00	2,870.00	
6/2/84	659.69		659.69
6/2/84	2,439.50		2,439.50
6/4/84	4,448.50	4,448.50	
6/6/84	3,013.50		3,013.50
6/9/84	1,719.74	859.87	859.87
6/11/84	1,633.76	816.88	816.88
6/12/84	2,439.50	1,363.25	1,076.25

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
6/14/84	$ 1,203.82	$ .00	$ 1,203.82
6/16/84	879.58		879.58
6/15-16/84	1,805.73	1,805.73	
6/19/84	571.73	571.73	
6/22/84	859.87		859.87
6/22/84	1,865.50	1,865.50	
6/23/84	879.58	879.58	
6/23/84	4,305.00	4,305.00	
6/25/84	5,022.50	2,941.75	2,080.75
6/26/84	3,444.00	3,444.00	
6/26/84	2,726.50		2,726.50
6/29-30/84	4,735.50	1,722.00	3,013.50
Trip Totals, 1983-84	$397,407.48	$243,183.95	$154,223.53
7/4/84	$ 3,013.50	$ 3,013.50	$ .00
7/7/84	1,143.45		1,143.45
7/7/84	1,289.81	1,289.81	
7/8/84	659.69	659.69	
7/9-10/84	1,633.75	601.91	1,031.84
7/10/84	747.64	439.79	307.85
7/10-11/84	1,461.78		1,461.78
7/12/84	1,203.82	1,203.82	
7/13/84	1,461.78	1,461.78	
7/25/84	4,448.50	2,009.00	2,439.50
7/26/84	1,289.81		1,289.81
7/28/84	1,891.71		1,891.71
7/30/84	3,353.49	3,353.49	
7/31/84	2,870.00	2,870.00	
7/31/84	1,289.81		1,289.81
8/2/84	5,417.18	5,417.18	
8/7/84	1,435.00	1,435.00	
8/11/84	2,149.68	2,149.68	
8/12/84	2,726.50		2,726.50
8/14/84	3,013.50	3,013.50	
8/18/84	2,149.68	1,461.78	687.90
8/22/84	2,583.00		2,583.00
8/23/84	1,633.75		1,633.75
9/7/84	2,152.50	1,076.25	1,076.25
Trip Totals, 1984-85	$ 51,019.33	$ 31,456.18	$ 19,563.15
Grand Total	$753,913.23	$535,454.72	$218,458.51

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Schedule of Interest Payable

On Unpaid Trips

July 1, 1982 Through September 8, 1984

Schedule 2

Month	Interest Amount	
July 1982	$ 10.66	
August	36.57	
September	71.08	
October	224.01	
November	333.89	
December	344.48	
January 1983	306.45	
February	270.96	
March	305.41	
April	273.01	
May	354.32	
June	336.00	
		$ 2,866.84
July	$ 328.90	
August	380.67	
September	396.15	
October	468.89	
November	598.48	
December	700.93	
January 1984	732.82	
February	818.79	
March	1,060.69	
April	1,110.59	
May	1,384.79	
June	1,633.06	
		9,614.76
July	$ 1,502.79	
August	1,625.78	
September	1,244.70	
		4,373.27
Total		$16,854.87

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Schedule of Payments Received From

Jim Hunt Committee

July 1, 1982 Through September 30, 1984

Schedule 3

Date of Deposit		Total Amount	Payments on Trips Taken: July 1 to June 30, 1983	July 1 to June 30, 1984	July 1 to September 30, 1984
September 13, 1982		$ 480.00	$ 480.00	$ .00	$ .00
November 17, 1982		1,689.80	1,689.80		
December 21, 1982		4,280.00	4,280.00		
February 18, 1983		420.00	420.00		
June 21, 1983		621.76	621.76		
July 20, 1983		198.00	198.00		
October 14, 1983		620.00		620.00	
December 20, 1983		1,243.43		1,243.43	
January 16, 1984		1,992.00		1,992.00	
February 16, 1984		120.00		120.00	
February 16, 1984		1,254.14		1,254.14	
April 13, 1984		2,088.73		2,088.73	
April 30, 1984		6,569.50		6,569.50	
June 28, 1984		32,378.33		32,378.33	
September 24, 1984		5,267.00		5,267.00	
September 24, 1984		1,995.00		1,995.00	
September 24, 1984		246.65		246.65	
September 24, 1984	$185,938.87				
Less: Payment for Ground Travel	(11,520.93)	174,417.94		163,459.24	10,958.70
Grand Total		$235,882.28	$7,689.56	$217,234.02	$10,958.70

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Listing of Aircraft Under the Management of the Department of Commerce

Schedule 4

I.D. No.	Description	Recorded Value
121 NC	Bell 222 Helicopter	$1,323,746.00
122 NC	Beech E-90 King Air Airplane	$ 750,000.00
123 NC	Bell Jet Ranger 206B Helicopter	$ 137,000.00
124 NC	Bell Jet Ranger 206B Helicopter	$ 132,000.00

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Exhibit B

suspended in part. Where a single offense is involved, the sentence must be made active in full or suspended in full. A split sentence is in effect an anticipatory pardon or parole, violative of the provisions of the Constitution of North Carolina appertaining to pardons and paroles. In re Powell, 241 N.C. 288, 84 S.E.2d 906 (1954).

Power of Appointment under Constitution of 1868—In General.—In the Constitution of 1868, Art. III, § 10, corresponding to subsection (8) of this section, authorized the Governor to appoint "all officers whose offices are established by this Constitution, which shall be created by law, and whose appointments are not otherwise provided for," and prohibited the General Assembly from appointing or electing such officers. In 1875, the section was amended and this express prohibition was removed and the express grant of power to the Governor restricted to "all officers whose offices are established by this Constitution and whose offices are not otherwise provided for."

Construing Art. III, § 10, and cognate sections of the Constitution of 1868 in reference to vacancies, etc., prior to 1875, it was held in various decisions that the term, "unless otherwise provided for," meant unless otherwise provided for by the Constitution itself, and that, except in specified and restricted instances, the legislature had no power to appoint to office or to fill vacancies therein. State ex rel. Clark v. Stanley, 66 N.C. 60 (1872); People ex rel. Nichols v. McKee, 68 N.C. 429 (1873); People ex rel. Welker v. Bledsoe, 68 N.C. 457 (1873). And see Trustees of Univ. of N.C. v. McIver, 72 N.C. 76 (1875). Article III, § 10, Const. 1868, as it then existed, and others of kindred nature, were altered by the Convention of 1875. And it became the accepted view that, in all offices created by statute, including the directorates of State institutions, the power of appointment, either original or to fill vacancies, was subject to legislative provision as expressed in a valid enactment. See State ex rel. Salisbury v. Croom, 167 N.C. 223, 83 S.E. 354 (1914); Cunningham v. Sprinkle, 124 N.C. 638, 33 S.E. 138 (1899); State ex rel. Cherry v. Burns, 124 N.C. 761, 33 S.E. 136 (1899).—Ed. note.

Same—Filling Vacancy and Appointing for Regular Term Distinguished. — The Governor never nominates to the Senate to fill vacancies. He does that alone, in all cases. But where officers have to be appointed to fill a regular term, then he nominates to the Senate, unless it be an officer who is elected by the people, and then he never nominates to the Senate, but fills the vacancy or term by his own appointment (unless there is an officer holding over), until the people can elect. People ex rel. Battle v. McIver, 68 N.C. 467 (1873), decided prior to 1875 amendment to Art. III, § 10, Const. 1868.

Same—Appointment by Governor Limited to Constitutional Officers. — The inherent right of the Governor to appoint was restricted to constitutional offices and where the Constitution of 1868 itself so provided. State ex rel. Salisbury v. Croom, 167 N.C. 223, 83 S.E. 354 (1914).

Same—Power of Legislature to Fill Statutory Offices. — The Convention of 1875 intended to alter the Constitution as interpreted in People ex rel. Nichols v. McKee, 68 N.C. 429 (1873), and to confer upon the General Assembly the power to fill offices created by statute. State Prison v. Day, 124 N.C. 362, 32 S.E. 748 (1899), citing Ewart v. Jones, 116 N.C. 570, 21 S.E. 787 (1895). See also State ex rel. Osborne v. Town of Canton, 219 N.C. 139, 13 S.E.2d 265 (1941).

Same—Transfer of Duties of Office.— While the General Assembly has the power to abolish an office created by legislative authority, it cannot by mere transfer to others of the duties, connected with an institution, necessary and useful to the public, to be exercised by them, oust the incumbent from an office belonging to him under a contract with the State. State Prison v. Day, 124 N.C. 362, 32 S.E. 748 (1899).

Sec. 6. *Duties of the Lieutenant Governor.* The Lieutenant Governor shall be President of the Senate, but shall have no vote unless the Senate is equally divided. He shall perform such additional duties as the General Assembly or the Governor may assign to him. He shall receive the compensation and allowances prescribed by law.

Editor's Note.—The provisions of this section are similar to those of Art. III, § 11, Const. 1868, as amended in 1944.

Sec. 7. *Other elective officers.*

(1) *Officers.* A Secretary of State, an Auditor, a Treasurer, a Superintendent of Public Instruction, an Attorney General, a Commissioner of Agriculture, a Com-

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missioner of Labor, and a Commissioner of Insurance shall be elected by the qualified voters of the State in 1972 and every four years thereafter, at the same time and places as members of the General Assembly are elected. Their term of office shall be four years and shall commence on the first day of January next after their election and continue until their successors are elected and qualified.

(2) *Duties.* Their respective duties shall be prescribed by law.

(3) *Vacancies.* If the office of any of these officers is vacated by death, resignation, or otherwise, it shall be the duty of the Governor to appoint another to serve until his successor is elected and qualified. Every such vacancy shall be filled by election at the first election for members of the General Assembly that occurs more than 30 days after the vacancy has taken place, and the person chosen shall hold the office for the remainder of the unexpired term fixed in this Section. When a vacancy occurs in the office of any of the officers named in this Section and the term expires on the first day of January succeeding the next election for members of the General Assembly, the Governor shall appoint to fill the vacancy for the unexpired term of the office.

(4) *Interim officers.* Upon the occurrence of a vacancy in the office of any one of these officers for any of the causes stated in the preceding paragraph, the Governor may appoint an interim officer to perform the duties of that office until a person is appointed or elected pursuant to this Section to fill the vacancy and is qualified.

(5) *Acting officers.* During the physical or mental incapacity of any one of these officers to perform the duties of his office, as determined pursuant to this Section, the duties of his office shall be performed by an acting officer who shall be appointed by the Governor.

(6) *Determination of incapacity.* The General Assembly shall by law prescribe with respect to those officers, other than the Governor, whose offices are created by this Article, procedures for determining the physical or mental incapacity of any officer to perform the duties of his office, and for determining whether an officer who has been temporarily incapacitated has sufficiently recovered his physical or mental capacity to perform the duties of his office. Removal of those officers from office for any other cause shall be by impeachment.

Editor's Note.—The provisions of this section are similar to those of Art. III, § 1, Const. 1868, as amended in 1872-3 and 1944, and Art. III, § 13, Const. 1868, as amended in 1872-3, 1944, 1954 and 1962. The case cited in the following annotation was decided under Art. III, § 13, Const. 1868.

Vacancies Filled by Appointment until Election.—In each of the offices named in this section in which a vacancy is required to be filled, the duty is imposed upon the Governor to appoint another to fill the office until a successor is elected and qualified. Thomas v. State Bd. of Elections, 256 N.C. 401, 124 S.E.2d 164 (1962).

No Election of Successor to Lieutenant Governor.—If it had been the intent of the framers of the Constitution to authorize or require the election of a successor to fill a vacancy in the office of Lieutenant Governor, as required with respect to the offices named in this section, then there is no sound reason why the framers of the Constitution did not include the office of Lieutenant Governor in this section. Thomas v. State Bd. of Elections, 256 N.C. 401, 124 S.E.2d 164 (1962).

Sec. 8. *Council of State.* The Council of State shall consist of the officers whose offices are established by this Article.

Editor's Note. — The provisions of this section are similar to those of Art. III, § 14, Const. 1868, as amended in 1872-3 and 1944.

Sec. 9. *Compensation and allowances.* The officers whose offices are established by this Article shall at stated periods receive the compensation and allowances prescribed by law, which shall not be diminished during the time for which they have been chosen.

Editor's Note.—The provisions of this section are similar to those of Art. III, § 15, Const. 1868, as amended in 1962.

(101)

Exhibit C

NORTH CAROLINA

WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
84 CVS 5975

DAVID T. FLAHERTY, BEN HORNE, and TOM HANNON,
Plaintiffs

v.

JAMES B. HUNT, JR., in his individual capacity and as GOVERNOR OF THE STATE OF NORTH CAROLINA; JIM HUNT COMMITTEE, MAYLON E. LITTLE, TREASURER; THE NORTH CAROLINA DEPARTMENT OF COMMERCE; C. C. HOPE, in his individual capacity and as SECRETARY OF THE NORTH CAROLINA DEPARTMENT OF COMMERCE; VICTOR BARFIELD, in his individual capacity and as DEPUTY SECRETARY OF THE NORTH CAROLINA DEPARTMENT OF COMMERCE; and LEO TILLEY, in his individual capacity and as ASSISTANT SECRETARY OF THE NORTH CAROLINA DEPARTMENT OF COMMERCE,
Defendants

AFFIDAVIT

8504052 1988

Richard C. Titus, being first duly sworn, deposes and says:

1. He is of counsel to plaintiffs in the above entitled action.

2. On 27 September 1984, Jack Cozort, Esquire, Legal Counsel to the Governor, offered the attached documents to the Honorable James H. Pou Bailey, Judge Presiding, said documents being:

a. Memo from Governor Hunt dated June 18, 1982.

b. Memo from Governor Hunt dated September 20, 1982.

c. Memo from Governor Hunt dated May 23, 1983.

d. Memo from Governor Hunt dated July 18, 1983.

(11D)

e. Memo from Governor Hunt dated October 13, 1983.

f. Memo from Governor Hunt dated May 3, 1984.

g. Memo from Governor Hunt dated June 11, 1984.

This 27th day of September, 1984.

Richard C. Titus, Affiant

NORTH CAROLINA

WAKE COUNTY

I, Janet S. McCaskill, a Notary Public in and for said County and State do hereby certify that Richard C. Titus personally appeared before me this day and under oath acknowledged the due execution of the foregoing Affidavit.

WITNESS MY HAND and notarial seal, this 27th day of September, 1984.

Janet S. McCaskill
Notary Public

JANET S. McCASKILL NOTARY PUBLIC WAKE COUNTY, N.C.

My Commission Expires: 11-13-84

8504052 1989

CERTIFICATE OF SERVICE

I, Richard C. Titus, of counsel for Plaintiffs, do hereby certify that I have served the foregoing Notice to Take Deposition upon all defendants, or their counsel, by placing a copy of the same in the United States Mail, postage prepaid, addressed to said defendants or their counsel as shown below.

This 27th day of September, 1984.

HARRELL, TITUS & HASSELL

By
Richard C. Titus
Attorneys for Plaintiffs

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Suite 208 - Anderson Plaza
100 East Six Forks Road
Post Office Box 19608
Raleigh, North Carolina 27619
Telephone: (919) 781-6422

SERVED:

Honorable James B. Hunt, Jr.
Office of the Governor
The State Capitol
Raleigh, North Carolina 27611

John R. Wallace, Esquire
Kirby, Wallace, Creech, Sarda & Zaytoun
1020 Washington Street
Raleigh, North Carolina 27605

The North Carolina Department of Commerce
c/o Honorable C. C. Hope, Secretary
430 North Salisbury Street
Raleigh, North Carolina 27611

Honorable C. C. Hope
c/o The North Carolina Department of Commerce
430 North Salisbury Street
Raleigh, North Carolina 27611

Honorable Victor Barfield
c/o The North Carolina Department of Commerce
430 North Salisbury Street
Raleigh, North Carolina 27611

Honorable Leo Tilley
c/o The North Carolina Department of Commerce
430 North Salisbury Street
Raleigh, North Carolina 27611

Andrew G. Vanore, Esquire
Senior Deputy Attorney General
Post Office Box 629
Raleigh, North Carolina 27602

Jack Cozort, Esquire
Office of the Governor
Administration Building
Raleigh, North Carolina 27611

8504052 1990

(113)



From

OFFICE OF THE GOVERNOR

June 18, 1982

Memo to: Carolyn Harmon

From: Governor Hunt

Carolyn, make sure that our committee pays for the helicopter on Saturday from Fayetteville to Elizabeth City and back to Wilson - or whatever they have to go out of the way to make the trip.

There are some people down there pretty upset that I am coming down for Mel Daniels and while I think we could justify this as an official trip, there might be some protest about it and I just want you to make sure we have paid for it.

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(113)

From

OFFICE OF THE GOVERNOR

Monday, September 20, 1982

TO: Connie Mitchell

Connie, please make sure when I go on these trips that are part political and part official that we are paying our share of the fare. For example, this past weekend I had to go to Grandfather Mountain on business, but the travel for the rest of the day was probably half official and half political, so we probably ought to split the helicopter travel on Saturday.

If you have any questions, let's talk about it--these records have to be absolutely correct.

Jim

Governor Hunt

8504052 1992

(114)

m____:

E GOVERNOR

Monday, May 23, 1983

t when I come back from
eing out there to
ology industry and for
a Campaign Fund things,
olina Campaign Fund pay
ny ticket from
o Raleigh-Durham. I
a ticket for about $160
cial deals they have,
e very expensive for

Governor Hunt

Bennett

(115)

From

FFICE OF THE GOVERNOR

Monday, July 18, 1983

To: Connie Mitchell

Please make sure that half of my California trip is paid for by my political funds, and any expenses out there that are not directly related to my film and industry hunting.

Governor Hunt

Remember to
Barbara

(116)

From

OFFICE OF THE GOVERNOR

Thursday, October 13, 1983

To: Connie Mitchell

I don't know how we are going to handle this, Connie; for example, we went down to Robeson County on the big helicopter to, I suppose, speak to a Party function, and yet I guess the Jim Hunt Committee is having to pay the full cost of that helicopter. It is just turning out to be a lot of money--the value of a 30-second commercial at a key time. I don't say that we turn these down, but we have to be careful about when we go, what we go for and whether or not it is worth it for that particular trip at that particular time, especially if we can't put anything official together with it. Just make sure that you bear all of these things in mind, please.

Governor Hunt

8504052 1995

(117)

From

OFFICE OF THE GOVERNOR

Thursday, May 3, 1984

To: Connie Mitchell

Any time I am going as near as Smithfield, please let's make sure that I drive by car instead of going by helicopter.

Governor Hunt

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P.O. Box 25937 Raleigh, N.C. 27611 828-4868

Jim Hunt
SENATE

June 11, 1984

MEMO

TO: Connie Mitchell and Mike Davis

FROM: The Governor

On the trip to Onslow County, I believe I had three non-political events. One was a volunteer ceremony, the second was talking with the teachers, and the third was mingling the Department of Transportation. That took up about 4/5th of my time. There was stuck in there a very brief 15 minute mingling with the Deomcratic Women.

If that 15 minute mingling meant that the campaign had to pay the full cost of that trip, then I think we ought to have left it off. We're going to have to think about ways to save money and I want you all to be looking at that kind of thing and not be sending me off with a schedule that could have been changed very, very slightly and saved a thousand dollars for the campaign, in one evening.

8504052 1997

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Andrew Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602

Re: MUR 1686
(State of North Carolina)

Dear Mr. Vanore:

The Federal Election Commission previously notified you on September 13, 1984, that it had found reason to believe that the State of North Carolina violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). After conducting an investigation in this matter, the Commission on January , 1985, determined to take no further action against the State of North Carolina. Accordingly, the file has been closed in this matter as it pertains to your client. The file will become a part of the public record within thirty days after this matter has been closed with respect to the other respondent involved.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

(124)

8504021998

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John R. Wallace
Kirby, Wallace, Creech, Sarda & Zaytoun
1020 Washington Street
Raleigh, North Carolina 27605

RE: MUR 1686
(Jim Hunt Committee
Maylon E. Little, as
treasurer)

Dear Mr. Wallace:

On September 5, 1984, the Federal Election Commission found reason to believe that the Jim Hunt Committee and Maylon E. Little, as treasurer, violated 2 U.S.C. §§ 434(a) and 441a(f) and 11 C.F.R. § 106.3. After conducting an investigation in this matter, the Commission on January , 1985, determined to take no further action with regard to your client's violations of 2 U.S.C. § 434 and § 441a(f); and at your request, determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of a violation of 11 C.F.R. § 106.3 prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations prior to a finding of probable cause to believe are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in this agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

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8504052 1999

GCC#590A

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1020 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 12065
(919) 821-4416

84 DEC 10 A10:49

84 DEC 10 A11:19

FEDERAL ELECTION COMMISSION
GENERAL COUNSEL

December 7, 1984

The Honorable Lee Ann Elliot
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

RE: MUR 1686
Jim Hunt Committee
Maylon E. Little, Treasurer

Dear Ms. Elliot:

The Jim Hunt Committee, in further response to the complaint of David T. Flaherty of April 25, 1984 and as a

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BACKGROUND. The Jim Hunt Committee is the principal campaign committee of Jim Hunt, Governor of North Carolina and the Democratic candidate for the United States Senate from North Carolina in 1984. The Jim Hunt Committee was formed as the Jim Hunt Exploratory Committee on August 9, 1983. At the time of the formation of the Jim Hunt Exploratory Committee, the Governor in the course of his official duties used a King Air airplane and Bell 222 and Bell 206 helicopters for transportation to conduct official business of the State of North Carolina. The aircraft are owned by the Department of Commerce of the State of North Carolina.

Beginning in 1980, when the Governor was not a candidate for federal office, the Governor instructed his staff to pay for all "political travel" on the State airplane or helicopters. Upon the advice and counsel of the State Board of Elections, by and through its Executive Director, Alex Brock, the Governor and his staff determined that the proper method of allocating campaign and non-campaign related travel expenses should be based upon

the percentage of time that the Governor conducted political activity as compared to the amount of time he conducted official business during the course of travel.

This allocation method was used by the Office of the Governor through April of 1984 in good faith reliance upon the advice of the State Board of Elections. The Jim Hunt Committee has paid in full each and every invoice which was submitted by the State of North Carolina for the Governor's campaign-related travel.

In this regard, enclosed is a copy of a special report of the Auditor as to the use of the State aircraft for political travel demonstrating the Committee's full and fair reimbursement to the State of North Carolina.

PAYMENTS. The State of North Carolina billed and was reimbursed for political travel in the following amounts and payments were made on the following dates:

October 3, 1983	$ 620.00	
December 9, 1983	1,243.43	
December 29, 1983	1,992.00	
January 26, 1984	120.00	
February 8, 1984	1,254.14	
March 30, 1984	2,088.73	
April 17, 1984	6,569.60	
June 28, 1984	32,378.33	(For the period March, April, May)
TOTAL PAYMENTS	$ 46,266.23	

A calculation of the sums due and owing pursuant to Advisory Opinion 1984 - 48 and 11 CFR 106.3 demonstrates that the sums due and owing through April, 1984 would approximate $33,000.00. The sums actually paid by the Jim Hunt Committee for that period prior to the filing of the complaint together with payments made within the established billing cycle is approximately $34,000.00. Although a different method of allocation and reporting was used, the results, for that period, are approximately the same. In this regard, enclosed are calculations of Peat, Marwick &

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Mitchell pursuant to instructions from the Jim Hunt Committee which demonstrate the methods employed in this calculation. As the Commission will note, this method of calculation differs from the means employed in determining the actual reimbursement of the Jim Hunt Committee. The Committee submits that these calculations reflect good faith and common sense interpretation of the regulations, which although different from those actually used during the period of August 9, 1983, through April 27, 1984, produce a similar result. The most significant difference between the figures herein submitted and those sums actually paid arises from the downgrading of aircraft within terms of the Advisory Opinion, the use of one charter aircraft to fly the full course whether or not the Governor and political persons are actually on the plane at all times, reflecting the actual costs of the charter rather than a charter route for political persons and a separate charter route for the Governor as has been actually paid, and strict adherence to statute and regulation rather than full compliance with the Governor's instructions to pay the actual cost to the Department of Commerce, which payment has in fact already been made and which exceeds reimburseable sums under 11 CFR 106.3.

The Commission should be aware that in order to calculate the allocable and reportable campaign-related travel pursuant to 11 CFR 106.3 the Jim Hunt Committee found it necessary to employ the services of Peat, Marwick & Mitchell despite the Committee's substantial and competent bookkeeping, accounting and computer support personnel. The firm of Peat, Marwick & Mitchell found it necessary to develop a sophisticated computer program to calculate allocable and reportable travel and, in addition, found it necessary to employ the services of a consultlng charter air service in order to develop the information necessary to develop their computer program. The costs of such services were approximately $40,000.00 to the Committee. The Committee suggests that the regulation is unduly complex and creates an unwarranted burden on those seeking to comply with its terms.

ARGUMENT. The Committee submits that the sums actually paid vastly exceed a realistic good faith and common sense approach to the allocation and payment of travel expenses. In this regard, the Committee submits the Special Report on Calculation of Reimbursable Costs of Campaign Related Travel prepared at its request in documentation of the sums paid by the Jim Hunt Committee to the State of North Carolina. An

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examination of the materials contained with the report and of the calculations performed pursuant to the guidelines proposed by the Hunt Committee and addressed in Advisory Opinion 1984-48 demonstrates the good faith effort of the Hunt Committee and, in particular, the intention of the Governor to fully pay the actual costs of the use of the aircraft to the Department of Commerce or if higher, the costs of allocable campaign-related travel pursuant to statute, regulation and guideline so as to remove any question as to compliance in full with appropriate standards.

An examination of several trips previously paid for in full are appropriate to demonstrate the extent of the Hunt Committee's willingness to pay in excess of realistic interpretations of the statute. An examination of Appendix 2 demonstrates much travel in the early months of the Governor's campaign subsequent to the August 9, 1983 formation of the Exploratory Committee, much of which is purely official business. During this period, a political aide to the Governor travelled with him extensively to be able to consult with the Governor regarding political matters. This aide conducted political business at the official stops of the Governor only infrequently and yet as a result of his travel, entire official trips have been paid for by the Hunt Committee which arguably need not have been paid by virtue of the fact that no political stops were made. An examination of the May 4, 1984 trip demonstrates the extent to which the Hunt Committee has reimbursed the State of North Carolina for what is State and official business. The travel reflected for May 4, 1984 in the amount of $6,027.78 is payment for travel by the Governor to Manteo, North Carolina for official business extending throughout the day interrupted by a 20-minute political meeting. The State would, of course, have borne the entire expense of the trip but for the application of the regulations which provide that the trip in its entirety be paid by the Hunt Committee. As a consequence, a 20-minute meeting has resulted in payment by the Committee to the State of North Carolina in the amount of $6,027.28.

The Governor throughout the campaign performed fully his duties as Governor, resulting in extensive travel about the state, conducting official meetings, attendance at official functions, and most significantly, extensive efforts at industrial recruitment on behalf of the State of North Carolina. This official travel has, by virtue of prearranged political contacts at the various official

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stops, been reimbursed by the Hunt Committee. The total sum for reimbursement to the State during the period of August 9, 1983 through November 6, 1984 exceeded $225,000.00 despite the fact that a charter aircraft for the same period and leased commerical vehicles would have cost significantly less.

INTERPRETATION OF REGULATIONS. The Federal Election Campaign Act contains no statutory provision regarding the allocation of travel expenses by a candidate. The only reference in the Federal Election Campaign Act which has any applicability to the allocation of reimbursable expenses must be gleaned from 2 USC 431 (8) (A) and the concept of an in kind contribution. Under the Act, the only amounts which should be reimbursable or reportable are those amounts which provide the candidate "anything of value". In the situation under review, where the Governor was obligated to make appearances for official business, the requirement that the Jim Hunt Committee pay for an entire official trip at which minimal campaign activity was conducted appears unjust and beyond the intent of the Act. The Jim Hunt Committee submits that there is no authority in the Act to compel any payment beyond the marginal benefit that accrued to the Committee. Accordingly, the Hunt Committee questions the propriety of the allocation methods specified in 11 CFR 106.3 on the grounds that such methods supersede the mandates of the Federal Election Campaign Act regarding contributions.

In support of the argument of the Hunt Committee that its time allocation method constitutes a good faith effort to comply with the dictates of 11 CFR 106.3, the Committee feels compelled to point out the serious shortcomings of 11 CFR 106.3. First, 11 CFR 106.3 is adopted pursuant to the general rulemaking authority of the Commission, 2 USC 438(a)(8), and was adopted without specific Congressional guidance. Second, 11 CFR 106.3 refers to rates for comparable commercial conveyances without defining what constitutes a comparable commercial conveyance anywhere in the section. Nor, apparently, will reference to other uses of the phrase within 11 CFR guide the reader to an adequate definition of the phrase. Apparently the Commission reads the term "comparable commercial conveyance" to in some instances include first-class air travel and in other instances not to include first-class air travel. In some instances it includes charter air service by comparable aircraft; in other instances it does not include comparable charter aircraft. Third, additional confusion arises from

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the use of the phrase in Subpart E "notwithstanding Paragraphs B and C of this section" which tends to indicate an intention to exclude the language of that section from situations in which a government-owned conveyance is used. Finally, application of the terms of 11 CFR 106.3 compel a candidate in the position of Governor Hunt to utilize the services of a charter air service to the exclusion of official aircraft or to impose upon the Governor that his campaign reimburse the State for his performance of his official duties by the use of State aircraft. The Committee submits that this result is not intended by the Congress nor by the Commission and is in result a significant impediment to a candidate such as Governor Hunt.

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Respectfully submitted,

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN

David F. Kirby

John R. Wallace

PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
4300 Six Forks Road
Post Office Box 18000
Raleigh, North Carolina 27619
919-782-6600

October 24, 1984

Mr. John R. Wallace
Kirby, Wallace, Creech, Sarda & Zaytoun
Attorneys at Law
Post Office Box 12065
Raleigh, North Carolina 27605

Dear Mr. Wallace:

We appreciate the opportunity to provide additional services to the Jim Hunt For Senate Committee. This letter states our understanding of the additional agreed-upon procedures that you wish us to perform.

Our original engagement letter, dated September 20, 1984, stated that we were to apply a list of guidelines to each of the Governor's trips taken on State-owned aircraft between August 9, 1983, and July 31, 1984, where any political activities were conducted. The principal result of this work was a calculation of reimbursable costs as defined by the guidelines.

It is our understanding that, based on discussions you had with the Federal Elections Commission, certain revisions to the original guidelines have been made and you have engaged us to compute the amount of reimbursable costs using the revised guidelines and the other information previously supplied to us. Since these revisions to the guidelines were communicated verbally to us, we have summarized them below to avoid any misunderstanding.

A. General

1. In computing alternative air charter costs, it is permissable to down-grade the Bell 222 to the Bell 206 and the King Air to the Baron if those individuals deemed reimbursable could be accomodated on the smaller craft.

2. Alternative charter costs should not be prorated. The full cost of the charters is considered reimbursable, but the Governor is not charged for a separate imaginary trip.

3. Ignore the cost of the actual trip to the Department of Commerce.

4. No change in computation of reimbursable ground travel.

5. In computing cost of alternative air travel, commercial first class air fares, if available, should be used if less expensive than a charter.

B. Revisions Related to Specific Trips

1. If campaign personnel are on the entire trip, compute cost of alternative air travel for actual trip.

2. If no campaign personnel are on the trip but the Governor conducts political activity at each stop, compute cost of alternative air travel for actual trip.

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3. If no campaign personnel are on the trip and the Governor conducts political activities at only some of the stops, compute the cost of alternative air travel for an imaginary trip to all political stops and back to point of origin.

4. If campaign personnel are on part of the trip and the Governor conducts political activity at only some of the stops, compute the cost of alternative air travel for a trip (actual or imaginary) to all stops where political activity was conducted or where campaign personnel were on the aircraft.

Because time is critical, we will contact you as soon as we have completed the computations discussed above. As you requested, we will not recompute interest cost at this time. Later, we will provide you with a report summarizing the results of applying the agreed-upon procedures to calculate reimbursable costs in accordance with the revised guidelines. The report will include a schedule of the revised reimbursable cost compared to the previously calculated reimbursable cost for each trip. The report will state that it is solely for your use and is not to be referred to or distributed to anyone who is not affiliated with the Jim Hunt For Senate Committee. However, we understand that the report may be made a matter of public record.

The fee for our services will be billed to the Jim Hunt For Senate Committee at our standard hourly rates plus expenses for typing and report reproduction.

Again, we thank you for this opportunity to provide additional professional services to the Committee. Please sign and return one copy of this letter indicating your acceptance of the matters discussed above.

Sincerely,

PEAT, MARWICK, MITCHELL & CO.

James D. Artman

James D. Artman, Partner

Accepted:

Jim Hunt For Senate Committee

By: J. R. Wallace

Date: Oct 24, 1984

JDA/htf

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

Date of trip	Total reimbursable costs	Revised reimbursable costs
8-16-83	$ 2,030.59	439.00
8-16-83	2,220.66	592.00
8-18-83	915.20	514.00
10- 1-83	3,029.89	957.00
10- 3-83	2,252.66	809.00
10- 7-83	1,697.50	550.00
10-15-83	1,008.83	483.00
10-21-83	399.22	180.00
10-21-83	1,829.49	232.00
10-22/23-83	1,514.98	490.00
10-24-83	725.95	455.00
10-25-83	843.62	541.50
10-27-83	3,251.96	1,105.00
10-29-83	1,897.56	528.00
10-31-83	1,798.41	351.50
11- 1-83	820.12	266.00
11- 2-83	2,785.83	1,083.00
11- 5-83	4,150.00	962.00
11-19-83	3,918.16	3,452.00
11-22-83	5,361.58	1,142.00
11-22-83	1,230.63	701.00
11-23-83	915.20	509.00
12- 5-83	1,419.89	382.00
12-11/12-83	2,461.27	1,524.00
12-13-83	662.86	380.00
1-10-84	2,252.66	809.00
1-12-84	915.20	458.00
1-17-84	1,073.38	774.00
1-19-84	3,029.89	1,216.00
1-24-84	1,041.38	291.00

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

Date of trip	Total reimbursable costs	Revised reimbursable costs
1-25-84	$ 1,987.67	506.00
1-27/28-84	3,786.07	2,490.00
1-31-84	4,298.00	994.00
2- 7/8-84	1,987.67	592.00
2- 9-84	3,251.96	920.00
2-11-84	1,697.50	550.00
2-12-84	3,060.13	1,408.00
2-13-84	4,464.00	1,031.00
2-14-84	3,029.89	994.00
2-16-84	978.29	662.00
2-18-84	3,248.00	883.00
2-20/21-84	8,141.50	2,188.00
2-23-84	2,252.66	846.00
2-24/28-84	1,610.98	440.00
2-28/29-84	2,398.18	429.00
3- 3-84	978.29	670.00
3- 9-84	956.29	709.00
3-12-84	976.28	587.00
3-19-84	852.12	473.00
3-20/21-84	1,419.89	1,186.00
3-21-84	1,482.98	857.00
3-22-84	1,468.41	897.43
3-26-84	915.20	536.00
3-27-84	830.12	558.00
3-27-84	314.76	148.00
3-28-84	767.03	246.00
3-29-84	852.12	684.00
3-30/31-84	1,514.98	688.00
4- 2-84	978.29	613.00
4- 3-84	662.86	423.00

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

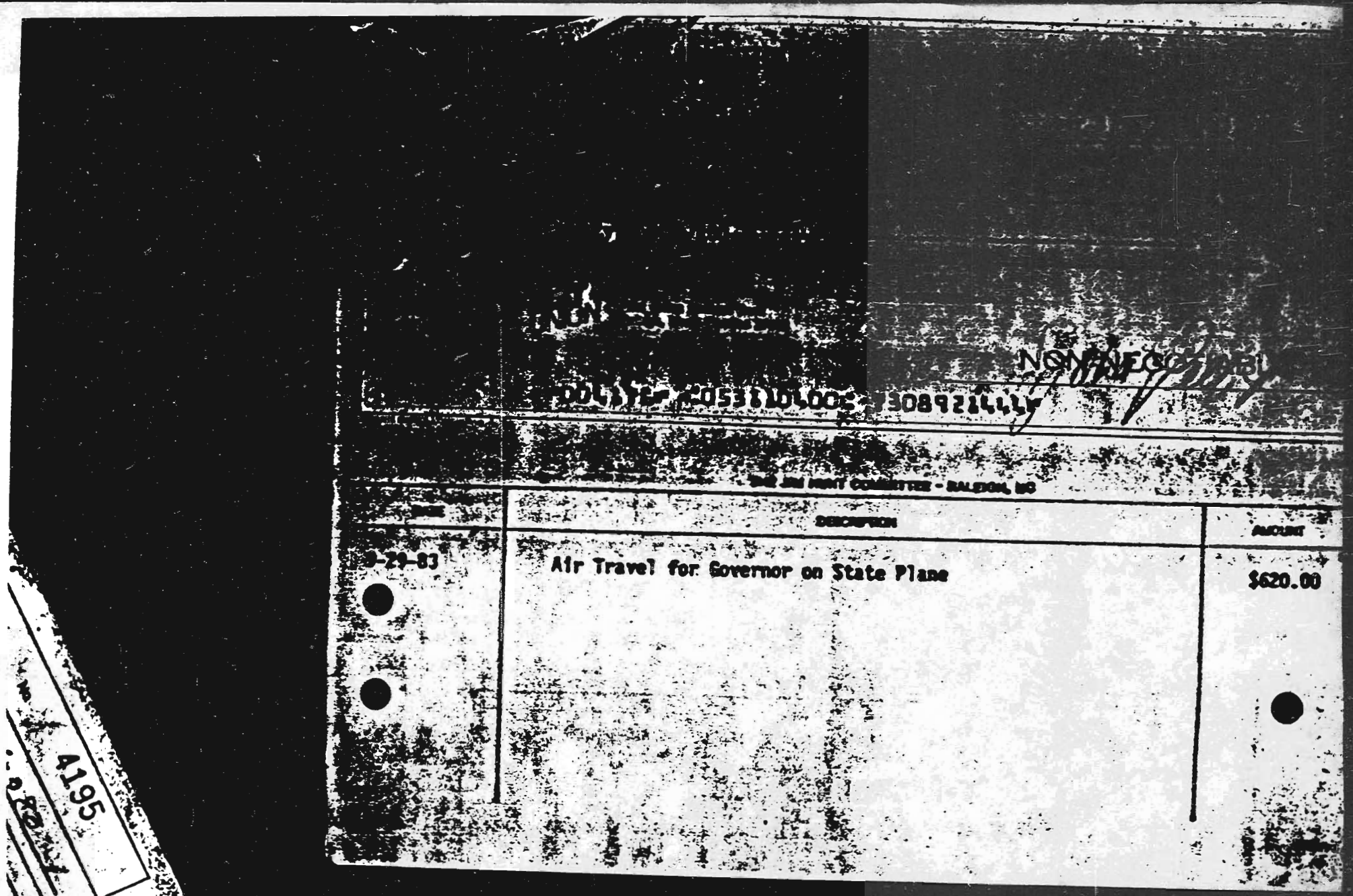
Date of trip	Total reimbursable costs	Revised reimbursable costs
4- 5-84	$ 536.69	296.00
4- 8-84	1,356.81	747.00
4- 9-84	1,104.46	652.00
4-10-84	1,861.49	1,300.00
4-13-84	789.03	453.00
4-14-84	661.52	439.00
4-16-84	725.95	488.00
4-18-84	915.20	567.00
4-19-84	1,104.46	678.00
4-24-84	1,356.81	813.00
4-30-84	2,141.63	698.00
5- 1-84	1,500.88	254.00
5- 2-84	3,585.06	1,216.00
5- 3-84	1,808.53	624.00
5- 3-84	1,400.00	840.00
5- 4-84	6,027.78	1,993.00
5- 5-84	4,917.45	1,290.00
5- 8-84	1,586.46	661.00
5- 9-84	1,238.58	772.00
5-10-84	1,197.50	648.00
5-11-84	7,378.00	1,623.00
5-14-84	3,140.92	957.00
5-15-84	1,356.81	978.00
5-20-84	2,618.53	759.00
5-21-84	8,209.67	1,808.00
5-23/24-84	3,596.82	2,367.00
5-25-84	915.20	550.00
5-31-84	1,419.89	753.00
6- 2-84	1,919.56	735.00
6- 2-84	818.90	476.00

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

Date of trip	Total reimbursable costs	Revised reimbursable costs
6- 6-84	$ 2,363.69	809.00
6- 9-84	1,293.72	245.00
6-11-84	1,230.63	678.00
6-12-84	1,919.56	698.00
6-14-84	915.20	502.00
6-16-84	1,081.20	698.00
6-22-84	662.86	406.00
6-25-84	4,473.32	661.00
6-26-84	2,141.63	698.00
6-29/30-84	3,728.09	1,115.00
7- 4-84	2,363.69	819.50
7- 7-84	1,395.96	782.00
7-9/10-84	1,262.63	550.00
7-10-84	923.82	407.00
7-10/11-84	1,136.46	941.00
7-25-84	1,919.56	632.00
7-26-84	978.29	553.00
7-31-84	978.29	633.00
	$ 216,575.88	$ 84,646.93

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NORTH CAROLINA REPUBLICAN PARTY

308921441

THE 2ND HUNT COMMITTEE - RALEIGH, NC

DATE	DESCRIPTION	AMOUNT
3-29-83	Air Travel for Governor on State Plane	$620.00

4195

Date	Description	Amount
12-9-83	Air Travel for Governor	$1,243.43

NOT NEGOTIABLE

THE JIM HUNT CORPORATION - RALEIGH, NC

DATE	DESCRIPTION	AMOUNT
28-83	Air Travel for Governor and parties on State Plane	$1,932.00

DATE	DESCRIPTION	AMOUNT
1-26-84	Air Travel on State Plane	$120.00

DATE	DESCRIPTION	AMOUNT
7-8-84	Air Travel on State Plane	$1,254.1

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

April 17, 1984

"INVOICE"

TO: Jan Parker

FROM: Shirley Fowler

Travel for Governor on State Plane (as per attached invoices)

$6,569.60

Please make check payable to Governor's Office.

Thank you,

Attachments

Check received
4-18-84
6569.60

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

April 17, 1984

"INVOICE"

te Plane (as per attached invoices)

9.60

to Governor's Office.

8504052017

[redacted]

JIM HUNT COMMITTEE
P. O. BOX 25937
215 HILLSBOROUGH STREET
RALEIGH, NC 27611

1414

4-18 19 89 56-112/531

PAY TO THE ORDER OF Treasurer, State of NC $ 6569.50

Six Thousand Five Hundred Sixty nine and 50/100 DOLLARS

BB&T
BRANCH BANKING AND TRUST COMPANY
RALEIGH, N.C. 27602

FOR _____ Jim Parker

⑈0001414⑈ ⑆053101121⑆ 1301099831⑈

⑆0520018⑈

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

March 21, 1984

"INVOICE"

TO:	The Jim Hunt Committee	
FROM:	Governor's Office	
RE:	Governor's Travel on State Plane to be paid by Committee	
1-10-84	Meeting at Star Lite Restaurant	$ 40.01
1-19-84	Meeting in Tabor City	142.22
1-31-84	Reception in Ahoskie	232.50
1-12-84	Event honoring Mayor Bill Cox (Betty McCain spoke)	420.00
1-17-84	Reception in Charlotte	330.00
1-25-84	Washington, D. C.	775.00
1-27-84	Reception in Birmingham, Ala.	149.00
Total		$ 2,088.73

Please make check payable to Governor's Office. If you have any questions, please let me know.

Thank you,

Shirley

Shirley S. Fowler
Budget Officer

Paid by ck # 1119 from Jim Hunt committee dated 3-30-84 deposited by Gov. Office 4-12-84 Check received in time for March report

OFFICE OF THE GOVERNOR 1984 MAR 21 PM 4 05 0 4 0 5 2 2 0 1 7

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Total amount invoiced to Committee
for March, April + May, 1974

32,378.33

Date August 7, 1987

Please transfer funds from
Date August 7 - Please transfer funds from
1- Letter Tape - Out Tape
2- Copy of Committee Treasurer
3- Copy of Committee Treasurer Report
4- Miscellaneous Receipts

H 3103.19

JIM HUNT COMMITTEE
P. O. BOX 2136
215 HILLSBOROUGH STREET
RALEIGH, NC 27611

405 2136

6-28 19 84 88-112 831

PAY TO THE ORDER OF Office of the Governor $32,379.33

Thirty-two thousand three hundred seventy-nine and 33/100 DOLLARS

B&T
BRANCH BANKING AND TRUST COMPANY
Raleigh, North Carolina 27602

FOR Allocation for use of state aircraft Jim Parker

⑈0000213611 ⑆053101121⑆30 0099831⑈

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SPECIAL REVIEW

GOVERNOR'S UTILIZATION OF STATE-OWNED AIRCRAFT

October, 1984

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STATE OF NORTH CAROLINA
OFFICE OF THE STATE AUDITOR
RALEIGH 27611

EDWARD RENFROW
STATE AUDITOR

TEL. NO. (919) 733-3217

October 11, 1984

The Honorable James B. Hunt, Jr., Governor
Office of the Governor
Raleigh, North Carolina 27611

Dear Governor Hunt:

We have performed a review of your utilization of state-owned aircraft for the period July 1, 1982 through September 30, 1984. Enclosed herewith is a summary of our review.

The specific objectives of the review were:

- To determine the operating costs of the state-owned aircraft under the control of the Department of Commerce.
- To determine if the Office of the Governor has reimbursed the Department of Commerce for all trips taken on state-owned aircraft.
- To determine if representations on allocating the Governor's use of state-owned aircraft between official and political travel are reasonable.
- To determine if the State of North Carolina has recovered its full cost of operating state aircraft for any non-state business.

Since the primary objective of our review was to determine if the State of North Carolina has recovered the full costs associated with operating the state-owned aircraft for non-state business, we did not attempt to determine whether you or the Jim Hunt Committee had complied with the political travel rules and regulations of the Federal Election Commission (FEC). Application of FEC rules to your trips may generate travel costs substantially different from our analyses. Also, we did not attempt to address the legal issue concerning the propriety of using state-owned aircraft for political purposes.

Exhibit A, Statement of Political Travel Cost, presents in summary the results of our review. It reflects our calculations of political trip costs, payments made in your behalf by the Jim Hunt Committee, and net amounts overpaid or underpaid as of September 30, 1984. This exhibit reflects a total amount due of $235,313.38 with payments from the Jim Hunt Committee totaling $235,882.28; a net overpayment of $568.90.

We wish to express our appreciation to the personnel at both the Department of Commerce and the Office of the Governor for the cooperation extended to us during the review.

Sincerely,

Edward Renfrow
State Auditor

ER/GW:dr

Enclosure

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Scope

The scope of this review was limited to those aircraft trips taken by the Governor, or his immediate family or staff, on state-owned aircraft which are under the management of the Department of Commerce. The period of our examination was for the period July 1, 1982 through September 30, 1984.

Specific procedures utilized in performing our review were:

- To review and analyze accounting records at the Department of Commerce and the Office of the Governor.

- To review and analyze flight records, itineraries, and schedules to determine the total trips taken and the nature of the trips.

- To conduct interviews with pilots, management officials, and accounting staff knowledgeable about the Governor's use of state-owned aircraft.

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Criteria and Methodology

Operating Cost Per Hour:

Our examination included a review of expenses at the Department of Commerce to determine the total operating costs for each aircraft. Operating costs were allocated by the Department of Commerce to three aircraft classes.

- King Air E-90 Airplane
- 222 Bell Helicopter
- Two 206 Bell Helicopters

Based upon our review of the schedule of operating costs prepared by the Department of Commerce, we verified the allocation methods and costs recorded, but made the following adjustments to the amounts computed by the Department of Commerce.

- For flight hours, we recalculated the total number of customer flight (block) hours.
- For salaries, we recalculated these costs on the basis of actual flight time each pilot flew each class of aircraft.
- Depreciation expense was computed using the straight line method, with a salvage value of thirty percent (30%), over an estimated life of ten (10) years. The two 206 Bell helicopters were fully depreciated prior to July 1, 1982.
- Administrative overhead expense was allocated to each class of aircraft on the basis of the indirect cost plan approved by the U. S. Department of Energy for the Department of Commerce.

Interest Computation:

Interest was computed on the unpaid balance of all political trips from July 1, 1982 through September 30, 1984. For each of the months, we calculated the average daily unpaid balances and applied the monthly rate of return earned by the Department of State Treasurer on its short-term investment fund to determine interest payable.

Auditor's Method of Allocating the Governor's Trips Between Official and Political Travel:

We obtained copies of aircraft trip reports, SBI itineraries, and the Governor's agendas. From our analysis of these documents, we assigned the various segments (flight time) of a trip into one of three major categories:

- All Political	100%
- All Official	100%
- Political/Official	50%/50%

Except in unusual circumstances, the return segment of a trip that involved both political and official activities was prorated 50%/50%.

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Results of Review

Billing Rates Compared to Actual Costs:

From our review of the rates established by the Department of Commerce, and used by the Office of the Governor to bill the Jim Hunt Committee, we have concluded that the rates used were not based on actual costs. We feel there are several reasons for this. First, state-owned aircraft are usually purchased through capital improvement projects approved by the General Assembly. For example, in 1980-81 the Department of Commerce purchased the Bell 222 helicopter for approximately $1.3 million dollars. Since the General Assembly appropriated the funds to purchase the aircraft, no depreciation expense was considered necessary by the Department of Commerce when the $200 per hour rate was established for the Bell 222 helicopter. Additionally, the General Assembly supplements Commerce's aircraft operations each year with a general fund appropriation. Since the actual operating costs are supplemented through appropriations, the billing rates established by Commerce were never intended to recover actual operating costs from other state agencies when they used the aircraft for official state business.

It has been previously pointed out to the Governor (State Auditor's Operational Audit on State Owned Aircraft dated August 1978) that the billing rates charged did not recover the full operating costs of the aircraft. In our opinion, the Governor's staff used poor judgment when they assumed that political travel could be reimbursed at the same subsidized rates established for the Governor's official travel.

A comparison of actual costs per hour computed by the State Auditor's Office to Commerce's billing rates per hour is presented below.

	King Air		Bell 222		Bell 206	
	1982-83	1983-84	1982-83	1983-84	1982-83	1983-84
Actual Costs (per auditor)	$1,070.49	$859.87	$925.73	$1,435.00	$569.38	$439.79
Commerce Billing Rates	300.00	300.00	200.00	200.00	195.00	195.00
Understated	$ 770.49	$559.87	$725.73	$1,235.00	$374.38	$244.79

The actual operating costs per hour of operation are substantially greater than the billing rates established by the Department of Commerce. For instance, the billing rate established by Commerce for the Bell 222 was $200.00 per hour, but the actual operating costs per hour during 1983-84 was $1,435.00, representing a difference of $1,235.00 per hour. Since the Governor's Office also used Commerce's rates when billing the Jim Hunt Committee, all invoices sent to the Jim Hunt Committee were understated by the difference between actual costs and the billing rates.

In September, 1984 the Governor's Office requested the Department of Commerce to compute the actual costs associated with operating the aircraft. The schedule below provides a comparison of the actual cost per hour by aircraft as computed by the Department of Commerce with the actual costs computed by the State Auditor. Depreciation and overhead expenses included by the State Auditor account for most of the differences.

	King Air		Bell 222		Bell 206	
	1982-83	1983-84	1982-83	1983-84	1982-83	1983-84
Actual Costs (per auditor)	$1,070.49	$859.87	$925.73	$1,435.00	$569.38	$439.79
Actual Costs (per Commerce)	725.97	630.86	726.47	1,110.33	553.46	524.60
Understated (Overstated)	$ 344.52	$229.01	$199.26	$ 324.67	$ 15.92	$(84.81)

Reimbursements to Department of Commerce for All Trips Taken By Governor's Office:

To ensure that the Governor's Office was reimbursing the Department of Commerce for all trips taken, we analyzed aircraft trip reports at the Department of Commerce for all trips identifiable and invoiced to the Governor's Office. We subsequently analyzed all payments made by the Governor's Office to Commerce's trip reports and determined that trips were routinely paid for by the Office of the Governor.

We further attempted to attest to the reliability of the Department of Commerce trip reports by comparing flight hours indicated on the trip reports to the aircraft flight time recorders (Hobbs meter). We were told that the flight time recorders were not used, or in the case of one of the aircraft did not exist; therefore, we were unable to verify the flight hours recorded on trip reports to any other evidential matter.

Although we were unable to determine if the trip reports were all-inclusive and represented all flights by the Governor, nothing came to our attention that would cause us to believe that unrecorded flights exist for the Governor.

Reasonableness of Allocating the Governor's Trips Between Official and Political Travel:

From a review of the invoices sent to and payments received from the Jim Hunt Committee, we determined that various allocation methods were used by the Governor's Office to allocate the trip costs between official and political travel. Trips taken during 1982-83 were usually prorated based upon the flight time associated with a particular segment of a trip. Other methods were used during 1983-84, such as determining the total amount of time (in hours) that the Governor spent on official and political activities and then

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billing the Jim Hunt Committee for the political portion of those hours. A recalculation was made in September, 1984 for trips from August 9, 1983 to July 31, 1984 based on the methodology that if any portion of a trip was determined to be political, then the entire trip was charged to and paid for by the Jim Hunt Committee.

The following example describes how the Governor's Office usually allocated trips between official and political travel. On trip number #24536 dated September 25, 1982, the Governor flew on the King Air from Raleigh-Durham airport to Statesville, North Carolina. At Statesville the Governor took ground transportation to Hiddenite to attend a "Celebration of the Arts" event, which was official. From Hiddenite, the Governor took ground transportation to Hickory to attend a political event. The King Air flew from Statesville to Hickory airport and waited on the Governor. After the political event, the Governor flew from Hickory to Raleigh-Durham airport.

The Governor's Office allocated the trip as follows:

Date of Trip	From	To	Flight Time	Official	Political
9/25/82	RDU	Statesville	.70	.70	-
		Hickory	.20	-	.20
		RDU	.70	.70	-
Totals			1.60	1.40	.20

Using the hourly rate of $300.00, the Jim Hunt Committee reimbursed the State $60.00 for the trip (.2 flight hours x $300.00 per hour = $60.00).

We evaluated the above allocation method and did not agree with the results. We realize that no one set rule of allocation would be 100% equitable for all circumstances. However, using the nature of the event or activity and total flight time, we allocated trip #24536 as follows:

Date of Trip	From	To	Flight Time	Official	Political
9/25/82	RDU	Statesville	.70	.70	-
		Hickory	.20	-	.20
		RDU	.70	.35	.35
Totals			1.60	1.05	.55

Our reasoning was to charge each segment of a trip as either 100% official, 100% political, or 50%/50% between official and political. Except in unusual circumstances, the return segment of a trip that involved both political and official activities was split 50%/50%.

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If trip #24536 dated September 25, 1982 had occurred between August 9, 1983 and July 31, 1984, it would have been recalculated in September, 1984 as follows:

Date of Trip	From	To	Flight Time	Official	Political
9/25/82	RDU	Statesville	.70	-	.70
		Hickory	.20	-	.20
		RDU	.70	-	.70
Totals			1.60		1.60

The Jim Hunt Committee would have paid for the entire trip of 1.60 hours.

Summary and Conclusions:

Based upon our review of the Governor's use of state-owned aircraft, we have concluded that the State of North Carolina was not recovering its full cost of operation at the time the aircraft was utilized for non-state business. From our calculation of cost per hour and allocation methodology described herein, we have determined a total cost plus interest of $235,313.38 for the Governor's political travel from July 1, 1982 to September 30, 1984. As shown on Exhibit A, total payments made by the Jim Hunt Committee (including supplemental payments made in September, 1984) have reimbursed the total costs calculated in this review.

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Statement of Political Travel Costs

July 1, 1982 Through September 30, 1984

Exhibit A

	July 1, 1982 Through June 30, 1983	July 1, 1983 Through June 30, 1984	July 1, 1984 Through September 30, 1984	Totals
State Aircraft Travel Costs (Schedule 1)	$44,671.83	$154,223.53	$19,563.15	$218,458.51
Add: Interest (Schedule 2)	2,866.84	9,614.76	4,373.27	16,854.87
Total Amount Due	$47,538.67	$163,838.29	$23,936.42	$235,313.38
Less: Payments (Jim Hunt Committee) (Schedule 3)	7,689.56	217,234.02	10,958.70	235,882.28
Total Amount Due or (Overpaid)	$39,849.11	$(53,395.73)	$12,977.72	$ (568.90)

Statement of Aircraft Trip Costs

By State Fiscal Years

Exhibit B

From	To	Fiscal Year	Trip Costs	Official	Political
July 1, 1982	June 30, 1983	1982-83	$305,486.42	$260,814.59	$ 44,671.83
July 1, 1983	June 30, 1984	1983-84	397,407.48	243,183.95	154,223.53
July 1, 1984	September 8, 1984	1984-85	51,019.33	31,456.18	19,563.15
Trip Totals			$753,913.23	$535,454.72	$218,458.51

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Statement of Aircraft Transportation Costs

Computation of Operating Cost Per Hour

For the Years Ended June 30, 1983 and 1984

Exhibit C

	Totals 1983-84	Totals 1982-83	222 Bell 1983-84	222 Bell 1982-83	King Air 1983-84	King Air 1982-83	Two 206 Bells 1983-84	Two 206 Bells 1982-83
Aircraft Transportation Expenses:								
Operating Costs	$718,650.64	$577,096.74	$344,254.55	$238,613.10	$224,674.25	$175,566.90	$149,721.84	$162,916.74
Indirect Costs	14,326.50	14,292.81	4,775.50	4,764.27	4,775.50	4,764.27	4,775.50	4,764.27
Annual Depreciation	145,162.22	145,162.22	92,662.22	92,662.22	52,500.00	52,500.00		
Total Aircraft Transportation Expenses	$878,139.36	$736,551.77	$441,692.27	$336,039.59	$281,949.75	$232,831.17	$154,497.34	$167,681.01
Total Customer Flight (Block) Hours	987.00	875.00	307.80	363.00	327.90	217.50	351.30	294.50
Operating Cost Per Hour	$889.71	$841.77	$1,435.00	$925.73	$859.87	$1,070.49	$439.79	$569.38

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Statement of Aircraft Transportation Costs

Computation of Operating Cost Per Hour

For the Years Ended June 30, 1983 and 1984

Exhibit C

	Totals 1983-84	Totals 1982-83	222 Bell 1983-84	222 Bell 1982-83	King Air 1983-84	King Air 1982-83	Two 206 Bells 1983-84	Two 206 Bells 1982-83
Aircraft Transportation Expenses:								
Operating Costs	$718,650.64	$577,096.74	$344,254.55	$238,613.10	$224,674.25	$175,566.90	$149,721.84	$162,916.74
Indirect Costs	14,326.50	14,292.81	4,775.50	4,764.27	4,775.50	4,764.27	4,775.50	4,764.27
Annual Depreciation	145,162.22	145,162.22	92,662.22	92,662.22	52,500.00	52,500.00		
Total Aircraft Transportation Expenses	$878,139.36	$736,551.77	$441,692.27	$336,039.59	$281,949.75	$232,831.17	$154,497.34	$167,681.01
Total Customer Flight (Block) Hours	987.00	875.00	307.80	363.00	327.90	217.50	351.30	294.50
Operating Cost Per Hour	$889.71	$841.77	$1,435.00	$925.73	$859.87	$1,070.49	$439.79	$569.38

Schedule of Aircraft Trip Costs

For Official and Political Travel

Schedule 1

July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
7/1/82	$ 3,054.91	$ 3,054.91	$ .00
7/9/82	1,284.59	1,284.59	
7/18/82	3,104.42	3,104.42	
7/19/82	3,425.57	2,248.03	1,177.54
7/20/82	2,129.18	2,129.18	
7/21/82	1,391.64	1,391.64	
7/23/82	3,853.76	3,853.76	
7/25-28/82	8,456.87	8,456.87	
7/26/82	5,646.95	5,646.95	
7/29/82	3,054.91	3,054.91	
7/30/82	2,406.90	2,406.90	
8/3/82	2,406.90	2,406.90	
8/4/82	1,138.76	1,138.76	
8/7,10,11/82	7,172.28	5,352.45	1,819.83
8/15/82	4,174.92	2,087.46	2,087.46
8/24/82	1,203.45		1,203.45
8/25/82	1,819.83	1,819.83	
8/26/82	1,481.17	1,481.17	
8/27/82	2,129.18	2,129.18	
8/28/82	1,423.45	1,423.45	
9/2/82	2,499.47	2,499.47	
9/8/82	2,036.61	2,036.61	
9/10/82	1,388.60	1,388.60	
9/14/82	925.73	925.73	
9/15,17/82	4,281.96	4,281.96	
9/17/82	3,517.77	2,777.19	740.58
9/18/82	2,777.19	1,157.16	1,620.03
9/19-20/82	4,389.01	4,389.01	
9/21/82	740.20	398.57	341.63
9/24/82	1,819.83		1,819.83
9/24/82	1,878.95	1,394.98	483.97
9/25/82	1,712.78	1,124.01	588.77
9/28/82	1,666.31	1,110.87	555.44
9/30/82	1,203.45	601.72	601.73
10/1/82	833.16	833.16	
10/1/82	3,147.48	2,406.90	740.58
10/1,3/82	2,140.98	2,140.98	
10/2/82	1,018.30		1,018.30
10/4/82	3,702.92	648.01	3,054.91
10/5/82	4,165.79	3,610.35	555.44
10/5/82	2,355.08	2,355.08	
10/5-7/82	5,780.65	5,780.65	
10/8/82	1,605.74	1,605.74	

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
10/9/82	$ 1,758.89	$ 1,758.89	$ .00
10/12/82	512.44	512.44	
10/13/82	1,666.31		1,666.31
10/14/82	833.16	833.16	
10/14/82	1,481.17	1,481.17	
10/15/82	1,573.74		1,573.74
10/16/82	2,777.19	925.73	1,851.46
10/18/82	1,851.46		1,851.46
10/19/82	3,054.91	972.02	2,082.89
10/21/82	1,758.89		1,758.89
10/23,24/82	2,140.98		2,140.98
10/25/82	1,944.03	509.15	1,434.88
10/26/82	5,276.66	5,276.66	
10/27/82	1,498.69	1,498.69	
10/27/82	398.57	398.57	
10/29/82	2,355.08	1,445.16	909.92
10/30/82	1,758.89	648.01	1,110.88
11/1/82	3,702.92	786.87	2,916.05
11/3/82	2,406.90	2,406.90	
11/4/82	1,284.59	1,284.59	
11/7,10/82	12,203.59	12,203.59	
11/17/82	4,165.79	2,962.34	1,203.45
11/18/82	398.57	398.57	
11/22/82	1,819.83	1,819.83	
11/29/82	2,869.76	2,869.76	
12/2/82	2,499.47	2,499.47	
12/2/82	1,284.59	1,284.59	
12/7/82	1,573.74	786.87	786.87
12/17/82	2,221.75	1,110.87	1,110.88
1/11/83	1,481.17	1,481.17	
1/18/83	3,240.06	3,240.06	
1/20/83	1,296.02	1,296.02	
1/21/83	1,203.45	1,203.45	
1/28/83	1,573.74	1,573.74	
2/4/83	2,592.04	2,592.04	
3/8/83	1,573.74	1,573.74	
3/14/83	1,391.64	1,391.64	
3/14/83	1,758.89	1,758.89	
3/15/83	1,070.49	1,070.49	
3/24/83	1,605.74	1,605.74	
3/25,26/83	2,129.18	2,129.18	
3/27/83	1,819.83	1,819.83	
3/28/83	963.44	963.44	
4/1-4/83	14,130.47	14,130.47	
4/7-10/83	4,496.06	4,496.06	
4/12/83	1,498.69	1,498.69	
4/12/83	2,036.61	2,036.61	

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
4/13/83	$ 2,036.61	$ 2,036.61	$ .00
4/13/83	2,248.03	2,140.98	107.05
4/15/83	4,998.94	3,656.63	1,342.31
4/18/83	3,702.92	3,702.92	
4/22-23/83	3,332.63	3,332.63	
4/26/83	3,795.49	3,795.49	
4/29/83	1,944.03	1,944.03	
4/30/83	4,350.93	4,350.93	
5/2/83	569.38	569.38	
5/6/83	2,221.75	1,573.74	648.01
5/9/83	512.44	512.44	
5/10/83	1,296.02	1,296.02	
5/11/83	3,517.77	3,517.77	
5/15/83	2,676.23	2,676.23	
5/16-17/83	2,676.23	2,676.23	
5/18/83	2,314.33	2,314.33	
5/20/83	1,944.03	1,944.03	
5/21/83	1,666.31	1,666.31	
5/23/83	2,890.32	2,890.32	
5/24/83	1,391.64	1,391.64	
5/25/83	925.73	925.73	
5/27/83	398.57	398.57	
5/27/83	1,110.88	1,110.88	
5/28/83	2,997.37	2,997.37	
5/31/83	626.32	626.32	
6/3/83	2,033.93	2,033.93	
6/7/83	626.32	626.32	
6/10/83	1,296.02	1,296.02	
6/13/83	4,350.93	4,350.93	
6/15/83	1,296.02	1,296.02	
6/17/83	2,676.23	2,676.23	
6/17-18/83	2,248.03	2,248.03	
6/21-22/83	3,532.62	1,766.31	1,766.31
Trip Totals, 1982-83	$305,486.42	$260,814.59	$ 44,671.83
7/7/83	$ 1,117.83	$ 1,117.83	$ .00
7/13/83	4,305.00	4,305.00	
7/28/83	5,596.50	5,596.50	
7/29/83	4,879.00	4,879.00	
7/30-8/2/83	5,245.20	2,622.60	2,622.60
8/2/83	2,870.00	2,870.00	
8/3/83	1,435.00	1,435.00	
8/9/83	3,525.47	3,525.47	
8/15/83	2,726.50	2,726.50	
8/16/83	2,583.00	1,793.75	789.25
8/16/83	2,870.00	1,219.75	1,650.25

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
8/17/83	$ 1,805.73	$ 1,805.73	$ .00
8/18/83	1,203.82		1,203.82
8/24/83	1,203.82	1,203.82	
8/24/83	2,870.00	2,870.00	
9/15/83	4,161.50	4,161.50	
9/16-17/83	1,719.74	1,719.74	
9/23/83	2,439.50	1,363.25	1,076.25
9/30/83	3,013.50	3,013.50	
10/1/83	3,874.50	1,937.25	1,937.25
10/3/83	2,870.00	1,004.50	1,865.50
10/5/83	3,731.00	3,731.00	
10/7/83	2,152.50	1,076.25	1,076.25
10/7/83	859.87	859.87	
10/10/83	1,977.70	1,977.70	
10/15/83	687.90	343.95	343.95
10/12/83	219.90	219.90	
10/15/83	395.81	395.81	
10/18/83	395.81	395.81	
10/21/83	307.85	307.85	
10/21/83	2,493.63	1,805.73	687.90
10/22-23/83	1,977.71	1,289.81	687.90
10/24/83	945.85	300.95	644.90
10/25/83	1,117.84	558.92	558.92
10/27/83	4,161.50	1,219.75	2,941.75
10/28/83	3,013.50	3,013.50	
10/29/83	2,439.50		2,439.50
10/31/83	2,407.64	1,848.72	558.92
11/1/83	1,117.83	730.89	386.94
11/2/83	2,296.00	2,296.00	
11/2/83	3,587.50		3,587.50
11/3/83	2,439.50	2,439.50	
11/4/83	3,874.50	3,874.50	
11/4/83	2,726.50	2,726.50	
11/4/83	1,578.50	1,578.50	
11/5/83	3,874.50	1,148.00	2,726.50
11/7/83	3,181.52	3,181.52	
11/9-10/83	4,213.36	4,213.36	
11/19/83	5,022.50		5,022.50
11/22/83	4,018.00	2,009.00	2,009.00
11/22/83	3,181.52	2,708.59	472.93
11/23/83	1,203.82		1,203.82
11/29-30/83	2,493.62	2,493.62	
12/2/83	687.90	687.90	
12/5/83	1,891.72	1,461.78	429.94
12/8/83	1,891.71	1,891.71	
12/11-12/83	3,267.51		3,267.51
12/13/83	859.88	429.94	429.94

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
12/15/83	$ 1,805.73	$ 1,805.73	$ .00
1/5/84	773.88	773.88	
1/7/84	1,865.50	1,865.50	
1/9/84	3,731.00	3,731.00	
1/10/84	2,870.00	1,435.00	1,435.00
1/12/84	1,203.82		1,203.82
1/17/84	1,375.80	687.90	687.90
1/19/84	4,592.00	2,296.00	2,296.00
1/24/84	1,375.79	1,375.79	
1/25/84	2,665.59	1,891.71	773.88
1/27-28/84	5,073.24	2,407.64	2,665.60
1/31/84	4,448.50	2,009.00	2,439.50
2/7-8/84	2,665.60	1,332.80	1,332.80
2/9/84	4,161.50	2,870.00	1,291.50
2/11/84	2,152.50		2,152.50
2/12/84	4,127.38		4,127.38
2/13/84	4,161.50	3,372.25	789.25
2/14/84	3,874.50	1,865.50	2,009.00
2/16/84	1,289.81	687.90	601.91
2/18/84	3,444.00	2,009.00	1,435.00
2/20/84	6,027.00	5,453.00	574.00
2/21/84	3,874.50	1,435.00	2,439.50
2/23/84	2,870.00	1,435.00	1,435.00
2/24-28/84	1,977.70	988.85	988.85
2/29/84	3,181.52	1,590.76	1,590.76
3/3/84	1,289.81		1,289.81
3/9/84	1,289.80	644.90	644.90
3/10/84	967.54	967.54	
3/12/84	791.62	439.79	351.83
3/16-17/84	3,009.55	3,009.55	
3/19/84	1,117.83	1,117.83	
3/20/84	1,891.72	945.86	945.86
3/21/84	1,977.70		1,977.70
3/22/84	1,977.70	644.90	1,332.80
3/23/84	1,805.73	1,805.73	
3/26/84	1,203.82	601.91	601.91
3/27/84	263.87		263.87
3/27/84	1,117.84	558.92	558.92
2/28/84	1,031.84	1,031.84	
3/29/84	859.87	859.87	
3/30-31/84	1,977.71	687.90	1,289.81
4/1/84	1,231.41	1,231.41	
4/2/84	1,289.80	644.90	644.90
4/3/84	859.88	429.94	429.94
4/5/84	687.90	687.90	
4/6/84	659.69	659.69	
4/8/84	1,805.73		1,805.73

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
4/9/84	$ 1,461.78	$ 730.89	$ 730.89
4/10/84	2,493.62	1,375.79	1,117.83
4/13/84	1,031.84	515.92	515.92
4/14/84	527.74	263.87	263.87
4/16/84	945.86		945.86
4/18/84	1,203.82	601.91	601.91
4/18/84	483.77	483.77	
4/19/84	1,461.78	730.89	730.89
4/24/84	1,805.72	902.86	902.86
4/25/84	3,353.49	3,353.49	
4/29/84	3,267.51	3,267.51	
4/30/84	2,726.50		2,726.50
5/1/84	1,231.41	703.66	527.75
5/1/84	1,031.84	1,031.84	
5/2/84	1,435.00	1,435.00	
5/2/84	4,592.00		4,592.00
5/3/84	2,296.00		2,296.00
5/3/84	1,805.73		1,805.73
5/4/84	7,749.00	6,385.75	1,363.25
5/5/84	6,314.00	4,018.00	2,296.00
5/8/84	2,152.50		2,152.50
5/9/84	1,011.52	483.77	527.75
5/9/84	2,439.50	2,439.50	
5/10/84	1,289.80	644.90	644.90
5/11/84	1,805.72	902.86	902.86
5/11/84	6,601.00	4,233.25	2,367.75
5/14/84	4,018.00		4,018.00
5/15/84	1,805.73		1,805.73
5/17/84	1,143.45	1,143.45	
5/17/84	3,731.00	2,152.50	1,578.50
5/19/84	2,152.50	2,152.50	
5/20/84	3,525.47		3,525.47
5/21/84	1,031.84	515.92	515.92
5/21/84	7,031.50	3,157.00	3,874.50
5/23-24/84	4,815.27	386.94	4,428.33
5/25/84	1,203.82	601.91	601.91
5/25/84	2,870.00	2,870.00	
5/30/84	2,439.50	2,439.50	
5/31/84	1,891.72	687.90	1,203.82
6/1/84	2,870.00	2,870.00	
6/2/84	659.69		659.69
6/2/84	2,439.50		2,439.50
6/4/84	4,448.50	4,448.50	
6/6/84	3,013.50		3,013.50
6/9/84	1,719.74	859.87	859.87
6/11/84	1,633.76	816.88	816.88
6/12/84	2,439.50	1,363.25	1,076.25

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
6/14/84	$ 1,203.82	$ .00	$ 1,203.82
6/16/84	879.58		879.58
6/15-16/84	1,805.73	1,805.73	
6/19/84	571.73	571.73	
6/22/84	859.87		859.87
6/22/84	1,865.50	1,865.50	
6/23/84	879.58	879.58	
6/23/84	4,305.00	4,305.00	
6/25/84	5,022.50	2,941.75	2,080.75
6/26/84	3,444.00	3,444.00	
6/26/84	2,726.50		2,726.50
6/29-30/84	4,735.50	1,722.00	3,013.50
Trip Totals, 1983-84	$397,407.48	$243,183.95	$154,223.53
7/4/84	$ 3,013.50	$ 3,013.50	$ .00
7/7/84	1,143.45		1,143.45
7/7/84	1,289.81	1,289.81	
7/8/84	659.69	659.69	
7/9-10/84	1,633.75	601.91	1,031.84
7/10/84	747.64	439.79	307.85
7/10-11/84	1,461.78		1,461.78
7/12/84	1,203.82	1,203.82	
7/13/84	1,461.78	1,461.78	
7/25/84	4,448.50	2,009.00	2,439.50
7/26/84	1,289.81		1,289.81
7/28/84	1,891.71		1,891.71
7/30/84	3,353.49	3,353.49	
7/31/84	2,870.00	2,870.00	
7/31/84	1,289.81		1,289.81
8/2/84	5,417.18	5,417.18	
8/7/84	1,435.00	1,435.00	
8/11/84	2,149.68	2,149.68	
8/12/84	2,726.50		2,726.50
8/14/84	3,013.50	3,013.50	
8/18/84	2,149.68	1,461.78	687.90
8/22/84	2,583.00		2,583.00
8/23/84	1,633.75		1,633.75
9/7/84	2,152.50	1,076.25	1,076.25
Trip Totals, 1984-85	$ 51,019.33	$ 31,456.18	$ 19,563.15
Grand Total	$753,913.23	$535,454.72	$218,458.51

Schedule of Payments Received From

Jim Hunt Committee

July 1, 1982 Through September 30, 1984

Schedule 3

Date of Deposit		Total Amount	Payments on Trips Taken: July 1 to June 30, 1983	July 1 to June 30, 1984	July 1 to September 30, 1984
September 13, 1982		$ 480.00	$ 480.00	$ .00	$ .00
November 17, 1982		1,689.80	1,689.80		
December 21, 1982		4,280.00	4,280.00		
February 18, 1983		420.00	420.00		
June 21, 1983		621.76	621.76		
July 20, 1983		198.00	198.00		
October 14, 1983		620.00		620.00	
December 20, 1983		1,243.43		1,243.43	
January 16, 1984		1,992.00		1,992.00	
February 16, 1984		120.00		120.00	
February 16, 1984		1,254.14		1,254.14	
April 13, 1984		2,088.73		2,088.73	
April 30, 1984		6,569.50		6,569.50	
June 28, 1984		32,378.33		32,378.33	
September 24, 1984		5,267.00		5,267.00	
September 24, 1984		1,995.00		1,995.00	
September 24, 1984		246.65		246.65	
September 24, 1984	$185,938.87				
Less: Payment for Ground Travel	(11,520.93)	174,417.94		163,459.24	10,958.70
Grand Total		$235,882.28	$7,689.56	$217,234.02	$10,958.70

Listing of Aircraft Under the Management of the Department of Commerce

Schedule 4

I.D. No.	Description	Recorded Value
121 NC	Bell 222 Helicopter	$1,323,746.00
122 NC	Beech E-90 King Air Airplane	$ 750,000.00
123 NC	Bell Jet Ranger 206B Helicopter	$ 137,000.00
124 NC	Bell Jet Ranger 206B Helicopter	$ 132,000.00

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PEAT MARWICK

JIM HUNT FOR SENATE COMMITTEE

Special Report

Calculation of Reimbursable Cost
of Campaign-Related Travel

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PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
4300 Six Forks Road
Post Office Box 18000
Raleigh, North Carolina 27619

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CONFIDENTIAL

The Jim Hunt for Senate Committee:

We have applied certain agreed-upon procedures as described below for the purpose of determining the amount that the Jim Hunt for Senate Committee ("Committee") will pay to the State of North Carolina for the use of State-owned aircraft and automobiles for political purposes during the period from August 9, 1983 to July 31, 1984, the latest date for which flight information was made available to us. The calculations we performed were based on the following guidelines and other information supplied to us by legal counsel to Governor Jim Hunt.

A. Guidelines representing interpretations of the Federal Election Commission (FEC) regulations as they relate to a candidate pursuing election to a federal office ("Guidelines"). See Appendix I.

   It is our understanding that the Guidelines were prepared by the Governor's legal counsel and attorneys representing the Committee and that the Guidelines are expected to comply with FEC regulations. We made no attempt to determine whether the Guidelines comply with FEC regulations.

B. Flight records and itineraries for all trips deemed to have at least one political function, including designation of political and official events and campaign-related individuals.

   It is our understanding that the flight records were prepared by the Department of Commerce ("DOC") and that the itineraries were prepared by the Governor's office. We made no attempt to verify the accuracy or authenticity of the flight records or the itineraries.

The identification of trips with political stops and individuals conducting campaign-related activities was made by the Governor's legal counsel. We made no attempt to determine whether all such trips or all such individuals were properly identified.

C. The current Department of Commerce ("DOC") cost per block hour for various types of State-owned aircraft used by the Governor.

It is our understanding that DOC costs per block hour supplied to us were calculated by a representative of DOC. We made no attempt to determine the fairness or the accuracy of hourly costs determined by DOC.

D. Commercial charter rates for various aircraft.

The commercial charter rates for various aircraft were supplied to us by the Governor's legal counsel. We contacted outside charter services to ascertain the proper methods of applying the various rates for flying time, waiting time and overnight expenses.

E. Photocopies of checks representing payments made by the Committee for trips taken during the period from August 9, 1983 to July 31, 1984.

The photocopies of checks were furnished by the Governor's legal counsel. We made no attempt to determine whether the amounts on the checks actually cleared the bank or whether other payments might have been made and not included with the photocopies of checks given to us.

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SUMMARY OF AGREED-UPON PROCEDURES

Following is a brief description of our procedures:

A. Calculate the reimbursable cost of each trip on State-owned aircraft by applying the Guidelines in Appendix I.

B. Calculate the cost of alternative ground travel in and around Raleigh.

C. Deduct payments previously made by the Committee to reimburse the State for campaign-related trips on State-owned aircraft.

D. Calculate interest at prime lending rates on the unreimbursed balance due.

E. Calculate the amount of the total payment now due, and the amount by which the total reimbursement exceeds the cost of alternative conveyances that would have been used in the calculations had the Guidelines not required that no less than the full DOC cost be reimbursed.

The following sections of this report describe in detail the agreed-upon procedures that we performed and the results of applying those procedures.

DETAIL DESCRIPTION OF REIMBURSABLE COST COMPUTATIONS

The Guidelines require the Committee to reimburse the State for those individuals who were considered to be involved in campaign-related activity on any portion of a trip using State-owned aircraft and automobiles.

As previously stated, our procedures did not include determination of which activities were campaign-related, nor did they include determination of individuals who were subject to the Guidelines. Reimbursable costs for such individuals were determined on a trip-by-trip basis and appear in Appendix II. Dates, points of departure and destination, and aircraft types for each trip appear in Appendix III. Calculations were made in the following manner:

A. Ground travel:

1. All ground travel was considered reimbursable when State-owned automobiles were used in conjunction with air travel. These costs were computed using one of the following methods (with a minimum of $10.00 per day):

   a. At 20-1/2 cents per mile when accurate records of actual mileage were available, up to 150 miles. For travel in excess of 150 miles, a daily rate of $32.00 per day was used.

   b. At $6.00 per hour if accurate records of time were kept. If ground travel was for more than five hours, a daily rate of $32.00 per day was used.

   c. At $32.00 per day if neither accurate mileage nor accurate time records were maintained.

   Hourly and daily rental rates, which were obtained from a Raleigh-based vehicle rental company, were based on the rates for a full-sized automobile. The Governor's legal counsel provided us with these rates under letterhead of the rental company.

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2. In addition to ground travel discussed above, we were instructed to include as a reimbursable cost the cost of renting a full-sized automobile on monthly terms beginning in August, 1983. It is our understanding that this cost is to be included in order to reimburse the State for use of State-owned vehicles for ground travel in and around the Raleigh area. The total cost of this travel was computed at the rate of $565.00 per month, the monthly rate for full-sized cars shown on the rental company's rate schedule. This monthly charge for the period August, 1983 through September, 1984 was included in the total reimbursable amount.

B. Air Travel - The Guidelines state that the Governor, as a candidate, must not be given an advantage by being able to use State-owned aircraft. Under this assumption, the amount to be reimbursed for air travel may never be less than the cost of the trip to the Department of Commerce. The following describes the procedures used in determining the reimbursable cost for air travel.

1. Calculation of the cost of imaginary trips:

a. An imaginary trip is defined as that route the Governor and members of his family would have taken had they gone on a campaign trip separate and apart from the combined official and campaign-related trip which was actually taken. That is, the imaginary trip covers all stops where campaign-related activity was conducted from the point of origin and back to the point of origin.

b. If all stops on the imaginary trip were served by commercial air service, the rate used to determine the reimbursable

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amount was the current one-way first class air fare for each leg of the imaginary trip. If several different first class rates were quoted, the average of high and low fares was used. If first class service was not available, coach fare was used. Commercial air fares, when applicable, were obtained from a Raleigh-based travel agency.

c. If any one stop on the imaginary trip was not served by commercial air, the imaginary trip was priced at charter rates using the following guidelines:

If a helicopter was used on the actual trip, the reimbursable cost was determined using charter rates for the same type of helicopter.

If a fixed-wing aircraft was used on the actual trip, the reimbursable cost was computed at the lesser of (1) the Committee's share of the charter cost of the same aircraft based on the pro rata portion of political to total persons on the flight or (2) the charter cost of a smaller aircraft which would have been large enough to carry the Governor and all other persons considered reimbursable.

Charter rates are based on actual flight times, as opposed to engine block time which is used by DOC. Flight times for legs of trips which corresponded to routes taken on State-owned aircraft were obtained from DOC flight records for those trips. In cases where the imaginary trip included routes for which no DOC flight records were available, estimated flight

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times for the applicable aircraft were obtained from an outside charter service.

Charter rates per hour, as obtained from outside charter services, were as follows:

Bell 222 Helicopter	-	$ 1,100.00
Bell 206 Helicopter	-	$ 370.00 through June 30, 1984, $ 375.00 thereafter
Kingair (fixed wing)	-	$ 400.00
Baron (fixed wing)	-	$ 290.00

Charter services charge separately for waiting time and overnight expenses. Based on discussions with charter services, waiting time is charged on the portion of time the aircraft waits (at a given point) in excess of the amount of flight time to that point. Actual wait times were obtained from DOC flight records. Charter waiting rates per hour, as obtained from outside charter services, were as follows:

Bell 222 Helicopter	-	$ 100.00
Bell 206 Helicopter	-	No separate charge
Kingair (fixed wing)	-	$ 20.00
Baron (fixed wing)	-	$ 20.00

Overnight expenses were charged at the rate of $200.00 per night. It should be noted that DOC makes no separate charge for overnight expenses as those costs are included in their calculations of block time rates per hour.

d. Inherent in the imaginary trip concept is the fact that if the imaginary trip is different from the trip actually taken, the Governor and members of his family become official members of the actual trip for purposes of calculating the Committee's pro rata share of the actual trip's charter cost. For example, if campaign-related individuals were on the actual trip and the Governor and his family were deemed to be on an imaginary trip different from the actual trip, the reimbursable costs include both the cost of the imaginary trip and the Committee's pro rata share of the actual trip as computed under b. and c. above.

2. Calculation of the Department of Commerce cost of trips:

a. DOC charges for use of State-owned aircraft are based on aircraft engine block time. Block time is the length of time the engines are actually running and is recorded in tenths of an hour. Block times for trips deemed to be campaign-related were obtained from DOC flight records.

b. Hourly rates for various aircraft operated by DOC were calculated by DOC based on their operating costs for a year. The DOC hourly rates used in the calculations were as follows:

Bell 222 Helicopter	-	$1,110.33 per hour
Bell 206 Helicopter	-	$ 524.60 per hour
Kingair (fixed wing)	-	$ 630.86 per hour

C. Interest - Total reimbursable costs include interest computed in the following manner:

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1. Principal - The amount on which interest was calculated was the reimbursable cost of travel as computed above, less any payments made by the Committee for the purpose of reimbursing the State for campaign-related travel.

2. Interest Rate - Interest was calculated using Wachovia Bank and Trust Company's prime lending rates which were in effect during the period from August 9, 1983 through September 21, 1984.

3. Term - The terms over which interest was calculated were the periods from the date of each trip through September 21, 1984.

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RESULTS OF AGREED-UPON PROCEDURES

Our calculations, based on the Guidelines and other information (as they pertained to campaign-related air and out-of-town ground travel for the period from August 9, 1983 through July 31, 1984 and to local ground travel for the period from August 9, 1983 through September 21, 1984) supplied to us resulted in an excess of reimbursable costs over amounts previously paid. The following table summarizes this excess:

Total reimbursable travel (Appendix II, Column 9)	$ 216,575.88
Total reimbursable ground travel - local	7,910.00
Total reimbursable travel costs	224,485.88
Interest (at prime rates)	13,139.04
Total reimbursable costs	237,624.92
Less payments made	(51,686.05)
Amount due	$ 185,938.87

The following table summarizes the computation of the excess of total reimbursable air travel costs over the total cost of using alternative conveyances:

Total reimbursable air travel (Appendix II, Column 7)		$ 212,964.95
Alternative air travel costs:		
Charter (Appendix II, Column 6)	$ 113,200.71	
Commercial (Appendix II, Column 3)	19,980.50	
		(133,181.21)
Excess reimbursement		$ 79,783.74

* * * * * *

The agreed-upon procedures, which were limited to those described previously in this report, did not constitute an examination in accordance with generally accepted auditing standards. Also, we were not engaged to verify or audit any of the information provided to us. Accordingly, we express no opinion as to the fairness of appropriateness of the reimbursable costs as calculated.

This report is intended solely for your information and is not to be referred to or distributed to anyone other than those associated with the Jim Hunt for Senate Committee. However, we understand that this report may be made a matter of public record.

Peat, Marwick, Mitchell & Co.

September 21, 1984

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Appendix I

GUIDELINES FOR CAMPAIGN-RELATED TRAVEL

Federal election law requires that a candidate report all travel expenses incurred in connection with campaign-related activity. When the Governor uses government conveyances or accommodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

I. WHO IS SUBJECT TO THE LAW?

The committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions are not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else, travelling on a State conveyance who is conducting any campaign-related activities.

II. COMPUTATION OF COSTS

The campaign committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjunction with air travel. Costs are to be computed in one of the following methods:

(1) At 20-1/2 cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00.)

(2) At $6.00 per hour if accurate records of time are kept, in accordance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

(CAVEAT: The Federal Election Commission regulations are not very clear on the computation of ground transportation. Our rates are based on what we feel to be a reasonable interpretation of the law. You must keep in mind, however, that the FEC may disagree.)

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GUIDELINES FOR CAMPAIGN-RELATED TRAVEL, CONTINUED

B. Air Travel

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(c) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign-related activity at a city makes that stop on the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the committee must reimburse the State an amount equal to what it would cost to use comparable commercial conveyances. The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyances.

There are two possible means of travel by plane: Regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at locations served by regularly scheduled commercial air service, the rate to be used is first class air fare for each person whose travel is reportable and reimbursable. (See 11 C.F.R. 9034.7(b)(5)(i).)

(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accommodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's security is authorized under State law. The Governor's use of the State aircraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the committee will not have to reimburse for security. (See 11 C.F.R. 9034.7(b)(5)(ii).)

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GUIDELINES FOR CAMPAIGN-RELATED TRAVEL, CONTINUED

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates from smaller, more spartan conveyances.

(d) In determining how much the committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security and persons on official business, when appropriate. For example, if the total cost of chartering similar aircraft, including pilots, was $600.00, and the only passengers on board were the Governor and one security agent, and the trip was part official and part political, the committee should reimburse the State $300.00, one-half of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other persons deemed reimbursable. In order words, it is permissible to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor and others deemed reimbursable.

(3) When computing the charter rates, use the times recorded by the pilots on the Department of Commerce invoice for actual flight time and actual ground time. Do not use the estimated flying times and ground times from the schedule. Always include in flight time the time for the helicopter to fly from the hangar to pick up the Governor downtown and to return to the hangar after leaving the Governor downtown.

(4) If the reimbursement cost for air travel is ever less than the cost of the trip to the Department of Commerce, regardless of the method used to compute the reimbursement cost, use the cost of the trip to the Department of Commerce as the amount to be reimbursed.

(CAVEAT: The FEC regulations on allocation of expenses for air travel are vague and subject to widely varying interpretations. Our rules are based on what we feel is a reasonable interpretation of the regulations. The FEC may disagree.)

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS, CONTINUED

-1- Date of trip	-2- Dept. of Commerce costs	-3- Commercial air fare (if applicable)	-4- Pro rata share of charter costs on same craft including imaginary trips	-5- Charter costs for smaller craft (if applicable)	-6- Alternative charter costs (lower of columns 4 or 5)	-7- Reimbursable air travel (greatest of columns 2, 3 or 6)	-8- Ground travel	-9- Total reimbursable costs
6- 6-84	$ 2,331.69	-	1,170.00	-	1,170.00	2,331.69	32.00	2,363.69
6- 9-84	1,261.72	213.00	-	-	-	1,261.72	32.00	1,293.72
6-11-84	1,198.63	-	375.00	644.20	375.00	1,198.63	32.00	1,230.63
6-12-84	1,887.56	-	1,025.00	-	1,025.00	1,887.56	32.00	1,919.56
6-14-84	883.20	777.00	-	-	-	883.20	32.00	915.20
6-16-84	1,049.20	-	444.00	-	444.00	1,049.20	32.00	1,081.20
6-22-84	630.86	-	203.00	356.67	203.00	630.86	32.00	662.86
6-25-84	4,441.32	-	1,860.00	-	1,860.00	4,441.32	32.00	4,473.32
6-26-84	2,109.63	-	920.00	-	920.00	2,109.63	32.00	2,141.63
6-29/30-84	3,664.09	-	2,478.33	-	2,478.33	3,664.09	64.00	3,728.09
7- 4-84	2,331.69	-	690.00	-	690.00	2,331.69	32.00	2,363.69
7- 7-84	1,363.96	-	475.00	-	475.00	1,363.96	32.00	1,395.96
7-9/10-84	1,198.63	-	560.00	993.33	560.00	1,198.63	64.00	1,262.63
7-10-84	891.82	-	375.00	-	375.00	891.82	32.00	923.82
7-10/11-84	1,072.46	-	570.67	893.50	570.67	1,072.46	64.00	1,136.46
7-25-84	1,887.56	-	1,280.00	-	1,280.00	1,887.56	32.00	1,919.56
7-26-84	946.29	-	427.50	496.00	427.50	946.29	32.00	978.29
7-31-84	946.29	647.50	-	-	-	946.29	32.00	978.29
	$ 203,650.49	19,980.50	115,111.51	23,575.53	113,200.71	212,964.95	3,610.93	216,575.88

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS, CONTINUED

-1- Date of trip	-2- Dept. of Commerce costs	-3- Commercial air fare (if applicable)	-4- Pro rata share of charter costs on same craft including imaginary trips	-5- Charter costs for smaller craft (if applicable)	-6- Alternative charter costs (lower of columns 4 or 5)	-7- Reimbursable air travel (greatest of columns 2, 3 or 6)	-8- Ground travel	-9- Total reimbursable costs
4- 5-84	$ 504.69	-	164.40	237.00	164.40	504.69	32.00	536.69
4- 8-84	1,324.81	1,120.00	-	-	-	1,324.81	32.00	1,356.81
4- 9-84	1,072.46	-	421.67	641.33	421.67	1,072.46	32.00	1,104.46
4-10-84	1,829.49	-	1,857.33	1,107.67	1,107.67	1,829.49	32.00	1,861.49
4-13-84	757.03	-	308.00	406.50	308.00	757.03	32.00	789.03
4-14-84	629.52	-	610.50	-	610.50	629.52	32.00	661.52
4-16-84	693.95	-	371.47	394.33	371.47	693.95	32.00	725.95
4-18-84	883.20	-	305.00	536.00	305.00	883.20	32.00	915.20
4-19-84	1,072.46	-	631.00	657.67	631.00	1,072.46	32.00	1,104.46
4-24-84	1,324.81	840.00	-	-	-	1,324.81	32.00	1,356.81
4-30-84	2,109.63	-	1,736.00	-	1,736.00	2,109.63	32.00	2,141.63
5- 1-84	1,468.88	-	222.00	-	222.00	1,468.88	32.00	1,500.88
5- 2-84	3,553.06	-	2,100.00	-	2,100.00	3,553.06	32.00	3,585.06
5- 3-84	1,776.53	-	1,417.50	-	1,417.50	1,776.53	32.00	1,808.53
5- 3-84	1,324.81	1,400.00	-	-	-	1,400.00	-	1,400.00
5- 4-84	5,995.78	-	4,379.17	-	4,379.17	5,995.78	32.00	6,027.78
5- 5-84	4,885.45	-	4,394.00	-	4,394.00	4,885.45	32.00	4,917.45
5- 8-84	1,554.46	-	1,376.00	-	1,376.00	1,554.46	32.00	1,586.46
5- 9-84	1,206.58	-	897.25	-	897.25	1,206.58	32.00	1,238.58
5-10-84	946.29	1,165.50	-	-	-	1,165.50	32.00	1,197.50
5-11-84	5,107.52	-	7,346.00	-	7,346.00	7,346.00	32.00	7,378.00
5-14-84	3,108.92	-	2,136.00	-	2,136.00	3,108.92	32.00	3,140.92
5-15-84	1,324.81	1,260.00	-	-	-	1,324.81	32.00	1,356.81
5-20-84	2,586.53	727.00	-	-	-	2,586.53	32.00	2,618.53
5-21-84	5,440.62	-	8,177.67	-	8,177.67	8,177.67	32.00	8,209.67
5-23/24-84	3,532.82	-	2,099.20	2,103.33	2,099.20	3,532.82	64.00	3,596.82
5-25-84	883.20	518.00	-	-	-	883.20	32.00	915.20
5-31-84	1,387.89	922.50	-	-	-	1,387.89	32.00	1,419.89
6- 2-84	1,887.56	-	1,642.50	-	1,642.50	1,887.56	32.00	1,919.56
6- 2-84	786.90	-	296.00	-	296.00	786.90	32.00	818.90

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ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS, CONTINUED

-1- Date of trip	-2- Dept. of Commerce costs	-3- Commercial air fare (if applicable)	-4- Pro rata share of charter costs on same craft including imaginary trips	-5- Charter costs for smaller craft (if applicable)	-6- Alternative charter costs (lower of columns 4 or 5)	-7- Reimbursable air travel (greatest of columns 2, 3 or 6)	-8- Ground travel	-9- Total reimbursable costs
1-25-84	$ 1,955.67	474.00	-	-	-	1,955.67	32.00	1,987.67
1-27/28-84	3,722.07	-	682.00	2,420.67	682.00	3,722.07	64.00	3,786.07
1-31-84	3,442.02	-	4,266.00	-	4,266.00	4,266.00	32.00	4,298.00
2- 7/8-84	1,955.67	560.00	-	-	-	1,955.67	32.00	1,987.67
2- 9-84	3,219.96	-	2,357.33	-	2,357.33	3,219.96	32.00	3,251.96
2-11-84	1,665.50	-	1,276.50	-	1,276.50	1,665.50	32.00	1,697.50
2-12-84	3,028.13	1,376.00	-	-	-	3,028.13	32.00	3,060.13
2-13-84	3,219.96	-	4,432.00	-	4,432.00	4,432.00	32.00	4,464.00
2-14-84	2,997.89	-	2,808.67	-	2,808.67	2,997.89	32.00	3,029.89
2-16-84	946.29	-	517.50	609.83	517.50	946.29	32.00	978.29
2-18-84	2,664.79	-	3,216.00	-	3,216.00	3,216.00	32.00	3,248.00
2-20/21-84	7,772.31	-	8,077.50	-	8,077.50	8,077.50	64.00	8,141.50
2-23-84	2,220.66	-	1,654.17	-	1,654.17	2,220.66	32.00	2,252.66
2-24/28-84	1,450.98	280.00	-	-	-	1,450.98	160.00	1,610.98
2-28/29-84	2,334.18	365.00	-	-	-	2,334.18	64.00	2,398.18
3- 3-84	946.29	894.00	-	-	-	946.29	32.00	978.29
3- 9-84	946.29	-	628.80	439.83	439.83	946.29	10.00	956.29
3-12-84	944.28	-	407.00	-	407.00	944.28	32.00	976.28
3-19-84	820.12	332.00	-	-	-	820.12	32.00	852.12
3-20/21-84	1,387.89	-	1,544.00	1,162.83	1,162.83	1,387.89	32.00	1,419.89
3-21-84	1,450.98	980.00	-	-	-	1,450.98	32.00	1,482.98
3-22-84	1,450.98	-	537.00	896.50	537.00	1,450.98	17.43	1,468.41
3-26-84	883.20	518.00	-	-	-	883.20	32.00	915.20
3-27-84	820.12	-	415.20	518.17	415.20	820.12	10.00	830.12
3-27-84	314.76	-	74.00	-	74.00	314.76	-	314.76
3-28-84	757.03	118.00	-	-	-	757.03	10.00	767.03
3-29-84	820.12	-	493.33	629.00	493.33	820.12	32.00	852.12
3-30/31-84	1,450.98	624.00	-	-	-	1,450.98	64.00	1,514.98
4- 2-84	946.29	-	797.00	578.17	578.17	946.29	32.00	978.29
4- 3-84	630.86	-	318.93	402.67	318.93	630.86	32.00	662.86

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Appendix II

ANALYSIS OF REIMBURSABLE COSTS ON A TRIP-BY-TRIP BASIS

-1- Date of trip	-2- Dept. of Commerce costs	-3- Commercial air fare (if applicable)	-4- Pro rata share of charter costs on same craft including imaginary trips	-5- Charter costs for smaller craft (if applicable)	-6- Alternative charter costs (lower of columns 4 or 5)	-7- Reimbursable air travel (greatest of columns 2, 3 or 6)	-8- Ground travel	-9- Total reimbursable costs
8-16-83	$ 1,998.59	-	1,070.00	-	1,070.00	1,998.59	32.00	2,030.59
8-16-83	2,220.66	-	1,005.00	-	1,005.00	2,220.66	-	2,220.66
8-18-83	883.20	518.00	-	-	-	883.20	32.00	915.20
10- 1-83	2,997.89	-	883.33	-	883.33	2,997.89	32.00	3,029.89
10- 3-83	2,220.66	-	1,930.00	-	1,930.00	2,220.66	32.00	2,252.66
10- 7-83	1,665.50	-	930.00	-	930.00	1,665.50	32.00	1,697.50
10-15-83	976.83	-	246.10	331.50	246.10	976.83	32.00	1,008.83
10-21-83	367.22	-	148.00	-	148.00	367.22	32.00	399.22
10-21-83	1,829.49	-	232.00	1,025.67	232.00	1,829.49	-	1,829.49
10-22/23-83	1,450.98	-	426.00	782.17	426.00	1,450.98	64.00	1,514.98
10-24-83	693.95	-	351.33	410.50	351.33	693.95	32.00	725.95
10-25-83	820.12	518.00	-	-	-	820.12	23.50	843.62
10-27-83	3,219.96	-	2,106.67	-	2,106.67	3,219.96	32.00	3,251.96
10-29-83	1,887.56	-	1,224.00	1,055.83	1,055.83	1,887.56	10.00	1,897.56
10-31-83	1,766.41	-	291.00	-	291.00	1,766.41	32.00	1,798.41
11- 1-83	820.12	-	266.00	510.33	266.00	820.12	-	820.12
11- 2-83	2,775.83	-	1,813.33	-	1,813.33	2,775.83	10.00	2,785.83
11- 5-83	2,997.89	-	4,150.00	-	4,150.00	4,150.00	-	4,150.00
11-19-83	3,886.16	-	2,850.00	-	2,850.00	3,886.16	32.00	3,918.16
11-22-83	5,329.58	-	1,848.00	-	1,848.00	5,329.58	32.00	5,361.58
11-22-83	1,198.63	-	498.66	661.33	498.66	1,198.63	32.00	1,230.63
11-23-83	883.20	-	654.00	450.00	450.00	883.20	32.00	915.20
12- 5-83	1,387.89	-	350.00	763.00	350.00	1,387.89	32.00	1,419.89
12-11/12-83	2,397.27	1,460.00	-	-	-	2,397.27	64.00	2,461.27
12-13-83	630.86	348.00	-	-	-	630.86	32.00	662.86
1-10-84	2,220.66	-	700.00	-	700.00	2,220.66	32.00	2,252.66
1-12-84	883.20	-	267.00	460.00	267.00	883.20	32.00	915.20
1-17-84	1,009.38	766.00	-	-	-	1,009.38	64.00	1,073.38
1-19-84	2,997.89	-	626.00	-	626.00	2,997.89	32.00	3,029.89
1-24-84	1,009.38	259.00	-	-	-	1,009.38	32.00	1,041.38

Appendix III

SCHEDULE OF REIMBURSABLE TRIPS

Date	Flight From	Flight To	Aircraft Type
8/16/83	Hanger	Dobbs	Bell 222
	Dobbs	Nashville	Bell 222
	Nashville	Rockymount	Bell 222
	Rockymount	Wilson	Bell 222
	Wilson	Kenly	Bell 222
	Kenly	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
8/16/83	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Highpoint	Bell 222
	Highpoint	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
8/18/83	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
10/01/83	Hanger	Dobbs	Bell 222
	Dobbs	ECSU	Bell 222
	ECSU	EC Airport	Bell 222
	EC Airport	ECSU	Bell 222
	ECSU	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/03/83	Hanger	Dobbs	Bell 222
	Dobbs	Winston-Salem	Bell 222
	Winston-Salem	Greensboro	Bell 222
	Greensboro	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/07/83	Hanger	Dobbs	Bell 222
	Dobbs	Greenville	Bell 222
	Greenville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/15/83	Hanger	Dobbs	Bell 206
	Dobbs	RDU	Bell 206
	RDU	Mt Olive	Kingair
	Mt Olive	RDU	Kingair
	RDU	Military Center	Bell 206
	Military Center	Hanger	Bell 206

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
10/21/83	Hanger	Dobbs	Bell 206
	Dobbs	RDU	Bell 206
	RDU	Hanger	Bell 206
	RDU	Wash DC	Kingair
	Wash DC	Southern Pines	Kingair
	Southern Pines	RDU	Kingair
10/22&23/83	RDU	Hickory	Kingair
	Hickory	Asheville	Kingair
	Asheville	RDU	Kingair
10/24/83	RDU	Burlington	Kingair
	Burlington	Greensboro	Kingair
	Greensboro	RDU	Kingair
10/25/83	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
10/27/83	Hanger	Dobbs	Bell 222
	Dobbs	New Bern	Bell 222
	New Bern	Figure 8 Isle	Bell 222
	Figure 8 Isle	Wilmington	Bell 222
	Wilmington	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/29/83	Hanger	Dobbs	Bell 222
	Dobbs	Asheboro	Bell 222
	Asheboro	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
10/31/83	RDU	Asheville	Kingair
	Asheville	Andrews/Murphy	Kingair
	Andrews/Murphy	Asheville	Kingair
	Asheville	RDU	Kingair
11/01/83	RDU	Goldsboro	Kingair
	Goldsboro	Williamston	Kingair
	Williamston	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
11/2/83	Hanger	Dobbs	Bell 222
	Dobbs	Gastonia	Bell 222
	Gastonia	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
11/5/83	Hanger	Dobbs	Bell 222
	Dobbs	Chapel Hill	Bell 222
	Chapel Hill	Charlotte	Bell 222
	Charlotte	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
11/19/83	Hanger	N G Armory	Bell 222
	N G Armory	Wilson	Bell 222
	Wilson	Cedar Island	Bell 222
	Cedar Island	Morehead City	Bell 222
	Morehead City	Cedar Island	Bell 222
	Cedar Island	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
11/22/83	Hanger	Dobbs	Bell 222
	Dobbs	Tarboro	Bell 222
	Tarboro	Manteo	Bell 222
	Manteo	Hanger	Bell 222
	RDU	Manteo	Kingair
	Manteo	Wilson	Kingair
	Wilson	RDU	Kingair
11/23/83	RDU	Stanly County	Kingair
	Stanly County	Wilson	Kingair
	Wilson	RDU	Kingair
12/5/83	RDU	Salisbury	Kingair
	Salisbury	Asheville	Kingair
	Asheville	Salisbury	Kingair
	Salisbury	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
12/11&12/83	RDU	La Guardia	Kingair
	La Guardia	RDU	Kingair
12/13/83	RDU	Winston-Salem	Kingair
	Winston-Salem	RDU	Kingair
1/10/84	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	RDU	Bell 222
1/12/84	RDU	Edenton	Kingair
	Edenton	RDU	Kingair
1/17/84	RDU	Winston-Salem	Kingair
	Winston-Salem	Charlotte	Kingair
	Charlotte	RDU	Kingair
1/19/84	Hanger	Dobbs	Bell 222
	Dobbs	Loris/Tabor City	Bell 222
	Loris/Tabor City	Myrtle Beach	Bell 222
	Myrtle Beach	Loris/Tabor City	Bell 222
	Loris/Tabor City	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
1/24/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
1/25/84	RDU	Wash DC	Kingair
	Wash DC	Winston-Salem	Kingair
	Winston-Salem	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
1/27&28/84	RDU	Wash DC	Kingair
	Wash DC	Birmingham	Kingair
	Birmingham	Anniston	Kingair
	Anniston	RDU	Kingair
1/31/84	Hanger	McKimmon Ctr	Bell 222
	McKimmon Ctr	Durham	Bell 222
	Durham	Croasdale	Bell 222
	Croasdale	Ahoskie	Bell 222
	Ahoskie	Ahoskie Airport	Bell 222
	Ahoskie Airport	Ahoskie	Bell 222
	Ahoskie	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/7&8/84	RDU	Wash. D.C.	Kingair
	Wash. D.C.	Charlotte	Kingair
	Charlotte	RDU	Kingair
2/9/84	Hanger	Dobbs	Bell 222
	Dobbs	Greenville	Bell 222
	Greenville	Farmville	Bell 222
	Farmville	Fayetteville	Bell 222
	Fayetteville	Fay. Airport	Bell 222
	Fay. Airport	Fayetteville	Bell 222
	Fayetteville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/11/84	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/12/84	RDU	Vero Beach FL	Kingair
	Vero Beach FL	RDU	Kingair
2/13/84	Hanger	Dobbs	Bell 222
	Dobbs	Dupont Factory	Bell 222
	Dupont Factory	Wilmington	Bell 222
	Wilmington	Farmville	Bell 222
	Farmville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
2/14/84	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Oxford	Bell 222
	Oxford	Burlington	Bell 222
	Burlington	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/16/84	RDU	Winston-Salem	Kingair
	Winston-Salem	N. Wilkesboro	Kingair
	N. Wilkesboro	RDU	Kingair
2/18/84	Hanger	Dobbs	Bell 222
	Dobbs	Whiteville	Bell 222
	Whiteville	Chadburn	Bell 222
	Chadburn	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/20&21/84	Hanger	Dobbs	Bell 222
	Dobbs	Asheville Airport	Bell 222
	Asheville Airport	Fontanna	Bell 222
	Fontanna	Bryson City	Bell 222
	Bryson City	Cherokee	Bell 222
	Cherokee	Maggie Valley	Bell 222
	Maggie Valley	Asheville	Bell 222
	Asheville	Asheville Airport	Bell 222
	Asheville Airport	Asheville	Bell 222
	Asheville	Canton	Bell 222
	Canton	Asheville	Bell 222
	Asheville	Canton	Bell 222
	Canton	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/23/84	Hanger	New Bern	Bell 222
	New Bern	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
2/24-28/84	RDU	Wash D.C.	Kingair
	Wash D.C.	RDU	Kingair
2/28&29/84	RDU	LaGuardia	Kingair
	LaGuardia	RDU	Kingair
3/3/84	RDU	Greensboro	Kingair
	Greensboro	Charlotte	Kingair
	Charlotte	RDU	Kingair
3/9/84	RDU	Eliz City	Kingair
	Eliz City	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
3/12/84	Hanger	Dobbs	Bell 206
	Dobbs	Greensboro	Bell 206
	Greensboro	Durham	Bell 206
	Durham	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206
3/19/84	RDU	Wilmington	Kingair
	Wilmington	RDU	Kingair
3/20&21/84	RDU	Charlotte	Kingair
	Charlotte	Shelby	Kingair
	Shelby	RDU	Kingair
3/21/84	RDU	Wash D.C.	Kingair
	Wash D.C.	RDU	Kingair
3/22/84	RDU	Hickory	Kingair
	Hickory	Statesville	Kingair
	Statesville	RDU	Kingair
3/26/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
3/27/84	RDU	Winston-Salem	Kingair
	Winston-Salem	Greensboro	Kingair
	Greensboro	RDU	Kingair
	Hanger	RDU	BE11 206
	RDU	Dobbs	BE11 206
	Dobbs	Hanger	BE11 206
3/28/84	RDU	Greenville	Kingair
	Greenville	RDU	Kingair
3/29/84	RDU	Kinston	Kingair
	Kinston	Goldsboro	Kingair
	Goldsboro	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
3/30&31/84	RDU	Charlotte	Kingair
	Charlotte	Asheville	Kingair
	Asheville	Hickory	Kingair
	Hickory	RDU	Kingair
4/2/84	RDU	Fayetteville	Kingair
	Fayetteville	Scotland Co.	Kingair
	Scotland Co.	Anson Co.	Kingair
	Anson Co.	RDU	Kingair
4/3/84	RDU	Greenville	Kingair
	Greenville	Wilson	Kingair
	Wilson	RDU	Kingair
4/5/84	RDU	Goldsboro	Kingair
	Goldsboro	RDU	Kingair
4/8/84	RDU	Wash D.C.	Kingair
	Wash D.C.	RDU	Kingair
4/9/84	RDU	Manteo	Kingair
	Manteo	RDU	Kingair
4/10/84	RDU	Jacksonville,NC	Kingair
	Jacksonville,NC	Charlotte	Kingair
	Charlotte	Monroe	Kingair
	Monroe	RDU	Kingair
4/13/84	RDU	Winston-Salem	Kingair
	Winston-Salem	Greensboro	Kingair
	Greensboro	RDU	Kingair
4/14/84	Hanger	Dobbs	Bell 206
	Dobbs	Wilson	Bell 206
	Wilson	Rck Ridge Farm	Bell 206
	Rck Ridge Farm	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
4/16/84	RDU	Wash N.C.	Kingair
	Wash N.C.	RDU	Kingair
4/18/84	RDU	Edenton	Kingair
	Edenton	RDU	Kingair
4/19/84	RDU	Charlotte	Kingair
	Charlotte	Salisbury	Kingair
	Salisbury	RDU	Kingair
4/24/84	RDU	Wash DC	Kingair
	Wash DC	RDU	Kingair
4/30/85	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/1/84	Hanger	W Charlotte HS	Bell 206
	W Charlotte HS	Charlotte	Bell 206
	Charlotte	W Charlotte HS	Bell 206
	W Charlotte HS	Durham	Bell 206
	Durham	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206
5/2/84	Hanger	Dobbs	Bell 222
	Dobbs	Wilmington	Bell 222
	Wilmington	Ocean Isle	Bell 222
	Ocean Isle	Wilmington	Bell 222
	Wilmington	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/3/84	Hanger	Greenville	Bell 222
	Greenville	Fuquay	Bell 222
	Fuquay	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
	RDU	Wash DC	Kingair
	Wash DC	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
5/4/84	Hanger	Dobbs	Bell 222
	Dobbs	Hickory	Bell 222
	Hickory	Asheville	Bell 222
	Asheville	Asheville Airport	Bell 222
	Asheville Airport	Newland	Bell 222
	Newland	Boone	Bell 222
	Boone	Hickory	Bell 222
	Hickory	Blowing Rock	Bell 222
	Blowing Rock	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/5/84	Hanger	Dobbs	Bell 222
	Dobbs	Wilson	Bell 222
	Wilson	Hanger	Bell 222
	Hanger	Dobbs	Bell 222
	Dobbs	Wilson	Bell 222
	Wilson	Hertford	Bell 222
	Hertford	Eliz City Aprt	Bell 222
	Eliz City Aprt	Eliz City	Bell 222
	Eliz City	Snow Hill	Bell 222
	Snow Hill	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/8/84	Hanger	Dobbs	Bell 222
	Dobbs	Greensboro	Bell 222
	Greensboro	Gobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/9/84	Hanger	Dobbs	Bell 206
	Dobbs	R T Park	Bell 206
	R T Park	Durham	Bell 206
	Durham	Raeford	Bell 206
	Raeford	Southern Pines	Bell 206
	Southern Pines	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
5/10/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
5/11/84	Hanger	Dobbs	Bell 222
	Dobbs	Lexington	Bell 222
	Lexington	Greensboro	Bell 222
	Greensboro	Greensboro Arpt	Bell 222
	Greensboro Arpt	Greensboro	Bell 222
	Greensboro	Wilmington	Bell 222
	Wilmington	Bolivia	Bell 222
	Bolivia	Dobbs	Bell 222
	Dobbs	RDU	Bell 222
	RDU	Hanger	Bell 222
5/14/84	Hanger	Dobbs	Bell 222
	Dobbs	Pollocksville	Bell 222
	Pollocksville	New Bern Airport	Bell 222
	New Bern Airport	Pollocksville	Bell 222
	Pollocksville	Warsaw	Bell 222
	Warsaw	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
5/15/84	RDU	Wash DC	Kingair
	Wash DC	RDU	Kingair
5/20/84	RDU	Newark NJ	Kingair
	Newark NJ	White Plains	Kingair
	White Plains	RDU	Kingair

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
5/21/84	Hanger	Dobbs	Bell 222
	Dobbs	RDU	Bell 222
	RDU	Asheville Mall	Bell 222
	Asheville Mall	Asheville	Bell 222
	Asheville	Asheville Mall	Bell 222
	Asheville Mall	Marion	Bell 222
	Marion	Concord	Bell 222
	Concord	Lexington	Bell 222
	Lexington	RDU	Bell 222
	RDU	Hanger	Bell 222
5/23&24/84	RDU	Baltimore	Kingair
	Baltimore	Teterboro	Kingair
	Teterboro	Bostom	Kingair
	Boston	RDU	Kingair
5/25/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
5/31/84	RDU	Asheville	Kingair
	Asheville	Charlotte	Kingair
	Charlotte	RDU	Kingair
6/2/84	Hanger	Dobbs	Bell 222
	Dobbs	Winston-Salem	Bell 222
	Winston-Salem	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
6/2/84	Hanger	Dobbs	Bell 206
	Dobbs	Mt Olive	Bell 206
	Mt Olive	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206
6/6/84	Hanger	Dobbs	Bell 222
	Dobbs	Jacksonville	Bell 222
	Jacksonville	Jacksonville	Bell 222
	Jacksonville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
6/9/84	RDU	Asheville	Kingair
	Asheville	RDU	Kingair
6/11/84	RDU	Hatteras	Kingair
	Hatteras	RDU	Kingair
6/12/84	Hanger	R T Park	Bell 222
	R T Park	Eliz town	Bell 222
	Eliz town	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
6/14/84	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair
6/16/84	Hanger	Dobbs	Bell 206
	Dobbs	Winston-Salem	Bell 206
	Winston-Salem	Dobbs	Bell 206
	Dobbs	Hanger	Bell 206
6/22/84	RDU	Lumberton	Kingair
	Lumberton	RDU	Kingair
6/25/84	Hanger	Dobbs	Bell 222
	Dobbs	Wash Aprt	Bell 222
	Wash Aprt	Goose Creek	Bell 222
	Goose Creek	Wash	Bell 222
	Wash	Wash Aprt	Bell 222
	Wash Aprt	Wash	Bell 222
	Wash	Pinehurst	Bell 222
	Pinehurst	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
6/26/84	Hanger	Dobbs	Bell 222
	Dobbs	Reidsville	Bell 222
	Reidsville	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
6/29&30/84	Hanger	Dobbs	Bell 222
	Dobbs	Charlotte	Bell 222
	Charlotte	Salisbury	Bell 222
	Salisbury	Monroe	Bell 222
	Monroe	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222

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SCHEDULE OF REIMBURSABLE TRIPS, CONTINUED

Date	Flight From	Flight To	Aircraft Type
7/04/84	Hanger	Dobbs	Bell 222
	Dobbs	Salisbury	Bell 222
	Salisbury	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
7/07/84	Hanger	Dobbs	Bell 206
	Dobbs	Gov's Resdnce	Bell 206
	Gov's Resdnce	Currie	Bell 206
	Currie	Wilson	Bell 206
	Wilson	Hanger	Bell 206
7/9&10/84	RDU	Norfolk,Va	Kingair
	Norfolk,Va	Williamsburg	Kingair
	Williamsburg	RDU	Kingair
7/10/84	Hanger	Gov's Inn	Bell 206
	Gov's Inn	Greensboro	Bell 206
	Greensboro	Hanger	Bell 206
7/10&11/84	RDU	Manteo	Kingair
	Manteo	RDU	Kingair
7/25/84	Hanger	Dobbs	Bell 222
	Dobbs	Johnston Co	Bell 222
	Johnston Co	Johnston Co	Bell 222
	Johnston Co	Warrenton	Bell 222
	Warrenton	Dobbs/Hanger	Bell 222
7/26/84	RDU	Wilmington	Kingair
	Wilmington	Clinton	Kingair
	Clinton	RDU	Kingair
7/31/84	Hanger	Dobbs	Bell 222
	Dobbs	Lumberton	Bell 222
	Lumberton	Dobbs	Bell 222
	Dobbs	Hanger	Bell 222
	RDU	Charlotte	Kingair
	Charlotte	RDU	Kingair

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RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

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STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

December 7, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

Re: MUR 1686
State of North Carolina

Dear Chairman Elliott:

As counsel to the State of North Carolina, I hereby respectfully request that MUR 1686 be dismissed as to the State of North Carolina.

In support of this request, I am attaching a copy of a special review of the Governor's utilization of State-owned aircraft as conducted by the office of the State Auditor for the State of North Carolina. A copy of the auditor's report is attached hereto as Exhibit A.

The Auditor for the State of North Carolina is an independently elected official, who is not under the supervision or control of the Governor. I have attached hereto as Exhibit B a copy of the portions of the Constitution of North Carolina creating the Office of the State Auditor.

The State Auditor reviewed the Governor's use of State-owned aircraft for the period July 1, 1982, through September 30, 1984. This time period covers all of the time that Governor Hunt was deemed to be a candidate for the United States Senate. After very thoroughly reviewing that travel, the State Auditor concluded that payments from the Jim Hunt Committee to the State of North Carolina resulted in a net overpayment to the State. Therefore, the Governor's use of the State-owned aircraft could not be an unreported in-kind contribution by the State to Governor Hunt's campaign committee. For that reason, I respectfully request that the Commission dismiss the State of North Carolina as a party to MUR 1686.

As you may know, the use of State-owned aircraft by the Governor is also the subject of litigation in State court. In the course of that litigation, the

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State filed copies of notes and memorandums the Governor had written concerning his use of the State aircraft. Attached hereto as Exhibit C is a copy of that filing in State Superior Court.

Thank you for your courteous consideration of this request.

Sincerely,

Jack Cozort

Jack Cozort
Counsel to the Governor

JC/tmg

Attachments

cc: Judy Thedford

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SPECIAL REVIEW

GOVERNOR'S UTILIZATION OF STATE-OWNED AIRCRAFT

October, 1984

STATE OF NORTH CAROLINA
OFFICE OF THE STATE AUDITOR
RALEIGH 27611

EDWARD RENFROW
STATE AUDITOR

TEL. NO. (919) 733-3217

October 11, 1984

The Honorable James B. Hunt, Jr., Governor
Office of the Governor
Raleigh, North Carolina 27611

Dear Governor Hunt:

We have performed a review of your utilization of state-owned aircraft for the period July 1, 1982 through September 30, 1984. Enclosed herewith is a summary of our review.

The specific objectives of the review were:

- To determine the operating costs of the state-owned aircraft under the control of the Department of Commerce.
- To determine if the Office of the Governor has reimbursed the Department of Commerce for all trips taken on state-owned aircraft.
- To determine if representations on allocating the Governor's use of state-owned aircraft between official and political travel are reasonable.
- To determine if the State of North Carolina has recovered its full cost of operating state aircraft for any non-state business.

Since the primary objective of our review was to determine if the State of North Carolina has recovered the full costs associated with operating the state-owned aircraft for non-state business, we did not attempt to determine whether you or the Jim Hunt Committee had complied with the political travel rules and regulations of the Federal Election Commission (FEC). Application of FEC rules to your trips may generate travel costs substantially different from our analyses. Also, we did not attempt to address the legal issue concerning the propriety of using state-owned aircraft for political purposes.

Exhibit A, Statement of Political Travel Cost, presents in summary the results of our review. It reflects our calculations of political trip costs, payments made in your behalf by the Jim Hunt Committee, and net amounts overpaid or underpaid as of September 30, 1984. This exhibit reflects a total amount due of $235,313.38 with payments from the Jim Hunt Committee totaling $235,882.28; a net overpayment of $568.90.

We wish to express our appreciation to the personnel at both the Department of Commerce and the Office of the Governor for the cooperation extended to us during the review.

Sincerely,

Edward Renfrow
State Auditor

ER/GW:dr

Enclosure

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Scope

The scope of this review was limited to those aircraft trips taken by the Governor, or his immediate family or staff, on state-owned aircraft which are under the management of the Department of Commerce. The period of our examination was for the period July 1, 1982 through September 30, 1984.

Specific procedures utilized in performing our review were:

- To review and analyze accounting records at the Department of Commerce and the Office of the Governor.

- To review and analyze flight records, itineraries, and schedules to determine the total trips taken and the nature of the trips.

- To conduct interviews with pilots, management officials, and accounting staff knowledgeable about the Governor's use of state-owned aircraft.

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Criteria and Methodology

Operating Cost Per Hour:

Our examination included a review of expenses at the Department of Commerce to determine the total operating costs for each aircraft. Operating costs were allocated by the Department of Commerce to three aircraft classes.

- King Air E-90 Airplane
- 222 Bell Helicopter
- Two 206 Bell Helicopters

Based upon our review of the schedule of operating costs prepared by the Department of Commerce, we verified the allocation methods and costs recorded, but made the following adjustments to the amounts computed by the Department of Commerce.

- For flight hours, we recalculated the total number of customer flight (block) hours.
- For salaries, we recalculated these costs on the basis of actual flight time each pilot flew each class of aircraft.
- Depreciation expense was computed using the straight line method, with a salvage value of thirty percent (30%), over an estimated life of ten (10) years. The two 206 Bell helicopters were fully depreciated prior to July 1, 1982.
- Administrative overhead expense was allocated to each class of aircraft on the basis of the indirect cost plan approved by the U. S. Department of Energy for the Department of Commerce.

Interest Computation:

Interest was computed on the unpaid balance of all political trips from July 1, 1982 through September 30, 1984. For each of the months, we calculated the average daily unpaid balances and applied the monthly rate of return earned by the Department of State Treasurer on its short-term investment fund to determine interest payable.

Auditor's Method of Allocating the Governor's Trips Between Official and Political Travel:

We obtained copies of aircraft trip reports, SBI itineraries, and the Governor's agendas. From our analysis of these documents, we assigned the various segments (flight time) of a trip into one of three major categories:

- All Political	100%
- All Official	100%
- Political/Official	50%/50%

Except in unusual circumstances, the return segment of a trip that involved both political and official activities was prorated 50%/50%.

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Results of Review

Billing Rates Compared to Actual Costs:

From our review of the rates established by the Department of Commerce, and used by the Office of the Governor to bill the Jim Hunt Committee, we have concluded that the rates used were not based on actual costs. We feel there are several reasons for this. First, state-owned aircraft are usually purchased through capital improvement projects approved by the General Assembly. For example, in 1980-81 the Department of Commerce purchased the Bell 222 helicopter for approximately $1.3 million dollars. Since the General Assembly appropriated the funds to purchase the aircraft, no depreciation expense was considered necessary by the Department of Commerce when the $200 per hour rate was established for the Bell 222 helicopter. Additionally, the General Assembly supplements Commerce's aircraft operations each year with a general fund appropriation. Since the actual operating costs are supplemented through appropriations, the billing rates established by Commerce were never intended to recover actual operating costs from other state agencies when they used the aircraft for official state business.

It has been previously pointed out to the Governor (State Auditor's Operational Audit on State Owned Aircraft dated August 1978) that the billing rates charged did not recover the full operating costs of the aircraft. In our opinion, the Governor's staff used poor judgment when they assumed that political travel could be reimbursed at the same subsidized rates established for the Governor's official travel.

A comparison of actual costs per hour computed by the State Auditor's Office to Commerce's billing rates per hour is presented below.

	King Air		Bell 222		Bell 206	
	1982-83	1983-84	1982-83	1983-84	1982-83	1983-84
Actual Costs (per auditor)	$1,070.49	$859.87	$925.73	$1,435.00	$569.38	$439.79
Commerce Billing Rates	300.00	300.00	200.00	200.00	195.00	195.00
Understated	$ 770.49	$559.87	$725.73	$1,235.00	$374.38	$244.79

The actual operating costs per hour of operation are substantially greater than the billing rates established by the Department of Commerce. For instance, the billing rate established by Commerce for the Bell 222 was $200.00 per hour, but the actual operating costs per hour during 1983-84 was $1,435.00, representing a difference of $1,235.00 per hour. Since the Governor's Office also used Commerce's rates when billing the Jim Hunt Committee, all invoices sent to the Jim Hunt Committee were understated by the difference between actual costs and the billing rates.

In September, 1984 the Governor's Office requested the Department of Commerce to compute the actual costs associated with operating the aircraft. The schedule below provides a comparison of the actual cost per hour by aircraft as computed by the Department of Commerce with the actual costs computed by the State Auditor. Depreciation and overhead expenses included by the State Auditor account for most of the differences.

	King Air		Bell 222		Bell 206	
	1982-83	1983-84	1982-83	1983-84	1982-83	1983-84
Actual Costs (per auditor)	$1,070.49	$859.87	$925.73	$1,435.00	$569.38	$439.79
Actual Costs (per Commerce)	725.97	630.86	726.47	1,110.33	553.46	524.60
Understated (Overstated)	$ 344.52	$229.01	$199.26	$ 324.67	$ 15.92	$(84.81)

Reimbursements to Department of Commerce for All Trips Taken By Governor's Office:

To ensure that the Governor's Office was reimbursing the Department of Commerce for all trips taken, we analyzed aircraft trip reports at the Department of Commerce for all trips identifiable and invoiced to the Governor's Office. We subsequently analyzed all payments made by the Governor's Office to Commerce's trip reports and determined that trips were routinely paid for by the Office of the Governor.

We further attempted to attest to the reliability of the Department of Commerce trip reports by comparing flight hours indicated on the trip reports to the aircraft flight time recorders (Hobbs meter). We were told that the flight time recorders were not used, or in the case of one of the aircraft did not exist; therefore, we were unable to verify the flight hours recorded on trip reports to any other evidential matter.

Although we were unable to determine if the trip reports were all-inclusive and represented all flights by the Governor, nothing came to our attention that would cause us to believe that unrecorded flights exist for the Governor.

Reasonableness of Allocating the Governor's Trips Between Official and Political Travel:

From a review of the invoices sent to and payments received from the Jim Hunt Committee, we determined that various allocation methods were used by the Governor's Office to allocate the trip costs between official and political travel. Trips taken during 1982-83 were usually prorated based upon the flight time associated with a particular segment of a trip. Other methods were used during 1983-84, such as determining the total amount of time (in hours) that the Governor spent on official and political activities and then

billing the Jim Hunt Committee for the political portion of those hours. A recalculation was made in September, 1984 for trips from August 9, 1983 to July 31, 1984 based on the methodology that if any portion of a trip was determined to be political, then the entire trip was charged to and paid for by the Jim Hunt Committee.

The following example describes how the Governor's Office usually allocated trips between official and political travel. On trip number #24536 dated September 25, 1982, the Governor flew on the King Air from Raleigh-Durham airport to Statesville, North Carolina. At Statesville the Governor took ground transportation to Hiddenite to attend a "Celebration of the Arts" event, which was official. From Hiddenite, the Governor took ground transportation to Hickory to attend a political event. The King Air flew from Statesville to Hickory airport and waited on the Governor. After the political event, the Governor flew from Hickory to Raleigh-Durham airport.

The Governor's Office allocated the trip as follows:

Date of Trip	From	To	Flight Time	Official	Political
9/25/82	RDU	Statesville	.70	.70	-
		Hickory	.20	-	.20
		RDU	.70	.70	-
Totals			1.60	1.40	.20

Using the hourly rate of $300.00, the Jim Hunt Committee reimbursed the state $60.00 for the trip (.2 flight hours x $300.00 per hour = $60.00).

We evaluated the above allocation method and did not agree with the results. We realize that no one set rule of allocation would be 100% equitable for all circumstances. However, using the nature of the event or activity and total flight time, we allocated trip #24536 as follows:

Date of Trip	From	To	Flight Time	Official	Political
9/25/82	RDU	Statesville	.70	.70	-
		Hickory	.20	-	.20
		RDU	.70	.35	.35
Totals			1.60	1.05	.55

Our reasoning was to charge each segment of a trip as either 100% official, 100% political, or 50%/50% between official and political. Except in unusual circumstances, the return segment of a trip that involved both political and official activities was split 50%/50%.

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If trip #24536 dated September 25, 1982 had occurred between August 9, 1983 and July 31, 1984, it would have been recalculated in September, 1984 as follows:

Date of Trip	From	To	Flight Time	Official	Political
9/25/82	RDU	Statesville	.70	-	.70
		Hickory	.20	-	.20
		RDU	.70	-	.70
Totals			1.60		1.60

The Jim Hunt Committee would have paid for the entire trip of 1.60 hours.

Summary and Conclusions:

Based upon our review of the Governor's use of state-owned aircraft, we have concluded that the State of North Carolina was not recovering its full cost of operation at the time the aircraft was utilized for non-state business. From our calculation of cost per hour and allocation methodology described herein, we have determined a total cost plus interest of $235,313.38 for the Governor's political travel from July 1, 1982 to September 30, 1984. As shown on Exhibit A, total payments made by the Jim Hunt Committee (including supplemental payments made in September, 1984) have reimbursed the total costs calculated in this review.

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Statement of Political Travel Costs

July 1, 1982 Through September 30, 1984

Exhibit A

	July 1, 1982 Through June 30, 1983	July 1, 1983 Through June 30, 1984	July 1, 1984 Through September 30, 1984	Totals
State Aircraft Travel Costs (Schedule 1)	$44,671.83	$154,223.53	$19,563.15	$218,458.51
Add: Interest (Schedule 2)	2,866.84	9,614.76	4,373.27	16,854.87
Total Amount Due	$47,538.67	$163,838.29	$23,936.42	$235,313.38
Less: Payments (Jim Hunt Committee) (Schedule 3)	7,689.56	217,234.02	10,958.70	235,882.28
Total Amount Due or (Overpaid)	$39,849.11	$(53,395.73)	$12,977.72	$ (568.90)

Statement of Aircraft Trip Costs

By State Fiscal Years

Exhibit B

From	To	Fiscal Year	Trip Costs	Official	Political
July 1, 1982	June 30, 1983	1982-83	$305,486.42	$260,814.59	$ 44,671.83
July 1, 1983	June 30, 1984	1983-84	397,407.48	243,183.95	154,223.53
July 1, 1984	September 8, 1984	1984-85	51,019.33	31,456.18	19,563.15
Trip Totals			$753,913.23	$535,454.72	$218,458.51

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Statement of Aircraft Transportation Costs

Computation of Operating Cost Per Hour

For the Years Ended June 30, 1983 and 1984

Exhibit C

	Totals 1983-84	Totals 1982-83	222 Bell 1983-84	222 Bell 1982-83	King Air 1983-84	King Air 1982-83	Two 206 Bells 1983-84	Two 206 Bells 1982-83
Aircraft Transportation Expenses:								
Operating Costs	$718,650.64	$577,096.74	$344,254.55	$238,613.10	$224,674.25	$175,566.90	$149,721.84	$162,916.74
Indirect Costs	14,326.50	14,292.81	4,775.50	4,764.27	4,775.50	4,764.27	4,775.50	4,764.27
Annual Depreciation	145,162.22	145,162.22	92,662.22	92,652.22	52,500.00	52,500.00		
Total Aircraft Transportation Expenses	$878,139.36	$736,551.77	$441,692.27	$336,039.59	$281,949.75	$232,831.17	$154,497.34	$167,681.01
Total Customer Flight (Block) Hours	987.00	875.00	307.80	363.00	327.90	217.50	351.30	294.50
Operating Cost Per Hour	$889.71	$841.77	$1,435.00	$925.73	$859.87	$1,070.49	$439.79	$569.38

Schedule of Aircraft Trip Costs

For Official and Political Travel

Schedule 1

July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
7/1/82	$ 3,054.91	$ 3,054.91	$ .00
7/9/82	1,284.59	1,284.59	
7/18/82	3,104.42	3,104.42	
7/19/82	3,425.57	2,248.03	1,177.54
7/20/82	2,129.18	2,129.18	
7/21/82	1,391.64	1,391.64	
7/23/82	3,853.76	3,853.76	
7/25-28/82	8,456.87	8,456.87	
7/26/82	5,646.95	5,646.95	
7/29/82	3,054.91	3,054.91	
7/30/82	2,406.90	2,406.90	
8/3/82	2,406.90	2,406.90	
8/4/82	1,138.76	1,138.76	
8/7,10,11/82	7,172.28	5,352.45	1,819.83
8/15/82	4,174.92	2,087.46	2,087.46
8/24/82	1,203.45		1,203.45
8/25/82	1,819.83	1,819.83	
8/26/82	1,481.17	1,481.17	
8/27/82	2,129.18	2,129.18	
8/28/82	1,423.45	1,423.45	
9/2/82	2,499.47	2,499.47	
9/8/82	2,036.61	2,036.61	
9/10/82	1,388.60	1,388.60	
9/14/82	925.73	925.73	
9/15,17/82	4,281.96	4,281.96	
9/17/82	3,517.77	2,777.19	740.58
9/18/82	2,777.19	1,157.16	1,620.03
9/19-20/82	4,389.01	4,389.01	
9/21/82	740.20	398.57	341.63
9/24/82	1,819.83		1,819.83
9/24/82	1,878.95	1,394.98	483.97
9/25/82	1,712.78	1,124.01	588.77
9/28/82	1,666.31	1,110.87	555.44
9/30/82	1,203.45	601.72	601.73
10/1/82	833.16	833.16	
10/1/82	3,147.48	2,406.90	740.58
10/1,3/82	2,140.98	2,140.98	
10/2/82	1,018.30		1,018.30
10/4/82	3,702.92	648.01	3,054.91
10/5/82	4,165.79	3,610.35	555.44
10/5/82	2,355.08	2,355.08	
10/5-7/82	5,780.65	5,780.65	
10/8/82	1,605.74	1,605.74	

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Schedule 1
Page 2

July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
10/9/82	$ 1,758.89	$ 1,758.89	$ .00
10/12/82	512.44	512.44	
10/13/82	1,666.31		1,666.31
10/14/82	833.16	833.16	
10/14/82	1,481.17	1,481.17	
10/15/82	1,573.74		1,573.74
10/16/82	2,777.19	925.73	1,851.46
10/18/82	1,851.46		1,851.46
10/19/82	3,054.91	972.02	2,082.89
10/21/82	1,758.89		1,758.89
10/23,24/82	2,140.98		2,140.98
10/25/82	1,944.03	509.15	1,434.88
10/26/82	5,276.66	5,276.66	
10/27/82	1,498.69	1,498.69	
10/27/82	398.57	398.57	
10/29/82	2,355.08	1,445.16	909.92
10/30/82	1,758.89	648.01	1,110.88
11/1/82	3,702.92	786.87	2,916.05
11/3/82	2,406.90	2,406.90	
11/4/82	1,284.59	1,284.59	
11/7,10/82	12,203.59	12,203.59	
11/17/82	4,165.79	2,962.34	1,203.45
11/18/82	398.57	398.57	
11/22/82	1,819.83	1,819.83	
11/29/82	2,869.76	2,869.76	
12/2/82	2,499.47	2,499.47	
12/2/82	1,284.59	1,284.59	
12/7/82	1,573.74	786.87	786.87
12/17/82	2,221.75	1,110.87	1,110.88
1/11/83	1,481.17	1,481.17	
1/18/83	3,240.06	3,240.06	
1/20/83	1,296.02	1,296.02	
1/21/83	1,203.45	1,203.45	
1/28/83	1,573.74	1,573.74	
2/4/83	2,592.04	2,592.04	
3/8/83	1,573.74	1,573.74	
3/14/83	1,391.64	1,391.64	
3/14/83	1,758.89	1,758.89	
3/15/83	1,070.49	1,070.49	
3/24/83	1,605.74	1,605.74	
3/25,26/83	2,129.18	2,129.18	
3/27/83	1,819.83	1,819.83	
3/28/83	963.44	963.44	
4/1-4/83	14,130.47	14,130.47	
4/7-10/83	4,496.06	4,496.06	
4/12/83	1,498.69	1,498.69	
4/12/83	2,036.61	2,036.61	

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
4/13/83	$ 2,036.61	$ 2,036.61	$ .00
4/13/83	2,248.03	2,140.98	107.05
4/15/83	4,998.94	3,656.63	1,342.31
4/18/83	3,702.92	3,702.92	
4/22-23/83	3,332.63	3,332.63	
4/26/83	3,795.49	3,795.49	
4/29/83	1,944.03	1,944.03	
4/30/83	4,350.93	4,350.93	
5/2/83	569.38	569.38	
5/6/83	2,221.75	1,573.74	648.01
5/9/83	512.44	512.44	
5/10/83	1,296.02	1,296.02	
5/11/83	3,517.77	3,517.77	
5/15/83	2,676.23	2,676.23	
5/16-17/83	2,676.23	2,676.23	
5/18/83	2,314.33	2,314.33	
5/20/83	1,944.03	1,944.03	
5/21/83	1,566.31	1,566.31	
5/23/83	2,890.32	2,890.32	
5/24/83	1,391.64	1,391.64	
5/25/83	925.73	925.73	
5/27/83	398.57	398.57	
5/27/83	1,110.88	1,110.88	
5/28/83	2,997.37	2,997.37	
5/31/83	626.32	626.32	
6/3/83	2,033.93	2,033.93	
6/7/83	626.32	626.32	
6/10/83	1,296.02	1,296.02	
6/13/83	4,350.93	4,350.93	
6/15/83	1,296.02	1,296.02	
6/17/83	2,676.23	2,676.23	
6/17-18/83	2,248.03	2,248.03	
6/21-22/83	3,532.62	1,766.31	1,766.31
Trip Totals, 1982-83	$305,486.42	$260,814.59	$ 44,671.83
7/7/83	$ 1,117.83	$ 1,117.83	$ .00
7/13/83	4,305.00	4,305.00	
7/28/83	5,596.50	5,596.50	
7/29/83	4,879.00	4,879.00	
7/30-8/2/83	5,245.20	2,622.60	2,622.60
8/2/83	2,870.00	2,870.00	
8/3/83	1,435.00	1,435.00	
8/9/83	3,525.47	3,525.47	
8/15/83	2,726.50	2,726.50	
8/16/83	2,583.00	1,793.75	789.25
8/16/83	2,870.00	1,219.75	1,650.25

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
8/17/83	$ 1,805.73	$ 1,805.73	$ .00
8/18/83	1,203.82		1,203.82
8/24/83	1,203.82	1,203.82	
8/24/83	2,870.00	2,870.00	
9/15/83	4,161.50	4,161.50	
9/16-17/83	1,719.74	1,719.74	
9/23/83	2,439.50	1,363.25	1,076.25
9/30/83	3,013.50	3,013.50	
10/1/83	3,874.50	1,937.25	1,937.25
10/3/83	2,870.00	1,004.50	1,865.50
10/5/83	3,731.00	3,731.00	
10/7/83	2,152.50	1,076.25	1,076.25
10/7/83	859.87	859.87	
10/10/83	1,977.70	1,977.70	
10/15/83	687.90	343.95	343.95
10/12/83	219.90	219.90	
10/15/83	395.81	395.81	
10/18/83	395.81	395.81	
10/21/83	307.85	307.85	
10/21/83	2,493.63	1,805.73	687.90
10/22-23/83	1,977.71	1,289.81	687.90
10/24/83	945.85	300.95	644.90
10/25/83	1,117.84	558.92	558.92
10/27/83	4,161.50	1,219.75	2,941.75
10/28/83	3,013.50	3,013.50	
10/29/83	2,439.50		2,439.50
10/31/83	2,407.64	1,848.72	558.92
11/1/83	1,117.83	730.89	386.94
11/2/83	2,296.00	2,296.00	
11/2/83	3,587.50		3,587.50
11/3/83	2,439.50	2,439.50	
11/4/83	3,874.50	3,874.50	
11/4/83	2,726.50	2,726.50	
11/4/83	1,578.50	1,578.50	
11/5/83	3,874.50	1,148.00	2,726.50
11/7/83	3,181.52	3,181.52	
11/9-10/83	4,213.36	4,213.36	
11/19/83	5,022.50		5,022.50
11/22/83	4,018.00	2,009.00	2,009.00
11/22/83	3,181.52	2,708.59	472.93
11/23/83	1,203.82		1,203.82
11/29-30/83	2,493.62	2,493.62	
12/2/83	687.90	687.90	
12/5/83	1,891.72	1,461.78	429.94
12/8/83	1,891.71	1,891.71	
12/11-12/83	3,267.51		3,267.51
12/13/83	859.88	429.94	429.94

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
12/15/83	$ 1,805.73	$ 1,805.73	$ .00
1/5/84	773.88	773.88	
1/7/84	1,865.50	1,865.50	
1/9/84	3,731.00	3,731.00	
1/10/84	2,870.00	1,435.00	1,435.00
1/12/84	1,203.82		1,203.82
1/17/84	1,375.80	687.90	687.90
1/19/84	4,592.00	2,296.00	2,296.00
1/24/84	1,375.79	1,375.79	
1/25/84	2,665.59	1,891.71	773.88
1/27-28/84	5,073.24	2,407.64	2,665.60
1/31/84	4,448.50	2,009.00	2,439.50
2/7-8/84	2,665.60	1,332.80	1,332.80
2/9/84	4,161.50	2,870.00	1,291.50
2/11/84	2,152.50		2,152.50
2/12/84	4,127.38		4,127.38
2/13/84	4,161.50	3,372.25	789.25
2/14/84	3,874.50	1,865.50	2,009.00
2/16/84	1,289.81	687.90	601.91
2/18/84	3,444.00	2,009.00	1,435.00
2/20/84	6,027.00	5,453.00	574.00
2/21/84	3,874.50	1,435.00	2,439.50
2/23/84	2,870.00	1,435.00	1,435.00
2/24-28/84	1,977.70	988.85	988.85
2/29/84	3,181.52	1,590.76	1,590.76
3/3/84	1,289.81		1,289.81
3/9/84	1,289.80	644.90	644.90
3/10/84	967.54	967.54	
3/12/84	791.62	439.79	351.83
3/16-17/84	3,009.55	3,009.55	
3/19/84	1,117.83	1,117.83	
3/20/84	1,891.72	945.86	945.86
3/21/84	1,977.70		1,977.70
3/22/84	1,977.70	644.90	1,332.80
3/23/84	1,805.73	1,805.73	
3/26/84	1,203.82	601.91	601.91
3/27/84	263.87		263.87
3/27/84	1,117.84	558.92	558.92
2/28/84	1,031.84	1,031.84	
3/29/84	859.87	859.87	
3/30-31/84	1,977.71	687.90	1,289.81
4/1/84	1,231.41	1,231.41	
4/2/84	1,289.80	644.90	644.90
4/3/84	859.88	429.94	429.94
4/5/84	687.90	687.90	
4/6/84	659.69	659.69	
4/8/84	1,805.73		1,805.73

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
4/9/84	$ 1,461.78	$ 730.89	$ 730.89
4/10/84	2,493.62	1,375.79	1,117.83
4/13/84	1,031.84	515.92	515.92
4/14/84	527.74	263.87	263.87
4/16/84	945.86		945.86
4/18/84	1,203.82	601.91	601.91
4/18/84	483.77	483.77	
4/19/84	1,461.78	730.89	730.89
4/24/84	1,805.72	902.86	902.86
4/25/84	3,353.49	3,353.49	
4/29/84	3,267.51	3,267.51	
4/30/84	2,726.50		2,726.50
5/1/84	1,231.41	703.66	527.75
5/1/84	1,031.84	1,031.84	
5/2/84	1,435.00	1,435.00	
5/2/84	4,592.00		4,592.00
5/3/84	2,296.00		2,296.00
5/3/84	1,805.73		1,805.73
5/4/84	7,749.00	6,385.75	1,363.25
5/5/84	6,314.00	4,018.00	2,296.00
5/8/84	2,152.50		2,152.50
5/9/84	1,011.52	483.77	527.75
5/9/84	2,439.50	2,439.50	
5/10/84	1,289.80	644.90	644.90
5/11/84	1,805.72	902.86	902.86
5/11/84	6,601.00	4,233.25	2,367.75
5/14/84	4,018.00		4,018.00
5/15/84	1,805.73		1,805.73
5/17/84	1,143.45	1,143.45	
5/17/84	3,731.00	2,152.50	1,578.50
5/19/84	2,152.50	2,152.50	
5/20/84	3,525.47		3,525.47
5/21/84	1,031.84	515.92	515.92
5/21/84	7,031.50	3,157.00	3,874.50
5/23-24/84	4,815.27	386.94	4,428.33
5/25/84	1,203.82	601.91	601.91
5/25/84	2,870.00	2,870.00	
5/30/84	2,439.50	2,439.50	
5/31/84	1,891.72	687.90	1,203.82
6/1/84	2,870.00	2,870.00	
6/2/84	659.69		659.69
6/2/84	2,439.50		2,439.50
6/4/84	4,448.50	4,448.50	
6/6/84	3,013.50		3,013.50
6/9/84	1,719.74	859.87	859.87
6/11/84	1,633.76	816.88	816.88
6/12/84	2,439.50	1,363.25	1,076.25

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July 1, 1982 Through September 30, 1984

Date of Trip	Trip Costs	Official	Political
6/14/84	$ 1,203.82	$ .00	$ 1,203.82
6/16/84	879.58		879.58
6/15-16/84	1,805.73	1,805.73	
6/19/84	571.73	571.73	
6/22/84	859.87		859.87
6/22/84	1,865.50	1,865.50	
6/23/84	879.58	879.58	
6/23/84	4,305.00	4,305.00	
6/25/84	5,022.50	2,941.75	2,080.75
6/26/84	3,444.00	3,444.00	
6/26/84	2,726.50		2,726.50
6/29-30/84	4,735.50	1,722.00	3,013.50
Trip Totals, 1983-84	$397,407.48	$243,183.95	$154,223.53
7/4/84	$ 3,013.50	$ 3,013.50	$ .00
7/7/84	1,143.45		1,143.45
7/7/84	1,289.81	1,289.81	
7/8/84	659.69	659.69	
7/9-10/84	1,633.75	601.91	1,031.84
7/10/84	747.64	439.79	307.85
7/10-11/84	1,461.78		1,461.78
7/12/84	1,203.82	1,203.82	
7/13/84	1,461.78	1,461.78	
7/25/84	4,448.50	2,009.00	2,439.50
7/26/84	1,289.81		1,289.81
7/28/84	1,891.71		1,891.71
7/30/84	3,353.49	3,353.49	
7/31/84	2,870.00	2,870.00	
7/31/84	1,289.81		1,289.81
8/2/84	5,417.18	5,417.18	
8/7/84	1,435.00	1,435.00	
8/11/84	2,149.68	2,149.68	
8/12/84	2,726.50		2,726.50
8/14/84	3,013.50	3,013.50	
8/18/84	2,149.68	1,461.78	687.90
8/22/84	2,583.00		2,583.00
8/23/84	1,633.75		1,633.75
9/7/84	2,152.50	1,076.25	1,076.25
Trip Totals, 1984-85	$ 51,019.33	$ 31,456.18	$ 19,563.15
Grand Total	$753,913.23	$535,454.72	$218,458.51

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Schedule of Interest Payable

On Unpaid Trips

July 1, 1982 Through September 8, 1984

Schedule 2

Month	Interest Amount	
July 1982	$ 10.66	
August	36.57	
September	71.08	
October	224.01	
November	333.89	
December	344.48	
January 1983	306.45	
February	270.96	
March	305.41	
April	273.01	
May	354.32	
June	336.00	
		$ 2,866.84
July	$ 328.90	
August	380.67	
September	396.15	
October	468.89	
November	598.48	
December	700.93	
January 1984	732.82	
February	818.79	
March	1,060.69	
April	1,110.59	
May	1,384.79	
June	1,633.06	
		9,614.76
July	$ 1,502.79	
August	1,625.78	
September	1,244.70	
		4,373.27
Total		$16,854.87

8504052201

Schedule of Payments Received From

Jim Hunt Committee

July 1, 1982 Through September 30, 1984

Schedule 3

Date of Deposit		Total Amount	Payments on Trips Taken: July 1 to June 30, 1983	July 1 to June 30, 1984	July 1 to September 30, 1984
September 13, 1982		$ 480.00	$ 480.00	$ .00	$ .00
November 17, 1982		1,689.80	1,689.80		
December 21, 1982		4,280.00	4,280.00		
February 18, 1983		420.00	420.00		
June 21, 1983		621.76	621.76		
July 20, 1983		198.00	198.00		
October 14, 1983		620.00		620.00	
December 20, 1983		1,243.43		1,243.43	
January 16, 1984		1,992.00		1,992.00	
February 16, 1984		120.00		120.00	
February 16, 1984		1,254.14		1,254.14	
April 13, 1984		2,088.73		2,088.73	
April 30, 1984		6,569.50		6,569.50	
June 28, 1984		32,378.33		32,378.33	
September 24, 1984		5,267.00		5,267.00	
September 24, 1984		1,995.00		1,995.00	
September 24, 1984		246.65		246.65	
September 24, 1984	$185,938.87				
Less: Payment for Ground Travel	(11,520.93)	174,417.94		163,459.24	10,958.70
Grand Total		$235,882.28	$7,689.56	$217,234.02	$10,958.70

Listing of Aircraft Under the Management of the Department of Commerce

Schedule 4

I.D. No.	Description	Recorded Value
121 NC	Bell 222 Helicopter	$1,323,746.00
122 NC	Beech E-90 King Air Airplane	$ 750,000.00
123 NC	Bell Jet Ranger 206B Helicopter	$ 137,000.00
124 NC	Bell Jet Ranger 206B Helicopter	$ 132,000.00

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Exhibit B

suspended in part. Where a single offense is involved, the sentence must be made active in full or suspended in full. A split sentence is in effect an anticipatory pardon or parole, violative of the provisions of the Constitution of North Carolina appertaining to pardons and paroles. In re Powell, 241 N.C. 288, 84 S.E.2d 906 (1954).

Power of Appointment under Constitution of 1868—In General.—In the Constitution of 1868, Art. III, § 10, corresponding to subsection (8) of this section, authorized the Governor to appoint "all officers whose offices are established by this Constitution, which shall be created by law, and whose appointments are not otherwise provided for," and prohibited the General Assembly from appointing or electing such officers. In 1875, the section was amended and this express prohibition was removed and the express grant of power to the Governor restricted to "all officers whose offices are established by this Constitution and whose offices are not otherwise provided for."

Construing Art. III, § 10, and cognate sections of the Constitution of 1868 in reference to vacancies, etc., prior to 1875, it was held in various decisions that the term, "unless otherwise provided for," meant unless otherwise provided for by the Constitution itself, and that, except in specified and restricted instances, the legislature had no power to appoint to office or to fill vacancies therein. State ex rel. Clark v. Stanley, 66 N.C. 60 (1872); People ex rel. Nichols v. McKee, 68 N.C. 429 (1873); People ex rel. Welker v. Bledsoe, 68 N.C. 457 (1873). And see Trustees of Univ. of N.C. v. McIver, 72 N.C. 76 (1875). Article III, § 10, Const. 1868, as it then existed, and others of kindred nature, were altered by the Convention of 1875. And it became the accepted view that, in all offices created by statute, including the directorates of State institutions, the power of appointment, either original or to fill vacancies, was subject to legislative provision as expressed in a valid enactment. See State ex rel. Salisbury v. Croom, 167 N.C. 223, 83 S.E. 354 (1914); Cunningham v. Sprinkle, 124 N.C. 638, 33 S.E. 138 (1899); State ex rel. Cherry v. Burns, 124 N.C. 761, 33 S.E. 136 (1899).—Ed. note.

Same—Filling Vacancy and Appointing for Regular Term Distinguished. — The Governor never nominates to the Senate to fill vacancies. He does that alone, in all cases. But where officers have to be appointed to fill a regular term, then he nominates to the Senate, unless it be an officer who is elected by the people, and then he never nominates to the Senate, but fills the vacancy or term by his own appointment (unless there is an officer holding over), until the people can elect. People ex rel. Battle v. McIver, 68 N.C. 467 (1873), decided prior to 1875 amendment to Art. III, § 10, Const. 1868.

Same—Appointment by Governor Limited to Constitutional Officers. — The inherent right of the Governor to appoint was restricted to constitutional offices and where the Constitution of 1868 itself so provided. State ex rel. Salisbury v. Croom, 167 N.C. 223, 83 S.E. 354 (1914).

Same—Power of Legislature to Fill Statutory Offices. — The Convention of 1875 intended to alter the Constitution as interpreted in People ex rel. Nichols v. McKee, 68 N.C. 429 (1873), and to confer upon the General Assembly the power to fill offices created by statute. State Prison v. Day, 124 N.C. 362, 32 S.E. 748 (1899), citing Ewart v. Jones, 116 N.C. 570, 21 S.E. 787 (1895). See also State ex rel. Osborne v. Town of Canton, 219 N.C. 139, 13 S.E.2d 265 (1941).

Same—Transfer of Duties of Office.—While the General Assembly has the power to abolish an office created by legislative authority, it cannot by mere transfer to others of the duties, connected with an institution, necessary and useful to the public, to be exercised by them, oust the incumbent from an office belonging to him under a contract with the State. State Prison v. Day, 124 N.C. 362, 32 S.E. 748 (1899).

Sec. 6. *Duties of the Lieutenant Governor.* The Lieutenant Governor shall be President of the Senate, but shall have no vote unless the Senate is equally divided. He shall perform such additional duties as the General Assembly or the Governor may assign to him. He shall receive the compensation and allowances prescribed by law.

Editor's Note.—The provisions of this section are similar to those of Art. III, § 11, Const. 1868, as amended in 1944.

Sec. 7. *Other elective officers.*

(1) *Officers.* A Secretary of State, an Auditor, a Treasurer, a Superintendent of Public Instruction, an Attorney General, a Commissioner of Agriculture, a Com-

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missioner of Labor, and a Commissioner of Insurance shall be elected by the qualified voters of the State in 1972 and every four years thereafter, at the same time and places as members of the General Assembly are elected. Their term of office shall be four years and shall commence on the first day of January next after their election and continue until their successors are elected and qualified.

(2) *Duties.* Their respective duties shall be prescribed by law.

(3) *Vacancies.* If the office of any of these officers is vacated by death, resignation, or otherwise, it shall be the duty of the Governor to appoint another to serve until his successor is elected and qualified. Every such vacancy shall be filled by election at the first election for members of the General Assembly that occurs more than 30 days after the vacancy has taken place, and the person chosen shall hold the office for the remainder of the unexpired term fixed in this Section. When a vacancy occurs in the office of any of the officers named in this Section and the term expires on the first day of January succeeding the next election for members of the General Assembly, the Governor shall appoint to fill the vacancy for the unexpired term of the office.

(4) *Interim officers.* Upon the occurrence of a vacancy in the office of any one of these officers for any of the causes stated in the preceding paragraph, the Governor may appoint an interim officer to perform the duties of that office until a person is appointed or elected pursuant to this Section to fill the vacancy and is qualified.

(5) *Acting officers.* During the physical or mental incapacity of any one of these officers to perform the duties of his office, as determined pursuant to this Section, the duties of his office shall be performed by an acting officer who shall be appointed by the Governor.

(6) *Determination of incapacity.* The General Assembly shall by law prescribe with respect to those officers, other than the Governor, whose offices are created by this Article, procedures for determining the physical or mental incapacity of any officer to perform the duties of his office, and for determining whether an officer who has been temporarily incapacitated has sufficiently recovered his physical or mental capacity to perform the duties of his office. Removal of those officers from office for any other cause shall be by impeachment.

Editor's Note.—The provisions of this section are similar to those of Art. III, § 1, Const. 1868, as amended in 1872-3 and 1944, and Art. III, § 13, Const. 1868, as amended in 1872-3, 1944, 1954 and 1962. The case cited in the following annotation was decided under Art. III, § 13, Const. 1868.

Vacancies Filled by Appointment until Election.—In each of the offices named in this section in which a vacancy is required to be filled, the duty is imposed upon the Governor to appoint another to fill the office until a successor is elected and qualified. Thomas v. State Bd. of Elections, 256 N.C. 401, 124 S.E.2d 164 (1962).

No Election of Successor to Lieutenant Governor.—If it had been the intent of the framers of the Constitution to authorize or require the election of a successor to fill a vacancy in the office of Lieutenant Governor, as required with respect to the offices named in this section, then there is no sound reason why the framers of the Constitution did not include the office of Lieutenant Governor in this section. Thomas v. State Bd. of Elections, 256 N.C. 401, 124 S.E.2d 164 (1962).

Sec. 8. *Council of State.* The Council of State shall consist of the officers whose offices are established by this Article.

Editor's Note. — The provisions of this section are similar to those of Art. III, § 14, Const. 1868, as amended in 1872-3 and 1944.

Sec. 9. *Compensation and allowances.* The officers whose offices are established by this Article shall at stated periods receive the compensation and allowances prescribed by law, which shall not be diminished during the time for which they have been chosen.

Editor's Note.—The provisions of this section are similar to those of Art. III, § 15, Const. 1868, as amended in 1962.

Exhibit C

NORTH CAROLINA

WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
84 CVS 5975

DAVID T. FLAHERTY, BEN HORNE, and TOM HANNON,
Plaintiffs

v.

JAMES B. HUNT, JR., in his individual capacity and as GOVERNOR OF THE STATE OF NORTH CAROLINA; JIM HUNT COMMITTEE, MAYLON E. LITTLE, TREASURER; THE NORTH CAROLINA DEPARTMENT OF COMMERCE; C. C. HOPE, in his individual capacity and as SECRETARY OF THE NORTH CAROLINA DEPARTMENT OF COMMERCE; VICTOR BARFIELD, in his individual capacity and as DEPUTY SECRETARY OF THE NORTH CAROLINA DEPARTMENT OF COMMERCE; and LEO TILLEY, in his individual capacity and as ASSISTANT SECRETARY OF THE NORTH CAROLINA DEPARTMENT OF COMMERCE,
Defendants

AFFIDAVIT

8504052107

Richard C. Titus, being first duly sworn, deposes and says:

1. He is of counsel to plaintiffs in the above entitled action.

2. On 27 September 1984, Jack Cozort, Esquire, Legal Counsel to the Governor, offered the attached documents to the Honorable James H. Pou Bailey, Judge Presiding, said documents being:

a. Memo from Governor Hunt dated June 18, 1982.

b. Memo from Governor Hunt dated September 20, 1982.

c. Memo from Governor Hunt dated May 23, 1983.

d. Memo from Governor Hunt dated July 18, 1983.

e. Memo from Governor Hunt dated October 13, 1983.

f. Memo from Governor Hunt dated May 3, 1984.

g. Memo from Governor Hunt dated June 11, 1984.

This 27th day of September, 1984.

Richard C. Titus, Affiant

NORTH CAROLINA

WAKE COUNTY

I, Janet S. McCaskill, a Notary Public in and for said County and State do hereby certify that Richard C. Titus personally appeared before me this day and under oath acknowledged the due execution of the foregoing Affidavit.

WITNESS MY HAND and notarial seal, this 27th day of September, 1984.

Janet S. McCaskill
Notary Public

JANET S. McCASKILL NOTARY PUBLIC WAKE COUNTY, N. C.

My Commission Expires: 11-13-84

8504052108

CERTIFICATE OF SERVICE

I, Richard C. Titus, of counsel for Plaintiffs, do hereby certify that I have served the foregoing Notice to Take Deposition upon all defendants, or their counsel, by placing a copy of the same in the United States Mail, postage prepaid, addressed to said defendants or their counsel as shown below.

This 27th day of September, 1984.

HARRELL, TITUS & HASSELL

By
Richard C. Titus
Attorneys for Plaintiffs

Suite 208 - Anderson Plaza
100 East Six Forks Road
Post Office Box 19608
Raleigh, North Carolina 27619
Telephone: (919) 781-6422

SERVED:

Honorable James B. Hunt, Jr.
Office of the Governor
The State Capitol
Raleigh, North Carolina 27611

John R. Wallace, Esquire
Kirby, Wallace, Creech, Sarda & Zaytoun
1020 Washington Street
Raleigh, North Carolina 27605

The North Carolina Department of Commerce
c/o Honorable C. C. Hope, Secretary
430 North Salisbury Street
Raleigh, North Carolina 27611

Honorable C. C. Hope
c/o The North Carolina Department of Commerce
430 North Salisbury Street
Raleigh, North Carolina 27611

Honorable Victor Barfield
c/o The North Carolina Department of Commerce
430 North Salisbury Street
Raleigh, North Carolina 27611

Honorable Leo Tilley
c/o The North Carolina Department of Commerce
430 North Salisbury Street
Raleigh, North Carolina 27611

Andrew G. Vanore, Esquire
Senior Deputy Attorney General
Post Office Box 629
Raleigh, North Carolina 27602

Jack Cozort, Esquire
Office of the Governor
Administration Building
Raleigh, North Carolina 27611

8504052109

From

OFFICE OF THE GOVERNOR

June 18, 1982

Memo to: Carolyn Harmon

From: Governor Hunt

Carolyn, make sure that our committee pays for the helicopter on Saturday from Fayetteville to Elizabeth City and back to Wilson - or whatever they have to go out of the way to make the trip.

There are some people down there pretty upset that I am coming down for Mel Daniels and while I think we could justify this as an official trip, there might be some protest about it and I just want you to make sure we have paid for it.

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From

OFFICE OF THE GOVERNOR

Monday, September 20, 1982

TO: Connie Mitchell

Connie, please make sure when I go on these trips that are part political and part official that we are paying our share of the fare. For example, this past weekend I had to go to Grandfather Mountain on business, but the travel for the rest of the day was probably half official and half political, so we probably ought to split the helicopter travel on Saturday.

If you have any questions, let's talk about it--these records have to be absolutely correct.

See me, Connie,
Governor Hunt

8504052211

From

OFFICE OF THE GOVERNOR

Monday, May 23, 1983

To: Connie Mitchell
Joe Pell

I suggest that when I come back from California after being out there to recruit high-technology industry and for some North Carolina Campaign Fund things, that the North Carolina Campaign Fund pay the full price of my ticket from Los Angeles back to Raleigh-Durham. I think you can get a ticket for about $160 or so on these special deals they have, and it would not be very expensive for the Campaign Fund.

Governor Hunt

5-24-83

CC: John Bennett

8504052211 2

From

FFICE OF THE GOVERNOR

Monday, July 18, 1983

To: Connie Mitchell

Please make sure that half of my California trip is paid for by my political funds, and any expenses out there that are not directly related to my film and industry hunting.

Governor Hunt

From

OFFICE OF THE GOVERNOR

Thursday, October 13, 1983

To: Connie Mitchell

I don't know how we are going to handle this, Connie; for example, we went down to Robeson County on the big helicopter to, I suppose, speak to a Party function, and yet I guess the Jim Hunt Committee is having to pay the full cost of that helicopter. It is just turning out to be a lot of money--the value of a 30-second commercial at a key time. I don't say that we turn these down, but we have to be careful about when we go, what we go for and whether or not it is worth it for that particular trip at that particular time, especially if we can't put anything official together with it. Just make sure that you bear all of these things in mind, please.

Governor Hunt

8504052211 4

From

OFFICE OF THE GOVERNOR

Thursday, May 3, 1984

To: Connie Mitchell

Any time I am going as near as Smithfield, please let's make sure that I drive by car instead of going by helicopter.

Governor Hunt

8504052211 5

P.O. Box 25937 Raleigh, N.C. 27611 919-828-4868

Jim Hunt
SENATE

June 11, 1984

MEMO

TO: Connie Mitchell and Mike Davis

FROM: The Governor

On the trip to Onslow County, I believe I had three non-political events. One was a volunteer ceremony, the second was talking with the teachers, and the third was mingling the Department of Transportation. That took up about 4/5th of my time. There was stuck in there a very brief 15 minute mingling with the Deomcratic Women.

If that 15 minute mingling meant that the campaign had to pay the full cost of that trip, then I think we ought to have left it off. We're going to have to think about ways to save money and I want you all to be looking at that kind of thing and not be sending me off with a schedule that could have been changed very, very slightly and saved a thousand dollars for the campaign, in one evening.

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RECEIVED AT THE FEC
GCC#5919
84 DEC 10 P1:

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

84 DEC 11 A9:33
GENERAL COUNSEL

December 7, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

8504052117

Re: MUR 1686
State of North Carolina

Dear Chairman Elliott:

As counsel to the State of North Carolina, I hereby respectfully request that MUR 1686 be dismissed as to the State of North Carolina.

In support of this request, I am attaching a copy of a special review of the Governor's utilization of State-owned aircraft as conducted by the office of the State Auditor for the State of North Carolina. A copy of the auditor's report is attached hereto as Exhibit A.

The Auditor for the State of North Carolina is an independently elected official, who is not under the supervision or control of the Governor. I have attached hereto as Exhibit B a copy of the portions of the Constitution of North Carolina creating the Office of the State Auditor.

The State Auditor reviewed the Governor's use of State-owned aircraft for the period July 1, 1982, through September 30, 1984. This time period covers all of the time that Governor Hunt was deemed to be a candidate for the United States Senate. After very thoroughly reviewing that travel, the State Auditor concluded that payments from the Jim Hunt Committee to the State of North Carolina resulted in a net overpayment to the State. Therefore, the Governor's use of the State-owned aircraft could not be an unreported in-kind contribution by the State to Governor Hunt's campaign committee. For that reason, I respectfully request that the Commission dismiss the State of North Carolina as a party to MUR 1686.

As you may know, the use of State-owned aircraft by the Governor is also the subject of litigation in State court. In the course of that litigation, the

State filed copies of notes and memorandums the Governor had written concerning his use of the State aircraft. Attached hereto as Exhibit C is a copy of that filing in State Superior Court.

Thank you for your courteous consideration of this request.

Sincerely,

Jack Cozort

Jack Cozort
Counsel to the Governor

JC/tmg

Attachments

cc: Judy Thedford ✓

8504052118

TE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

8504052119

math adds up to a brighter future

RECEIVED AT THE FEC

DEC 84 P.M.

N.C.

Ms. Judy Thedford
Federal Election Commission
1325 K. Street, N.W.
Washington, DC 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM

DATE: NOVEMBER 20, 1984

SUBJECT: MUR 1686 - Comprehensive Investigative Report #1 signed November 16, 1984.

The above-captioned matter was circulated to the Commission on a 24 hour no-objection basis at 11:00, November 19, 1984.

There were no objections to the Comprehensive Investigative Report #1 at the time of the deadline.

8504052120

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: November 16, 1984

SUBJECT: MUR 1686 - Comprehensive Investigative Report #1

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[X]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[X]	Litigation	[ ]
Sensitive	[X]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

8504052121

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Jim Hunt Committee)
Maylon E. Little, Treasurer) MUR 1686
State of North Carolina)

COMPREHENSIVE INVESTIGATIVE REPORT #1

On September 28, 1984, the Jim Hunt Committee and its treasurer Maylon E. Little ("the Hunt Committee") and the State of North Carolina responded to the reason to believe notifications. Both resondents, [redacted] and offered all documentary material pertaining to political travel on state-owned aircraft to the Commission for review.

On October 10 through 12, 1984, staff members of the Office of General Counsel met with Counsel for the respondents and reviewed and copied documents in Raleigh, North Carolina. The documents consisted of records for approximately 108 trips containing a daily itinerary, the Governor's daily schedule, a North Carolina Department of Commerce aircraft trip report, and, in some cases, miscellaneous memos. The records covered trips dating from August 9, 1983, when Hunt became a candidate for the U.S. Senate through July 31, 1984, the last date the time allocation formula was used to calculate reimbursement for political travel on State aircraft. These same records were used by the Governor's office to determine the reimbursement owed to the State by the Hunt Committee employing the time allocation formula.

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The Hunt Committee also arranged for us to meet with a representative of the firm which is auditing the Hunt Committee's air travel. The firm is preparing a detailed audit report recalculating all trips made by Governor Hunt since he became a candidate. Respondents have agreed to send this audit report to the Commission. In a phone conversation with counsel for respondents on November 15, 1984, staff was informed that the report has been completed and will be mailed to us shortly.

Upon receipt of the report being provided by the Hunt Committee and State of North Carolina which recalculates the Governor's air travel, the Office of General Counsel will circulate a report to the Commission with recommendations.

8504052213

Charles N. Steele
General Counsel

Nov. 16, 1984
Date

BY: Kenneth A. Gross
Associate General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

N O T E

Four expandable files of Hunt Committee trip records are available for review from the Office of the General Counsel.

8504052124

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 10, 1984

John R. Wallace
Kirby, Wallace, Creech, Sarda & Zaytoun
1020 Washington Street
Raleigh, North Carolina 27605

Re: MUR 1686

Dear Mr. Wallace:

This letter is to acknowledge receipt of your September 17, 1984, letter in which you request the Commission to remind Mr. Flaherty, the complainant in this matter, of the confidentiality provisions of 2 U.S.C. § 437g(a)(12) and 11 C.F.R. § 111.21. Your letter enclosed exhibits which document Mr. Flaherty's repeated reference to the filing of a complaint with the Federal Election Commission. We note that your request is not made as a formal complaint.

The Office of General Counsel has determined that no action may be taken with regard to your letter unless a formal complaint is filed.

If you desire the Commission to look into the matter discussed in your letter of September 17, 1984, to determine if the FECA has been violated, a formal complaint as described in 2 U.S.C. § 437g(a)(1) must be filed. Requirements of this section of the law and Commission regulations at 11 C.F.R. § 111.4 which are a prerequisite to Commission action are detailed below:

(1) A complaint must be in writing. (2 U.S.C. § 437g(a)(1)).

(2) Its contents must be sworn to and signed in the presence of a notary public and shall be notarized. (2 U.S.C. § 437g(a)(1)).

(3) A formal complaint must contain the full name and address of the person making the complaint. (11 C.F.R. §111.4).

(4) A formal complaint should clearly identify as a respondent each person or entity who is alleged to have committed a violation. (11 C.F.R. § 111.4).

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(5) A formal complaint should identify the source of information upon which the complaint is based. (11 C.F.R. §111.4).

(6) A formal complaint should contain a clear and concise recitation of the facts describing the violation of a statute or law over which the Commission has jurisdiction. (11 C.F.R. § 111.4).

(7) A formal complaint should be accompanied by supporting documentation if known and available to the person making the complaint. (11 C.F.R. § 111.4).

Finally, please include your telephone number, as well as the full names and addresses of all respondents.

Enclosed are excerpts of the Commissions regulations, and your attention is directed to 11 C.F.R. §§ 111.4 through 111.10 that deal with preliminary enforcement procedures. Also, enclosed is a compilation of Federal Election Campaign laws on which these regulations are promulgated. I trust these materials will be helpful to you should you wish to file a complaint with the Commission.

If we can be of any further assistance, please do not hesitate to contact me at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By Kenneth A. Gross
Associate General Counsel

Enclosures
Excerpts
Procedures

8504052216

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY
GCC #4928
84 OCT 1 P2:48

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

September 28, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 K Street, NW
Washington, DC 20463

Re: MUR 1686
State of North Carolina

Dear Chairman Elliott:

I have received your letter of September 13, 1984, notifying me of the Commission's determination of September 5, 1984, and of the Commission's desire to settle this matter through conciliation prior to a finding of probable cause.

The State of North Carolina also wishes to settle this matter through conciliation. In that regard, we will make available all documentary materials to enable the Commission to fully investigate and resolve this matter by conciliation. We will make these materials available in this office, or we will bring these documents to the offices of the Commission if the Commission desires.

I will be contacting Ms. Judy Thedford in the Office of General Counsel to the Commission to arrange for the orderly inspection of all materials necessary to the Commission's determinations.

Thank you for your courteous consideration of this response.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel to the Governor

cc: Judy Thedford

8504522127

RECEIVED AT THE FEC
GCC #4919
84 OCT 1 A10:28

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

84 OCT 1 P3:30

September 28, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 K Street, NW
Washington, DC 20463

Re: MUR 1686
State of North Carolina

Dear Chairman Elliott:

I have received your letter of September 13, 1984, notifying me of the Commission's determination of September 5, 1984, and of the Commission's desire to settle this matter through conciliation prior to a finding of probable cause.

The State of North Carolina also wishes to settle this matter through conciliation. In that regard, we will make available all documentary materials to enable the Commission to fully investigate and resolve this matter by conciliation. We will make these materials available in this office, or we will bring these documents to the offices of the Commission if the Commission desires.

I will be contacting Ms. Judy Thedford in the Office of General Counsel to the Commission to arrange for the orderly inspection of all materials necessary to the Commission's determinations.

Thank you for your courteous consideration of this response.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel to the Governor

cc: Judy Thedford ✓

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TE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
LEIGH 27611

8504052212

math adds up to a brighter future

SEP 28 84 OCT 1 AM

Ms. Judy Thedford
Office of the General Counsel
Federal Election Commission
1325 K Street, NW
Washington, DC 20463

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY
84 OCT 1 P2:48

KIRBY, WALLACE, GREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1020 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. GREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 12065
(919) 821-4416

September 28, 1984

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1686, Jim Hunt Committee,
Maylon E. Little, Treasurer

Dear Chairman Elliott:

We are in receipt of your letter of September 13, 1984 regarding MUR 1686. I am responding on behalf of David F. Kirby, my partner, who is out of town during the ten day period required for response. Mr. Kirby and I have discussed the matter and I am responding on behalf of Jim Hunt Committee and Maylon E. Little, Treasurer, requesting that this matter be referred to the office of General Counsel for conciliation as you have suggested. In this regard, I would like to advise the Commission of certain developments in regard to this matter.

First, on September 13, 1984 the Jim Hunt Committee, along with counsel to the Governor, requested an Advisory Opinion as to the compliance with Federal regulation of the guidelines which are attached to our Advisory Opinion Request, a copy of which is attached hereto. Pursuant to 2 USC §437f and 11 CFR §112, it is our understanding that a response will be forthcoming within 20 days of the receipt of the request.

Second, on September 7, 1984, the Governor and the Jim Hunt Committee submitted the guidelines which are contained in our request for an Advisory Opinion along with all records of the State of North Carolina regarding the Governor's travel to Peat, Marwick, Mitchell & Co. for calculation of the sums pursuant to the guidelines that the State of North Carolina should be billed and paid by the Jim Hunt Committee. A copy of the letter of engagement with Peat, Marwick, Mitchell & Co. is enclosed.

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Third, on September 21, 1984, upon receipt of the calculations by Peat, Marwick & Mitchell, the Jim Hunt Committee paid to the State of North Carolina the sum of $185,938.87 for the use of State aircraft and ground conveyance in addition to sums previously paid.

As you will note, the guidelines subject to the Advisory Opinion Request require compliance not only with 11 CFR §106.3 FEC regulation but also reimbursement at the actual cost to the Department of Commerce of the use of the State aircraft, if greater.

Finally, the Committee is willing to make available all necessary documentary material to enable the Commission to fully investigate and resolve this matter by conciliation and will make these materials available in Washington, D.C. if the Commission so desires. I have spoken with Ms. Judy Thedford about this matter and have made her aware of our willingness to resolve this matter in this fashion.

Thank you for your courteous consideration of this response. Should you have any questions, please contact me or David Kirby of our office and we will be pleased to respond.

Sincerely,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

John R. Wallace

JRW/efc

Enclosure

8504052131

PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
4300 Six Forks Road
Post Office Box 18000
Raleigh, North Carolina 27619
919-782-6600

September 20, 1984

Messrs. David Kirby and John Wallace
Kirby, Wallace, Creech, Sarda & Zaytoun
Attorneys at Law
Post Office Box 12065
Raleigh, North Carolina 27605

Dear Messers. Kirby and Wallace:

It was a pleasure to meet with Jack Cozort and Pam Gaither to discuss our engagement to perform certain agreed-upon procedures for the Jim Hunt For Senate Committee.

They furnished us with information concerning Mr. Hunt's use of State-owned aircraft for official and political purposes and a list of guidelines to be used in determining the amount that the campaign will pay to the State of North Carolina for the use of the aircraft. We are being engaged to apply the guidelines to each of the Governor's trips taken on State-owned aircraft between August 9, 1983, and July 31, 1984, where any political activities were conducted. The principal result of this work will be a calculation of reimbursable costs as defined by the guidelines. The agreed-upon procedures do not constitute an examination in accordance with generally accepted auditing standards, and we are not being engaged to verify or audit any of the information provided to us. Consequently, we will express no opinion regarding the fairness or appropriateness of the reimbursable costs. We will obtain Mr. Cozort's approval of any assumptions or interpretations that might be necessary to apply the guidelines to the various trips taken on State-owned aircraft.

Upon completion of this engagement, we will provide you with a report summarizing the results of applying the agreed-upon procedures necessary to calculate the reimbursable costs in accordance with the guidelines. The report will include summary schedules of (1) the reimbursable cost of each trip, (2) the excess of total reimbursable costs over amounts previously paid, and (3) total reimbursable costs in excess of travel costs on alternative conveyances (determined in accordance with the guidelines). The report is solely for your use and is not to be referred to or distributed to anyone who is not affiliated with the Jim Hunt For Senate Committee. However, we understand that the report may be made a matter of public record.

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The fee for our services will be billed to the Jim Hunt For Senate Committee at our standard hourly rates plus expenses for typing and report reproduction.

We sincerely appreciate the opportunity to serve the Jim Hunt For Senate Committee in this capacity. Please sign and return one copy of this letter indicating your acceptance of the matters discussed above.

Sincerely,

PEAT, MARWICK, MITCHELL & CO.

James D. Artman

James D. Artman
Partner

Accepted:

Jim Hunt For Senate Committee

By: _____

Date: _____

JDA/htf

8504052133

KIRBY, WALLACE, GREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1080 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. GREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 18065
(919) 821-6416

September 13, 1984

Federal Election Commission
Office of General Counsel
1325 K Street, N.W.
Washington, D.C. 20463

Re: Advisory Opinion Request
11 CFR §106.3

Dear Commissioners:

The undersigned counsel for Governor Jim Hunt and the Jim Hunt Committee request an advisory opinion under 2 USC §437f(a)(2) and 11 CFR §112.1. We request an opinion on whether the enclosed proposed guidelines comply with your interpretation of your regulations regarding allocation of expenses between campaign and noncampaign-related travel. 11 CFR §106.3. Governor Hunt has instructed the Committee to make full and fair reimbursement to the State of North Carolina for all campaign-related travel expenses. The State of North Carolina intends to bill and collect payment from the Jim Hunt Committee for campaign-related use of state-owned aircraft by the Governor, the Committee, or any other persons campaigning for the Governor, based upon the guidelines we are submitting.

It is our understanding that pursuant to 11 CFR §112.4(b) the Commission shall respond to this request within twenty (20) days.

The Code of Federal Regulations provides only limited instruction on allocating expenses between campaign and noncampaign-related travel to candidates who are public officials and who travel on government conveyances or use government accommodations. 11 CFR §106.3. Because of the lack of instruction contained in 11 CFR §106.3, counsel for the Governor and the Committee have referred to the special expense allocation provisions for Presidential and Vice-Presidential candidates found in 11 CFR §9004.7 and 11 CFR §9034.7 and special expense reimbursement provisions for corporations and labor unions found in 11 CFR §114.9 in interpreting 11 CFR §106.3 and in drafting proposed guidelines for reimbursing allocable campaign-related expenses.

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The regulation the Governor and the Committee wish to have interpreted is 11 CFR §106.3(e) which provides:

> (e) Notwithstanding paragraphs (b) and (c) of this section, the reportable expenditure for a candidate who uses government conveyance or accommodations for travel which is campaign-related is the rate for comparable commercial conveyance or accommodation. In the case of a candidate authorized by law or required by national security to be accompanied by staff and equipment, the allocable expenditures are the costs of facilities sufficient to accommodate the party, less authorized or required personnel and equipment. If such a trip includes both campaign and noncampaign stops, equivalent costs are calculated in accordance with paragraphs (b) and (c) of this section.

The ambiguity of this regulation has raised numerous questions for the Jim Hunt Committee and the State of North Carolina in calculating reportable and reimbursable travel expenses. The regulation simply provides that when a government conveyance is used, the Committee should reimburse the State at the "rate of a comparable commercial conveyance". As the Commission will note, the term "comparable commercial conveyance" is not defined in the regulation. Therefore, counsel to the Governor and the Committee have drafted proposed guidelines based upon related provisions of the Code of Federal Regulations, conversations with FEC counsel, common sense, and the Governor's instruction to pay more than required by federal regulations if there is any doubt as to the amount due.

Counsel to the Committee and the Governor respectfully request that the Commission examine the proposed guidelines and issue an advisory opinion as to whether the proposed guidelines comply with the spirit and letter of the Federal Elections Campaign Act. These guidelines have been made available to the State and the Committee for their use in calculating the allocable campaign expenses to be reimbursed by the Committee to the State. We request that the

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Commission carefully scrutinize these guidelines for compliance with federal election law.

* * *

PROPOSED GUIDELINES FOR ALLOCATION OF TRAVEL EXPENSES.

Federal election law requires that a candidate report all travel expenses incurred in connection with planned campaign-related activity. When the Governor uses government conveyances or accommodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

I. Campaign-Related Travel.

The Committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions is not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser, or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else travelling on a State conveyance who is conducting any campaign-related activities.

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II. Computation of Costs.

The Committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjunction with air travel. Costs are to be computed in one of the following methods:

(1) At 20 1/2 cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00)

(2) At $6.00 per hour if accurate records of time are kept, in accordance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

B. Air Travel.

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(c) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign-related activity at a city makes that stop of the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the Committee must reimburse the State an amount equal to what it would cost to use "comparable commercial conveyance". The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyance.

There are two possible means of travel by plane: regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at locations served by regularly scheduled commercial air service, the rate to be used is first class air fare for each person whose travel is reportable and reimbursable. (See 11 C.F.R. §9034.7(b)(5)(i).)

(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accommodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's use of the State aircraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the Committee will exclude the cost of transporting security in calculating the amount to be reimbursed. (See 11 C.F.R. 9034.7(b)(5)(ii).)

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel

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is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates for smaller, more spartan conveyances.

(d) In determining how much the Committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security and persons on official business, when appropriate. For example, if the total cost of chartering similar aircraft including the pilot was $600.00, and the only passengers on board were the Governor, and one security agent, and the trip was part official and part political, the Committee should reimburse the State $300.00, one-half of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other persons deemed reimbursable. In other words, it is permissible to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor, and others deemed reimbursable.

(3) When computing the charter rates, use the times recorded by the pilots on the Department of Commerce invoice for actual flight time and actual ground time. Do not use the estimated flying times and ground times from the schedule. Always include in flight time the time for the helicopter to fly from the hanger to pick up the Governor downtown and to return to the hanger after leaving the Governor downtown.

(4) If the reimbursement cost for air travel is ever less than the cost of the trip to the Department of Commerce, regardless of the method used to compute the reimbursement cost, use the cost of the trip to the Department of Commerce as the amount to be reimbursed.

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Additionally, the Committee respectfully requests that the Commission provide assistance by answering the following questions concerning the interpretation of 11 CFR §106.3.

1. When the term "comparable commercial conveyance" is used in 11 CFR §106.3, is the Committee allowed to reimburse travel expenses at the rate of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

2. In the case of travel to a city not served by regularly scheduled commercial air service, is the Committee required to reimburse at the usual charter rate for a "comparable commercial conveyance"?

3. Does the Committee have the option of paying the usual charter rate for commercial conveyance instead of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

4. In determining the rate for a "comparable commercial conveyance", is it permissible for the Committee to calculate the reportable expense by dividing the total operating cost for the usual charter rate for a comparable airplane or helicopter by the total number of passengers transported and pay the State an amount equal to that portion of the actual cost of the charter which is allocable to all passengers traveling for campaign purposes? In calculating this amount, if the candidate is required or authorized by law to be accompanied by security or authorized staff, is it permissible for the Committee to exclude those costs in allocating reportable and reimbursable expenditures?

5. Is it permissible for the Committee to calculate the reportable and reimbursable travel expense by determining the usual charter rate for a smaller airplane or helicopter which is sufficiently large to transport the Governor and all other persons who are conducting campaign-related activity, less facilities sufficient to accommodate staff or security which is authorized or required by law to accompany the Governor. For example, if

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the Governor, security, and one campaign aide travel between cities in North Carolina along with the pilot and security personnel, is it permissible for the Governor to pay for the usual charter rate of a smaller aircraft which is sufficiently large to transport the Governor, security, and the aide?

6. When calculating the amount to be reported and reimbursed, does the Committee have the option of selecting between a cost calculation based on the actual conveyance used or the usual charter rate for a similar aircraft sufficiently large to transport all persons conducting campaign activity?

7. The State Bureau of Investigation which provides security for the Governor has recommended that the Governor travel on state-owned aircraft, piloted by state employees, for security and safety reasons. Please confirm that the cost of required security personnel is excludable in calculating the cost of "comparable commercial conveyance" under 11 CFR §106.3(e)?

* * *

Governor Hunt has instructed the Committee to make full and fair reimbursement to the State of North Carolina for all campaign-related travel expenses. The Governor and the Committee ask the Commission to answer the foregoing questions in order that all calculations and reimbursements for travel, both past and future, be made according to a method which has been approved by the Commission. The Governor and the Committee ask for this opinion because the regulations are ambiguous and the Committee and the Governor wish to fully abide by the spirit and the letter of the law.

If the Commission has objections to any of the proposed guidelines, please specify the objection and provide us with an opinion as to what the Commission considers to be appropriate.

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Thank you for assistance in this regard.

Respectfully submitted,

JACK COZORT

Jack Cozort
Legal Counsel to the Governor

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

By:
David F. Kirby
Counsel to the Jim
Hunt Committee

JC/DFK/efc

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KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1080 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 12065
(919) 821-4416

September 14, 1984

Federal Election Commission
Office of General Counsel
1325 K Street, N.W.
Washington, D.C. 20463

Re: Advisory Opinion Request of Governor James B. Hunt, Jr. and the Jim Hunt Committee

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Dear Commissioners:

On Thursday, September 13, 1984, counsel to Jim Hunt, Governor of North Carolina and counsel to the Jim Hunt Committee filed an advisory opinion request as to appropriate methods of reimbursement for use of government conveyances. The request identifies an attachment which was inadvertently omitted at the time of the filing.

The attachment, enclosed herein, sets forth a schedule of rates established by a local automobile rental agency which would constitute rates for a "comparable commercial conveyance". Please attach this exhibit to the already filed request for an advisory opinion.

Should you have any questions in this regard, please contact me.

Sincerely,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

John R. Wallace

JRW/efc

Enclosure

cc: Jack Cozort
Legal Counsel to the Governor

TRIANGLE RENTAL
CAR · TRUCK · VAN

RALEIGH-DURHAM AIRPORT
RALEIGH, N.C. 27606
(919) 782-3464

4100 WESTERN BOULEVARD
RALEIGH, N.C. 27606
(919) 851-2555

HERE ARE OUR NEW CORPORATE RATES
(EFFECTIVE JANUARY 1984)

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	DAILY	WEEKLY	MONTHLY	HOURLY	MILEAGE
ECONOMY	24.00	120.00	445.00	4.00	UNL
COMPACT	26.00	130.00	475.00	5.00	UNL
MID SIZE	30.00	150.00	535.00	6.00	UNL
FULL SIZE	32.00	160.00	565.00	6.00	UNL
PREMIUM	36.00	180.00	625.00	7.00	UNL
WAGON	40.00	200.00	685.00	7.00	UNL
VAN (15 pass.) (FREE MILES)	50.00 (100 p/d)	250.00 (700 p/d)	950.00 (2000 p/m)	7.00	.31

WE FEATURE GENERAL MOTORS CARS AND FORD VANS EQUIPPED
WITH AM/FM STEREO, AIR CONDITIONING, POWER STEERING,
POWER BRAKES, FRONT WHEEL DRIVE, CRUISE CONTROL, TILT WHEEL,
TINTED GLASS, AND AUTOMATIC TRANSMISSION

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KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1080 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 12065
(919) 821-4416

September 17, 1984

Federal Election Commission
Office of General Counsel
1325 K Street, N.W.
Washington, D.C. 20463

ATTENTION: Ms. Judy Thetford

Re: MUR 1686

Dear Ms. Thetford:

We represent the Jim Hunt Committee and its Treasurer, Mahlon E. Little, in the response to the complaint of David T. Flaherty, Chairman of the Republican Party of North Carolina. MUR 1686. We are aware that the Federal Election Commission imposes a confidentiality requirement on the complaining party after the filing of a complaint with the Federal Election Commission. 2 USC §437g(a)(2), 11 CFR §111.21.

The complaining party in this instance, David T. Flaherty, has refused to recognize this confidentiality requirement and has, in fact, held frequent press conferences and issued releases in connection with this Matter Under Review. I am enclosing exhibits documenting Mr. Flaherty's breach of this statute. I request that Mr. Flaherty that he be reminded by you of the requirement of confidentiality.

Should you have any question in this regard, please contact me. Thank you for your kind assistance.

Sincerely,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

J R Wallace

John R. Wallace

JRW/efc

Enclosures

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FOR IMMEDIATE RELEASE

CONTACT: DAVE FLAHERTY

DATE: September 7, 1984

Yesterday, Jim Hunt admitted that he has not been paying the full costs for the use of state-owned aircraft. But he only admitted this after I filed a complaint with the Federal Election Commission and asked for an investigation. For at least the past four years, ~~or~~ and even longer, Jim Hunt has been claiming that he pays the full costs when flying in state-owned aircraft to further his political ambitions.

Yesterday, Hunt said, "Throughout my term as governor of North Carolina, I have been determined that not one cent of taxpayer money be used to pay for any of my travels that are political in nature". (N&O 9/7/84)

Now it appears that Hunt has been deceiving the taxpayers all along in an attempt to cover-up and hide from the taxpayers his massive abuse of tax dollars for political purposes.

This story of abuse of power first surfaced in 1980 when Jim Hunt talked the legislature into spending 1.5 million dollars on a fancy jet helicopter for "industrial recruitment". Then in the first 3 months that the state owned the helicopter, it was reported that Hunt had used it 47% of the time. (G.D.N.- 10/31/80)

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Former Governor Bob Scott added the second chapter in this story of abuse when he discovered and reported to the taxpayers in 1980 that Hunt was not paying anywhere near full costs for using the jet helicopter and other state aircraft to run for re-election.

This was back in 1980 and Hunt said that "I have directed the Department of Commerce to immediately calculate the full cost of the plane. I have directed my campaign to pay that full cost, whatever it is determined to be". (WSJ-Jan. 5, 1980).

But Hunt ordered his campaign to begin paying full costs only after the director of fiscal management for the Department of Commerce, Leo Tilley, and the State Auditor, Henry Bridges, said that costs actually incurred even much higher than what Hunt was actually paying.

Four years and hundred of thousands of dollars later, it is apparent that Hunt either lied or was negligent in enforcing his instructions for his political committee to begin paying full costs.

Recently, in April, after years of bringing this abuse of tax dollars to your attention, I filed a complaint with the Federal Election Commission on the behalf of the taxpayers of North Carolina seeking an investigation. It was only then that Hunt again maintained that he payed full costs for the use of the aircraft and further stated, "If there is any question, we want to be overcharged instead of undercharged". GNR- 4/26/84).

It's now four months later and Hunt has had to admit again that he has not been fully reimbursing the taxpayers for the use of their aircraft on political trips.

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It is clear that he has not been leveling with the people all along when he said that he intended to pay full costs. The only other explanation that one could derive is that Hunt has been grossly negligent in enforcing his instruction to pay full costs of the plane.

Either way, the taxpayers are out possibly hundreds of thousands of dollars. That is why I have retained attorneys to begin drawing up a suit to be filed in state court demanding that Jim Hunt repay to the state the full costs of the aircraft he's been using for at least six years.

I call for Jim Hunt to stop deceiving the public and quit covering up this massive abuse today.

He should begin by calling for a complete audit of his use of state aircraft for all his years as Governor by the duly elected State Auditor.

Hunt's legal counsel, Jack Cozart said yesterday that Peat, Marwich, & Mitchell would do a complete report in the matter. Peat, Marwich, & Mitchell can hardly be expected to act independently and objectively -- it just happens to be the old accounting firm of John A. Williams, Jr., Hunt's budget director & he's the man that's in charge of reviewing this.

This may be only the tip of the iceberg. The taxpayers of North Carolina deserve to know how much the Governor is reimbursing the state for his campaign use of state automobiles, law enforcement officers, and campaign use of his highly-paid public relations department.

Jim Hunt must not be allowed to continue to abuse the taxpayer's trust and money.

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Hunt campaign to stop using state aircraft

By PAT STITH
Staff Writer

Gov. James B. Hunt Jr. said Thursday that he would stop using state-owned aircraft in his campaign for the U.S. Senate and that an accounting firm would be asked to "make an accurate and objective determination" of how much his campaign committee should pay for past political flights.

Hunt's statement came the day after a News and Observer reporter questioned members of his staff about how the Governor's Office billed his campaign for political trips. Staff members conceded that they had underbilled the campaign committee.

Hunt called The N&O Thursday to say that he would stop using a state plane and helicopters and would clear up any billing problems.

"I understand you found some mistakes in how things were computed," Hunt said in a telephone interview. "All of these things must be cleared up. I want to pay the full amount, the total amount ... that is owed."

Hunt, a Democrat who is trying to unseat Republican Sen. Jesse A. Helms, later sent The N&O a statement on the matter.

"Throughout my term as governor of North Carolina, I have been determined that not one cent of taxpayer money be used to pay for any of my travels that are political in nature," the statement said.

"I have repeatedly instructed both the Governor's Office and my campaign to make certain that we completely complied with the laws regulating political travel. Should any question arise, I have always instructed my staff to err on the side of paying too much."

But an N&O examination of aircraft flight bills dating to August 1983, when an exploratory campaign committee was formed on Hunt's behalf, revealed that on some trips the Governor's Office failed to bill the committee for:

- The full flight time — at $18.33 a minute — on the state's Bell-222, a $1.3 million twin-engine jet helicopter.
- The full amount of time the jet helicopter spent on the ground, waiting, while Hunt attended political functions. For that "ground time," the Hunt committee was to have paid $100 an hour.

See HUNT, page 19A

Hunt campaign stops using state planes, plans to ask what it owes for past trips

Continued from page 1A

■ Political aides who accompanied Hunt and for every political stop made by the governor or a political aide.

The Governor's Office charters helicopters and a King Air E-90 twin-engine turbo prop from the Department of Commerce, which owns them. It has billed the Hunt campaign for political trips.

Shirley S. Fowler, budget officer for the Governor's Office, said that when she prepared the bills, she relied on a schedule made up by the Governor's Office to determine the flight time and the ground time.

She did not use aircraft trip reports, which showed exact takeoff and landing times. Those reports are maintained by the Department of Commerce and made available to the Governor's Office. An examination of those reports showed that the flight and ground times for which the campaign was billed were consistently shorter than the time the helicopter was in flight or on the ground waiting for Hunt.

The governor said Thursday that when the bills were recomputed, the aircraft trip reports would be used to compute the times. He said his campaign would be required to pay for the complete trip, from the time the helicopter left its hangar on Old Garner Road to fly to the Dobbs Building to pick him up until it returned to its hangar.

A reporter met Wednesday with Ms. Fowler and Jack L. Cozort, Hunt's legal counsel, to go over the bills for one month, May, when the campaign committee was billed $22,204 for 14 flights.

For one trip, the Governor's Office billed the committee for three hours flight time for a jet helicopter at $1,100 an hour, plus $10 for use of state ground transportation, for a bill of $3,310. But the flight time alone — not counting ground time — was 4.5 hours, for which the campaign should have been billed $4,950.

Other trips in May showed similar billing errors. Ms. Fowler and Cozort said the underbilling for May had been caused by a misunderstanding about billing policy and by human error. Ms. Fowler said she would send the committee a bill for another $7,000 to $8,000.

But Thursday, Cozort said that bill would not be sent. He said the accounting firm of Peat Marwick Mitchell and Co. had been retained to determine the proper bill for all flights and said all records pertaining to the governor's political air travel dating back to August 1983 would be turned over to the firm by the end of the day.

Hunt decided to ask the accounting firm to figure the bills after meeting Wednesday night at the Executive Mansion with Gary Pearce, co-director of the Jim Hunt Committee; David F. Kirby and John R. Wallace, attorneys for the committee; Cozort and his assistant, Pamela Gaither; and Lynne G. Garrison, the governor's deputy press secretary.

Hunt said Thursday that in addition to refiguring the bills, his campaign committee would charter private aircraft for political travel to ensure full compliance with the law and public confidence in his actions.

"I will no longer use the state airplane or the state helicopter for any political travel," he said in the statement.

Hunt has used state-owned aircraft to make more than 100 political trips since August 1983. On April 20, the chairman of the state Republican Party, David T. Flaherty, filed a complaint with the Federal Election Commission alleging that the Governor's Office was violating federal election laws by underbilling the Hunt campaign.

The day Flaherty filed the complaint, the Governor's Office suspended billing to the Hunt campaign so it could re-examine its billing policy.

Cozort had said last week that he conferred with FEC staff attorneys and then issued a three-page memorandum June 21 spelling out the new reimbursement procedure.

"We believe our prior method was right and fair," Mrs. Garrison said last week. "But to make absolutely sure under any condition that the state was being reimbursed every penny ... we are now paying the very maximum that could be interpreted by that law."

But The N&O found that the Governor's Office had made errors in applying that new policy, which was used to compute two March flights and all flights since then.

For example, the new policy requires that, when helicopters are used, the committee be billed based on helicopter charter rates — rather than the equivalent cost of first-class airline transportation.

The charter rate used by the Governor's Office is $1,100 an hour for the jet helicopter, which is considerably more expensive than paying the equivalent of first-class commercial tickets.

But since the new policy began, the Governor's Office has billed the committee for the equivalent of first-class airline tickets for the governor and aides who accompanied him.

Ms. Fowler said she had tried to bill the campaign "on the high side" but said the new guidelines were difficult to understand.

"And we did them in a hurry," she said. "And there were errors made. If we had been given more time or had had an opportunity to refigure ... then it would have been picked up."

The new policy has sharply increased the amount the campaign pays for the use of state-owned aircraft.

For example, last year Hunt's campaign paid a total $112 to use the jet helicopter and the King Air for a trip to the Outer Banks. On Nov. 2, the governor, his wife and two aides flew to Manteo in the helicopter for the launching of the Elizabeth II and for a political meeting and fund-raiser afterward. The helicopter returned to Raleigh empty, and the state King Air flew down empty to pick up Hunt and his coterie.

The helicopter was in the air for 2 hours, 29 minutes and on the ground for 2 hours, 50 minutes. The King Air was in the air for one hour, 33 minutes and on the ground for 6 hours, 49 minutes.

The Governor's Office says that, under the new policy, that trip would have cost the campaign $1,101.45. But even that figure appears to be low because the flight time for the helicopter alone, at $1,100 an hour, would cost $2,731.66.

Under the old policy, the Governor's Office determined what portion of a trip was political, then required the committee to pay its share of the bill from the Department of Commerce.

The campaign had paid bargain rates because Commerce's charges are well below commercial rates. For example, Commerce charges the Governor's Office $200 an hour for the jet helicopter, a rate the Governor's Office had passed on to the campaign, rather than the $1,100 considered to be a commercial rate.

In his statement Thursday, Hunt said he had directed his staff to request a formal advisory opinion from the FEC "on whether the travel reimbursement guidelines that we have been using" meet the full requirements of federal campaign laws.

"Such a request makes it mandatory that the FEC issue an opinion within 20 days," Hunt said. "I have taken this action so that this matter will be resolved before Election Day."

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David T. Flaherty

Flaherty says he'll sue Hunt to pay for using state aircraft

By ELIZABETH LELAND
Staff Writer

State Republican Chairman David T. Flaherty said Friday that Gov. James B. Hunt Jr. had deceived taxpayers in his use of state-owned aircraft for campaign purposes and said he would sue the governor for repayment of flying costs for at least the past six years.

"Hunt has been deceiving the taxpayers all along in an attempt to cover up and hide from the taxpayers his massive abuse of tax dollars for political purposes," Flaherty said at a news conference. "The most naive person knows you can't rent an airplane for the price he's been paying."

Hunt staff members acknowledged this week that they had underbilled Hunt's U.S. Senate campaign committee for political trips on the state's helicopters and twin-engine turbo prop. The Governor's Office charters the aircraft from the Department of Commerce, and, in turn, bills the Hunt campaign.

Hunt told The News and Observer Thursday that he would stop using state aircraft, would hire an accounting company to determine the proper bill for all flights, and would pay what was due. Hunt's statement came a day after an N&O reporter questioned members of the governor's staff about

See FLAHERTY, page 2C

Flaherty says he'll sue Hunt for aircraft fee

Continued from page 1C

how the Governor's Office billed the campaign for political trips.

Flaherty said Hunt should call for an audit by the State Auditor of his use of state aircraft during his eight years as governor. The Governor's Office had said Thursday that only records pertaining to the governor's political air travel dating to August 1983, when an exploratory campaign committee was set up on Hunt's behalf, would be turned over to the accounting company of Peat Marwick Mitchell and Co.

There were nine political flights during the first six months of 1983, according to Hunt's office. The number of political flights before then has not been made public.

An examination by The N&O of aircraft flight bills dating to August 1983 showed that the Governor's Office had failed to bill the campaign committee for the full flight time on the helicopter; had failed to bill for all the time that the helicopter spent on the ground while Hunt attended political functions; and had failed to bill the full amount for political aides who accompanied Hunt and for every political stop made.

"He only admitted this after I filed a complaint," Flaherty said, referring to a complaint he filed in April with the Federal Election Commission.

Flaherty said that he had retained the Raleigh law firm of Harrell, Titus and Hassell to sue Hunt in Wake Superior Court on allegations of misuse of state property. Richard C. Titus said in an interview that he hoped to file the suit early next week.

"Four years and hundreds of thousands of dollars later, it is apparent that Hunt either lied or was negligent in enforcing his instructions for his political committee to begin paying full costs," Flaherty said.

Will Marshall, spokesman for the Hunt campaign, said that the threat of a lawsuit was "pretty shameless grandstanding" by Flaherty.

"The governor said all along that he is determined that this campaign pay every cent, and if there's any question we'll pay more," Marshall said. "He has traveled in state aircraft at the request of the SBI for security reasons. It simply will be easier and better for everyone concerned if we just go to chartering private aircraft."

Flaherty also said, "the taxpayers of North Carolina deserve to know how much the governor is reimbursing the state for his campaign use of state automobiles, law enforcement officers, and campaign use of his highly paid public relations department."

N&O Sept 8'84

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KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1080 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 12065
(919) 821-4416

September 17, 1984

Federal Election Commission
Office of General Counsel
1325 K Street, N.W.
Washington, D.C. 20463

ATTENTION: Ms. Judy Thetford

Re: MUR 1686

Dear Ms. Thetford:

We represent the Jim Hunt Committee and its Treasurer, Mahlon E. Little, in the response to the complaint of David T. Flaherty, Chairman of the Republican Party of North Carolina. MUR 1686. We are aware that the Federal Election Commission imposes a confidentiality requirement on the complaining party after the filing of a complaint with the Federal Election Commission. 2 USC §437g(a)(2), 11 CFR §111.21.

The complaining party in this instance, David T. Flaherty, has refused to recognize this confidentiality requirement and has, in fact, held frequent press conferences and issued releases in connection with this Matter Under Review. I am enclosing exhibits documenting Mr. Flaherty's breach of this statute. I request that Mr. Flaherty that he be reminded by you of the requirement of confidentiality.

Should you have any question in this regard, please contact me. Thank you for your kind assistance.

Sincerely,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

J R Wallace

John R. Wallace

JRW/efc

Enclosures

437g(a)(8)

8504052152

FOR IMMEDIATE RELEASE

CONTACT: DAVE FLAHERTY

DATE: September 7, 1984

Yesterday, Jim Hunt admitted that he has not been paying the full costs for the use of state-owned aircraft. But he only admitted this after I filed a complaint with the Federal Election Commission and asked for an investigation. For at least the past four years, ~~or~~ and even longer, Jim Hunt has been claiming that he pays the full costs when flying in state-owned aircraft to further his political ambitions.

Yesterday, Hunt said, "Throughout my term as governor of North Carolina, I have been determined that not one cent of taxpayer money be used to pay for any of my travels that are political in nature". (N&O 9/7/84)

Now it appears that Hunt has been deceiving the taxpayers all along in an attempt to cover-up and hide from the taxpayers his massive abuse of tax dollars for political purposes.

This story of abuse of power first surfaced in 1980 when Jim Hunt talked the legislature into spending 1.5 million dollars on a fancy jet helicopter for "industrial recruitment". Then in the first 3 months that the state owned the helicopter, it was reported that Hunt had used it 47% of the time. (G.D.N.- 10/31/80)

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Former Governor Bob Scott added the second chapter in this story of abuse when he discovered and reported to the taxpayers in 1980 that Hunt was not paying anywhere near full costs for using the jet helicopter and other state aircraft to run for re-election.

This was back in 1980 and Hunt said that "I have directed the Department of Commerce to immediately calculate the full cost of the plane. I have directed my campaign to pay that full cost, whatever it is determined to be". (WSJ-Jan. 5, 1980).

But Hunt ordered his campaign to begin paying full costs only after the director of fiscal management for the Department of Commerce, Leo Tilley, and the State Auditor, Henry Bridges, said that costs actually incurred even much higher than what Hunt was actually paying.

Four years and hundred of thousands of dollars later, it is apparent that Hunt either lied or was negligent in enforcing his instructions for his political committee to begin paying full costs.

Recently, in April, after years of bringing this abuse of tax dollars to your attention, I filed a complaint with the Federal Election Commission on the behalf of the taxpayers of North Carolina seeking an investigation. It was only then that Hunt again maintained that he payed full costs for the use of the aircraft and further stated, "If there is any question, we want to be overcharged instead of undercharged". GNR- 4/26/84).

It's now four months later and Hunt has had to admit again that he has not been fully reimbursing the taxpayers for the use of their aircraft on political trips.

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It is clear that he has not been leveling with the people all along when he said that he intended to pay full costs. The only other explanation that one could derive is that Hunt has been grossly negligent in enforcing his instruction to pay full costs of the plane.

Either way, the taxpayers are out possibly hundreds of thousands of dollars. That is why I have retained attorneys to begin drawing up a suit to be filed in state court demanding that Jim Hunt repay to the state the full costs of the aircraft he's been using for at least six years.

I call for Jim Hunt to stop deceiving the public and quit covering up this massive abuse today.

He should begin by calling for a complete audit of his use of state aircraft for all his years as Governor by the duly elected State Auditor.

Hunt's legal counsel, Jack Cozart said yesterday that Peat, Marwich, & Mitchell would do a complete report in the matter. Peat, Marwich, & Mitchell can hardly be expected to act independently and objectively -- it just happens to be the old accounting firm of John A. Williams, Hunt's budget director & he's the man that's in charge of overseeing this...

This may be only the tip of the iceberg. The taxpayers of North Carolina deserve to know how much the Governor is reimbursing the state for his campaign use of state automobiles, law enforcement officers, and campaign use of his highly-paid public relations department.

Jim Hunt must not be allowed to continue to abuse the taxpayer's trust and money.

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Hunt campaign to stop using state aircraft

By PAT STITH
Staff Writer

Gov. James B. Hunt Jr. said Thursday that he would stop using state-owned aircraft in his campaign for the U.S. Senate and that an accounting firm would be asked to "make an accurate and objective determination" of how much his campaign committee should pay for past political flights.

Hunt's statement came the day after a News and Observer reporter questioned members of his staff about how the Governor's Office billed his campaign for political trips. Staff members conceded that they had underbilled the campaign committee.

Hunt called The N&O Thursday to say that he would stop using a state plane and helicopters and would clear up any billing problems.

"I understand you found some mistakes in how things were computed," Hunt said in a telephone interview. "All of those things must be cleared up. I want to pay the full amount, the total amount ... that is owed."

Hunt, a Democrat who is trying to unseat Republican Sen. Jesse A. Helms, later sent The N&O a statement on the matter.

"Throughout my term as governor of North Carolina, I have been determined that not one cent of taxpayer money be used to pay for any of my travels that are political in nature," the statement said.

"I have repeatedly instructed both the Governor's Office and my campaign to make certain that we completely complied with the laws regulating political travel. Should any question arise, I have always instructed my staff to err on the side of paying too much."

But an N&O examination of aircraft flight bills dating to August 1983, when an exploratory campaign committee was formed on Hunt's behalf, revealed that on some trips the Governor's Office failed to bill the committee for:

- The full flight time — at $18.33 a minute — on the state's Bell-222, a $1.3 million twin-engine jet helicopter.
- The full amount of time the jet helicopter spent on the ground, waiting, while Hunt attended political functions. For that "ground time," the Hunt committee was to have paid $100 an hour.

See HUNT, page 19A

Hunt campaign stops using state planes, plans to ask what it owes for past trips

Continued from page 1A

■ Political aides who accompanied Hunt and for every political stop made by the governor or a political aide.

The Governor's Office charters helicopters and a King Air E-90 twin-engine turbo prop from the Department of Commerce, which owns them. It has billed the Hunt campaign for political trips.

Shirley S. Fowler, budget officer for the Governor's Office, said that when she prepared the bills, she relied on a schedule made up by the Governor's Office to determine the flight time and the ground time.

She did not use aircraft trip reports, which showed exact takeoff and landing times. Those reports are maintained by the Department of Commerce and made available to the Governor's Office. An examination of those reports showed that the flight and ground times for which the campaign was billed were consistently shorter than the time the helicopter was in flight or on the ground waiting for Hunt.

The governor said Thursday that when the bills were recomputed, the aircraft trip reports would be used to compute the times. He said his campaign would be required to pay for the complete trip, from the time the helicopter left its hangar on Old Garner Road to fly to the Dobbs Building to pick him up until it returned to its hangar.

A reporter met Wednesday with Ms. Fowler and Jack L. Cozort, Hunt's legal counsel, to go over the bills for one month, May, when the campaign committee was billed $22,204 for 14 flights.

For one trip, the Governor's Office billed the committee for three hours flight time for a jet helicopter at $1,100 an hour, plus $10 for use of state ground transportation, for a bill of $3,310. But the flight time alone — not counting ground time — was 4.5 hours, for which the campaign should have been billed $4,950.

Other trips in May showed similar billing errors. Ms. Fowler and Cozort said the underbilling for May had been caused by a misunderstanding about billing policy and by human error. Ms. Fowler said she would send the committee a bill for another $7,000 to $8,000.

But Thursday, Cozort said that bill would not be sent. He said the accounting firm of Peat Marwick Mitchell and Co. had been retained to determine the proper bill for all flights and said all records pertaining to the governor's political air travel dating back to August 1983 would be turned over to the firm by the end of the day.

Hunt decided to ask the accounting firm to figure the bills after meeting Wednesday night at the Executive Mansion with Gary Pearce, co-director of the Jim Hunt Committee; David F. Kirby and John R. Wallace, attorneys for the committee; Cozort and his assistant, Pamela Gaither; and Lynne G. Garrison, the governor's deputy press secretary.

Hunt said Thursday that in addition to refiguring the bills, his campaign committee would charter private aircraft for political travel to ensure full compliance with the law and public confidence in his actions.

"I will no longer use the state airplane or the state helicopter for any political travel," he said in the statement.

Hunt has used state-owned aircraft to make more than 100 political trips since August 1983. On April 20, the chairman of the state Republican Party, David T. Flaherty, filed a complaint with the Federal Election Commission alleging that the Governor's Office was violating federal election laws by underbilling the Hunt campaign.

The day Flaherty filed the complaint, the Governor's Office suspended billing to the Hunt campaign so it could re-examine its billing policy.

Cozort had said last week that he conferred with FEC staff attorneys and then issued a three-page memorandum June 21 spelling out the new reimbursement procedure.

"We believe our prior method was right and fair," Mrs. Garrison said last week. "But to make absolutely sure under any condition that the state was being reimbursed every penny ... we are now paying the very maximum that could be interpreted by that law."

But The N&O found that the Governor's Office had made errors in applying that new policy, which was used to compute two March flights and all flights since then.

For example, the new policy requires that, when helicopters are used, the committee be billed based on helicopter charter rates — rather than the equivalent cost of first-class airline transportation.

The charter rate used by the Governor's Office is $1,100 an hour for the jet helicopter, which is considerably more expensive than paying the equivalent of first-class commercial tickets.

But since the new policy began, the Governor's Office has billed the committee for the equivalent of first-class airline tickets for the governor and aides who accompanied him.

Ms. Fowler said she had tried to bill the campaign "on the high side" but said the new guidelines were difficult to understand.

"And we did them in a hurry," she said. "And there were errors made. If we had been given more time or had had an opportunity to refigure ... then it would have been picked up."

The new policy has sharply increased the amount the campaign pays for the use of state-owned aircraft.

For example, last year Hunt's campaign paid a total $112 to use the jet helicopter and the King Air for a trip to the Outer Banks. On Nov. 2, the governor, his wife and two aides flew to Manteo in the helicopter for the launching of the Elizabeth II and for a political meeting and fund-raiser afterward. The helicopter returned to Raleigh empty, and the state King Air flew down empty to pick up Hunt and his coterie.

The helicopter was in the air for 2 hours, 29 minutes and on the ground for 2 hours, 50 minutes. The King Air was in the air for one hour, 33 minutes and on the ground for 6 hours, 49 minutes.

The Governor's Office says that, under the new policy, that trip would have cost the campaign $1,101.45. But even that figure appears to be low because the flight time for the helicopter alone, at $1,100 an hour, would cost $2,731.66.

Under the old policy, the Governor's Office determined what portion of a trip was political, then required the committee to pay its share of the bill from the Department of Commerce.

The campaign had paid bargain rates because Commerce's charges are well below commercial rates. For example, Commerce charges the Governor's Office $200 an hour for the jet helicopter, a rate the Governor's Office had passed on to the campaign, rather than the $1,100 considered to be a commercial rate.

In his statement Thursday, Hunt said he had directed his staff to request a formal advisory opinion from the FEC "on whether the travel reimbursement guidelines that we have been using" meet the full requirements of federal campaign laws.

"Such a request makes it mandatory that the FEC issue an opinion within 20 days," Hunt said. "I have taken this action so that this matter will be resolved before Election Day."

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David T. Flaherty

Flaherty says he'll sue Hunt to pay for using state aircraft

By ELIZABETH LELAND
Staff Writer

State Republican Chairman David T. Flaherty said Friday that Gov. James B. Hunt Jr. had deceived taxpayers in his use of state-owned aircraft for campaign purposes and said he would sue the governor for repayment of flying costs for at least the past six years.

"Hunt has been deceiving the taxpayers all along in an attempt to cover up and hide from the taxpayers his massive abuse of tax dollars for political purposes," Flaherty said at a news conference. "The most naive person knows you can't rent an airplane for the price he's been paying."

Hunt staff members acknowledged this week that they had underbilled Hunt's U.S. Senate campaign committee for political trips on the state's helicopters and twin-engine turbo prop. The Governor's Office charters the aircraft from the Department of Commerce, and, in turn, bills the Hunt campaign.

Hunt told The News and Observer Thursday that he would stop using state aircraft, would hire an accounting company to determine the proper bill for all flights, and would pay what was due. Hunt's statement came a day after an N&O reporter questioned members of the governor's staff about

See FLAHERTY, page 2C

Flaherty says he'll sue Hunt for aircraft fee

Continued from page 1C

how the Governor's Office billed the campaign for political trips.

Flaherty said Hunt should call for an audit by the State Auditor of his use of state aircraft during his eight years as governor. The Governor's Office had said Thursday that only records pertaining to the governor's political air travel dating to August 1983, when an exploratory campaign committee was set up on Hunt's behalf, would be turned over to the accounting company of Peat Marwick Mitchell and Co.

There were nine political flights during the first six months of 1983, according to Hunt's office. The number of political flights before then has not been made public.

An examination by The N&O of aircraft flight bills dating to August 1983 showed that the Governor's Office had failed to bill the campaign committee for the full flight time on the helicopter; had failed to bill for all the time that the helicopter spent on the ground while Hunt attended political functions; and had failed to bill the full amount for political aides who accompanied Hunt and for every political stop made.

"He only admitted this after I filed a complaint," Flaherty said, referring to a complaint he filed in April with the Federal Election Commission.

Flaherty said that he had retained the Raleigh law firm of Harrell, Titus and Hassell to sue Hunt in Wake Superior Court on allegations of misuse of state property. Richard C. Titus said in an interview that he hoped to file the suit early next week.

"Four years and hundreds of thousands of dollars later, it is apparent that Hunt either lied or was negligent in enforcing his instructions for his political committee to begin paying full costs," Flaherty said.

Will Marshall, spokesman for the Hunt campaign, said that the threat of a lawsuit was "pretty shameless grandstanding" by Flaherty.

"The governor said all along that he is determined that this campaign pay every cent, and if there's any question we'll pay more," Marshall said. "He has traveled in state aircraft at the request of the SBI for security reasons. It simply will be easier and better for everyone concerned if we just go to chartering private aircraft."

Flaherty also said, "the taxpayers of North Carolina deserve to know how much the governor is reimbursing the state for his campaign use of state automobiles, law enforcement officers, and campaign use of his highly paid public relations department."

NLO Sept 8'84

Y, WALLACE, CREECH,
ARDA & ZAYTOUN
ATTORNEYS AT LAW
POST OFFICE BOX 12065
LEIGH, NORTH CAROLINA 27605



Federal Election Commission
Office of General Counsel
1325 K Street, N.W.
Washington, D.C. 20463

84 SEP 10 P12:05

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 19, 1984

Jack Cozort, Esquire
Counsel to the Governor
State of North Carolina
Office of the Governor
Raleigh, North Carolina 27611

Re: MUR 1686

Dear Mr. Cozort:

This letter is in response to your August 31, 1984, letter requesting guidance from the Commission on the reimbursement formula used by Governor Hunt when he travels on state-owned aircraft and campaign-related activities occur at one or more stops. Your letter notes that this issue was generated by the filing of a complaint by the North Carolina Republican Party Chairman David Flaherty. This matter has been number MUR 1686 by the Commission.

On September 5, 1984, the Commission determined that there was reason to believe that the State of North Carolina had violated the Act and initiated an investigation. The notification letter setting forth this determination was dated September 13, 1984. The letter afforded you ten days in which to respond to this Commission action.

Your letter also notes that proposed guidelines were submitted to the Commission. As to the effect of these guidelines on past activity, any corrective measure on the part of the Committee would be included as part of a conciliation agreement should the conciliation stage be reached in this matter. We also note the receipt of your request for an advisory opinion dated September 13, 1984, regarding future travel allocation.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

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84 SEP 4 A9:33

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

August 31, 1984

RECEIVED
84 SEP 4 P12:02
GENERAL COUNSEL

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1312 K Street, N.W.
Washington, D. C. 20463
(Attention: Ms. Judy Thetford)

3504022151

Re: MUR 1686

Dear Mr. Gross:

The purpose of this letter is to renew our request of June 21, 1984 for guidance from the Federal Election Commission on the reimbursement formula used by the Governor's Office when the Governor travels on state-owned aircraft and campaign-related activities occur at one or more stops in the course of the trip.

The Governor has asked that I renew this request because he feels this issue needs to be decided soon. The complaint filed in this matter, which gave rise to our request of June 21, was filed by the Governor's political opponents for what we believe to be political reasons. The Governor believes this issue should be resolved before the election.

As you recall, North Carolina Republican Party Chairman David Flaherty filed the complaint, accusing the state of failing to obtain proper reimbursement from the Jim Hunt Committee when Governor Hunt traveled on a state-owned helicopter or plane, and campaign-related activities occurred during all or a part of the travel. In its response, the state set forth the reimbursement formula which had been used by the Governor's Office since 1980.

I devised that formula as a result of the insistence of the Governor that his office and his campaign make absolutely sure the state is reimbursed fully for the cost of any campaign-related travel. The Governor further directed that whenever there was any question, we should err on the side of paying more.

In essence, the formula provided that the Jim Hunt Committee reimburse the state for its total share of the actual cost of the trip to the state, based on time allocation. If the trip was totally political or campaign-related, the Jim Hunt Committee would reimburse the state for the total cost of the trip. If half the Governor's time on a trip involved political activities, the Jim Hunt Committee reimbursed the state for half the actual cost of the trip, and so on.

We contended in our response of June 21 that this method of reimbursement complied fully with the federal laws and regulations. We asked for a ruling on whether we were right. We hereby renew that request.

When the Governor was made aware of the allegations, he instructed his legal staff to compile a set of guidelines which would provide for the maximum reimbursement to the state that could be determined under the language of the federal regulations.

This office diligently researched the Code of Federal Regulations and studied all related materials which had any bearing on interpreting the regulations dealing with the allocation of expenses. We placed numerous calls to staff attorneys with the Commission in an effort to better understand the regulations.

We prepared a set of guidelines which provided for reimbursement in accordance with the strictest possible interpretation of the federal language, disregarding the actual cost of the trip to the state. The proposed guidelines were sent to the Commission. We asked for a ruling on whether reimbursement by time allocation was proper, and if not, whether our proposed guidelines are fair and reasonable. We hereby renew that request.

We are aware that the Commission has many cases to consider, and it is for that reason that we have not requested an advisory opinion under Part 112 of the Title 11, which would appear to require an opinion from the Commission in 60 days. However, the Governor feels this issue is important enough to merit a prompt ruling, and he has directed me to communicate that to you. He has also directed me to renew my offer to meet with you if it would assist your review of these matters.

As you know, the Federal Elections Commission and the campaign finance laws were set up over the past decade to assure the public of the integrity of the campaign process, particularly as it related to fundraising and spending.

8504052162

An important part of that is the need to resolve complaints and allegations quickly. That is why Governor Hunt is earnestly asking you to rule on this matter as soon as possible.

Thank you for your consideration of this request.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel

8504052163

F NORTH CAROLINA
E OF THE GOVERNOR
ALEIGH 27611

8504052216



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N.C.
PO 828132

Mr. Kenneth A. Gross
Associate General Counsel
1312 K Street, N.W.
Washtinton, D.C. 20463

ATTN: MS. JUDY THETFORD

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Jim Hunt Committee	)	MUR 1686
Mahlon E. Little, Treasurer	)	
State of North Carolina	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of September 5, 1984, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 1686:

1. Find reason to believe the Jim Hunt Committee and Mahlon E. Little, as treasurer, violated 11 C.F.R. § 106.3 and 2 U.S.C. §§ 434 and 441a(f).

2. Find reason to believe the State of North Carolina violated 2 U.S.C. § 441a(a)(1)(A).

3. Send the letters attached to the General Counsel's report dated August 16, 1984.

Commissioners Elliott, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision; Commissioner Aikens dissented.

Attest:

9-7-84
Date

Marjorie W. Emmons
Secretary of the Commission

8504052165

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 13, 1984

David F. Kirby, Esquire
Kirby, Wallace, Creech, Sarda & Zaytoun
1020 Washington Street
Raleigh, North Carolina 27605

Re: MUR 1686
Jim Hunt Committee
Mahlon E. Little, Treasurer

Dear Mr. Kirby:

The Federal Election Commission notified your client on May 7, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time. We acknowledge receipt of your explanation of this matter which was dated June 21, 1984.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that the Jim Hunt Committee and Mahlon E. Little, as treasurer, violated 2 U.S.C. §434 and § 441a(f), provisions of the Act and 11 C.F.R. § 106.3. You may submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please submit any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause; however, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

8504052166

This matter will remain confidential in accordance with 2 U.S.C. §§437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

In response to questions concerning the application of 11 C.F.R § 106.3 to past travel by the Governor for purposes of recalculations, such recalculations efforts will be a part of the conciliation process. Additionally, in reply to your request for approval of proposed guidelines for allocation of future travel expenses, you may submit a request for an advisory opinion pursuant to 2 U.S.C. § 437f and 11 C.F.R. § 112, if you so desire.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosure
Procedures

8504052167

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David F. Kirby, Esquire
Kirby, Wallace, Creech, Sarda & Zaytoun
1020 Washington Street
Raleigh, North Carolina 27605

Re: MUR 1686
Jim Hunt Committee
Mahlon E. Little, Treasurer

Dear Mr. Kirby:

The Federal Election Commission notified your client on May 7, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time. We acknowledge receipt of your explanation of this matter which was dated June 21, 1984.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that the Jim Hunt Committee and Mahlon E. Little, as treasurer, violated 2 U.S.C. §434 and § 44la(f), provisions of the Act and 11 C.F.R. § 106.3. You may submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please submit any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause; however, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

8504052168

This matter will remain confidential in accordance with 2 U.S.C. §§437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

In response to questions concerning the application of 11 C.F.R § 106.3 to past travel by the Governor for purposes of recalculations, such recalculations efforts will be a part of the conciliation process. Additionally, in reply to your request for approval of proposed guidelines for allocation of future travel expenses, you may submit a request for an advisory opinion pursuant to 2 U.S.C. § 437f and 11 C.F.R. § 112, if you so desire.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Enclosure
Procedures

9-5-84

8504052169

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 13, 1984

Jack Cozort
Counsel to the Governor
116 West Jones Street
Raleigh, North Carolina 27611

RE: MUR 1686
State of North Carolina

Dear Mr. Cozort:

The Federal Election Commission notified your client on May 7, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time. We acknowledge receipt of your explanation of this matter which was dated June 21, 1984.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that the State of North Carolina violated 2 U.S.C. §441a(a), a provision of the Act. You may submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please submit any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause; however, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

8504052170

This matter will remain confidential in accordance with 2 U.S.C. §§437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

In response to questions concerning the application of 11 C.F.R § 106.3 to past travel by the Governor for purposes of recalculations, such recalculations efforts will be a part of the conciliation process. Additionally, in reply to your request for approval of proposed guidelines concerning allocation of future travel expenses, you may submit a request for an advisory opinion pursuant to 2 U.S.C. § 437f and 11 C.F.R. § 112, if you so desire.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosure
Procedures

8504052171

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jack Cozort
Counsel to the Governor
116 West Jones Street
Raleigh, North Carolina 27611

RE: MUR 1686
State of North Carolina

8504052172

Dear Mr. Cozort:

The Federal Election Commission notified your client on May 7, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time. We acknowledge receipt of your explanation of this matter which was dated June 21, 1984.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that the State of North Carolina violated 2 U.S.C. §441a(a), a provision of the Act. You may submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please submit any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause; however, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

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If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Enclosure
Procedures

9-5-84

8504052173

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 13, 1984

Andrew A. Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602

Re: MUR 1686
State of North Carolina

Dear Mr. Vanore:

The Federal Election Commission notified your client on May 7, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time. We acknowledge receipt of your explanation of this matter which was dated June 21, 1984.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that the State of North Carolina violated 2 U.S.C. §441a(a), a provision of the Act. You may submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please submit any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause; however, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

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This matter will remain confidential in accordance with 2 U.S.C. §§437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

In response to questions concerning the application of 11 C.F.R § 106.3 to past travel by the Governor for purposes of recalculations, such recalculations efforts will be a part of the conciliation process. Additionally, in reply to your request for approval of proposed guidelines concerning allocation of future travel expenses, you may submit a request for an advisory opinion pursuant to 2 U.S.C. § 437f and 11 C.F.R. § 112, if you so desire.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosure
Procedures

8504052175

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Andrew A. Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602

Re: MUR 1686
State of North Carolina

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This matter will remain confidential in accordance with 2 U.S.C. §§437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

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If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Enclosure
Procedures

9/5/84

8504052177

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/ THERESE M. GRETHER *Imcg.*

DATE: TUESDAY, AUGUST 28, 1984

SUBJECT: Objection - MUR 1686 General Counsel's Report signed August 16, 1984.

The above-named document was circulated to the Commission on Friday, August 17, 1984 at 2:00 P.M.

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	X
Commissioner Elliott	
Commissioner Harris	X
Commissioner McDonald	X
Commissioner McGarry	
Commissioner Reiche	

This matter will be placed on the Executive Session agenda for Wednesday, September 5, 1984.

8504052178

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM JCR

DATE: AUGUST 23, 1984

SUBJECT: OBJECTION - MUR 1686 General Counsel's Report signed August 16, 1984

The above-named document was circulated to the Commission on Friday, August 17, 1984 at 2:00.

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner Harris	X
Commissioner McDonald	X
Commissioner McGarry	_____
Commissioner Reiche	_____

This matter will be placed on the Executive Session agenda for Wednesday, September 5, 1984.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: August 17, 1984

SUBJECT: MUR 1686 - GC Rpt

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[x]	Compliance	[x]
Sensitive	[x]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

84 AUG 17 A9:02

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Jim Hunt Committee) MUR 1686
Mahlon E. Little, Treasurer)
State of North Carolina)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 30, 1984, Mr. David T. Flaherty, Chairman of the Republican Party of North Carolina, filed a complaint with the Commission alleging that the Jim Hunt Committee (the "Hunt Committee"), Mr. Mahlon E. Little, as treasurer, and the State of North Carolina ("North Carolina") violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). On May 8, 1984, the complainant submitted additional materials to supplement his complaint.

The complaint alleges that for the past year Governor James B. Hunt, Jr., a candidate for the North Carolina Democratic Party's nomination for United States Senator, has been campaigning across the State of North Carolina as well as into states other than North Carolina using a North Carolina State helicopter and airplane. The complaint claims that many of the trips consisted of a single stop and yet the Hunt Committee allocated the expenses between campaign and non-campaign related travel on a pro-rata basis for purposes of both reimbursement and reporting. The complaint asserts that the Hunt Committee's allocation of travel expenses in this matter violates 11 C.F.R. § 106.3.

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The complaint further claims that the Hunt Committee has reimbursed the state for the use of a government conveyance on the basis of rates far below the rates for a comparable commercial conveyance in violation of 11 C.F.R. § 106.3. In addition, the complaint asserts that the difference between the rate paid by the Hunt Committee and the rate for a comparable commercial conveyance constitutes an unreported in-kind contribution by North Carolina to the Hunt Committee in violation of 2 U.S.C. § 434 and 11 C.F.R. § 104.3. Furthermore, the complaint asserts that if the in-kind contributions exceeded the limitations of 2 U.S.C. § 441a, a violation of this section may be involved.

Notice of the complaint was sent to the respondents on May 3, 1984. All of the respondents submitted requests for an extension of 30 days, or until June 21, 1984, to respond to the Commission's notice. The Office of General Counsel granted the requested extensions and so notified the respondents.

On June 22, 1984, responses to the complaint were filed by North Carolina and the Hunt Committee. The responses provide an explanation of the reimbursement method used by North Carolina and the Hunt Committee in allocating travel expenses for the Governor. The method used by the respondents is a time allocation formula. It was adopted by North Carolina in 1980 after the Governor instructed his staff to have all "political" travel on state airplanes and helicopters paid for by his political committee. In response to the Governor's request, the staff adopted the time formula method whereby campaign and

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non-campaign-related travel were based on the amount of time the Governor conducted political activity compared to the amount of time he conducted official business. When Governor Hunt became a federal candidate, the Governor and North Carolina continued to use the allocation formula adopted in 1980.

The procedure used for allocating costs between official business and political activity can be summarized as follows. The North Carolina State Department of Commerce bills the Governor's office for all of the Governor's travel, whether for official business or for political activity, on state owned airplanes and helicopters. The rate is established by the Commerce Department. The Governor's office then analyzes the Governor's daily schedule to determine if any part of the travel was political. If so, the staff computes a percentage which is the amount of political time compared to the total time of travel. The percentage is then multiplied against the entire bill to obtain the share of the trip to be billed to the Governor's political committee. The Governor's Office pays the bill and the political committee reimburses the Governor's office accordingly.

Both the Hunt Committee and the State of North Carolina contend that the time allocation formula is reasonable and permissible under the Act.

However, in the event the Commission finds the time based allocation formula unacceptable, the respondents have submitted proposed guidelines for allocation of travel expenses, and requested answers to nine questions concerning the definition of "comparable conveyances" as used in 11 C.F.R. § 106.3.

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II. FACTUAL AND LEGAL ANALYSIS

a) Applicable law.

11 C.F.R. § 106.3 sets forth certain requirements regarding the allocation of expenses between campaign and non-campaign-related travel. First, subsection 106.3(b)(2) states that where a candidate's trip involves both campaign and non-campaign-related stops, the campaign expenditure is calculated on the actual cost-per-mile of the means of transportation used, starting at the point of origin of the trip, via every campaign-related stop and ending at the point of origin. Second, subsection 106.3(b)(3) defines a campaign-related stop as any stop in which campaign-related activity is conducted, exclusive of any incidental contacts.

Third, subsection 106.3(c) requires that when individuals, other than the candidate, conduct campaign-related activities on a trip, the portion of this trip attributed to the candidate shall be allocated on a reasonable basis.

Finally, subsection 106.3(e) addresses the reportable expenses of a candidate who uses government conveyances for campaign-related travel. The regulations state that the reportable expenditure for such a candidate is the rate for a comparable commercial conveyance.

b) Application of the law to the facts.

The time allocation formula used by the respondents does not comply with the travel allocation requirements set forth at 11 C.F.R. § 106.3(b)(2) and (3) and 106.3(e). 11 C.F.R.

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§ 106.3(b)(2) requires that the campaign leg of a trip be allocated on the actual cost-per-mile of the conveyance starting from the point of origin, through each stop, and back to the point of origin. The time formula described by the Hunt Committee and North Carolina allocates only the time of the stop or stops, not travel to and from the point of origin.

Further, 11 C.F.R. § 106.3(b)(3) states that if campaign related travel is conducted at a stop, the entire stop is political. The time formula would divide a stop between campaign and non-campaign business based on the amount of time spent on political versus official business. The regulation does not permit subdivision of a stop.

Finally, 11 C.F.R. § 106.3(e) requires that the Hunt Committee reimburse North Carolina at a "comparable commercial rate" for travel on North Carolina helicopters and airplanes. According to the Hunt Committee and North Carolina, the time formula is used in reimbursing the State. The rate is set by the North Carolina Commerce Department and the Governor's Office uses the time allocation formula in determing the reimbursement. Clearly, the comparable commercial rate is not being used to calculate the reimbursement.

Therefore, the Office of General Counsel recommends finding reason to believe that the Hunt Committee violated 11 C.F.R. § 106.3 by not following the allocation rules prescribed therein.

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Further, if the Hunt Committee has been undercharged by employing the time allocation formula, the State of North Carolina would have made and the Hunt Committee would have received in-kind contributions which were not reported. Additionally, the resulting in-kind contributions may be in excess of the contribution limitations set forth at 2 U.S.C. § 44la. Therefore, the Office of General Counsel recommends finding reason to believe that the Hunt Committee may have violated 2 U.S.C. §§ 434 and 44la(f) and that the State of North Carolina may have violated 2 U.S.C. § 44la(a)(1)(A).

Finally, in reply to the Hunt Committee's request for answers to the questions concerning the application of 11 C.F.R. § 106.3 to past travel by the Governor for purpose of recalculation, the Office of General Counsel recommends informing the respondents that recalculation efforts will be a part of the conciliation process. With regard to the respondents' request for approval of proposed guidelines for future travel allocation, the Office of General Counsel recommends that the respondents be notified that if they so desire they may submit such a request pursuant to the advisory opinion process.

III. RECOMMENDATION

1) Find reason to believe the Jim Hunt Committee and Mahlon E. Little, as treasurer, violated 11 C.F.R. § 106.3 and 2 U.S.C. §§ 434 and 44la(f).

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2. Find reason to believe the State of North Carolina violated 2 U.S.C. § 441a(a)(1)(A).

3. Send the attached letters.

Charles N. Steele
General Counsel

August 16, 1984
Date

By: Kenneth A. Gross
Associate General Counsel

Attachments
1. Responses
2. Proposed letters

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84 JUN 22 AM 9:41

84 JUN 22 P 2:29

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

June 21, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street NW
Washington, DC 20463
Attention: Ms. Judy Thetford

8504052139

Re: MUR 1686

Dear Mr. Gross:

On behalf of Jack Cozort, Legal Counsel to the Governor, and Andrew A. Vanore, Senior Deputy Attorney General, I wish to inform you that we have forwarded the original of this document to your office by certified mail. In order that you might receive this information as soon as possible, we are sending this Federal Express.

We want to thank you for the extension of time which was granted in this particular case. If you should need additional information, please contact us at (919) 733-2417.

Sincerely,

Pam Gaither

Pamela Gaither
Special Assistant
Office of the
Governor's Legal Counsel

PG/tmg

FEC
84 JUN22 A9:41
22 P2:30

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

June 21, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street NW
Washington, DC 20463
Attention: Ms. Judy Thetford

Re: MUR 1686

Dear Mr. Gross:

On April 27, 1984, the Federal Election Commission received a complaint which alleged that the State of North Carolina may have violated certain sections of the Federal Election Campaign Act of 1971, as amended, hereinafter "the Act." The complaint was filed by David T. Flaherty, Chairman of the Republican Party of North Carolina. Chairman Flaherty alleged that the Governor's use of the State helicopter and the State airplane for travel during which one or more political events occurred and the manner in which the State was reimbursed by the Jim Hunt Committee for the use of the State helicopter and plane under those circumstances, amounted to an unreported in-kind contribution by the State to Governor Hunt's campaign committee, in violation of 2 U.S.C. §434, and 11 C.F.R §104.3. Flaherty also requested that the Federal Election Commission investigate whether there was a violation of the contribution limitations of 2 U.S.C. §441a.

On May 3, 1984, you wrote a letter to Governor Hunt notifying the Governor that he had the opportunity to demonstrate, in writing, that no action should be taken against the State of North Carolina, in connection with this matter. On May 18, 1984, Governor Hunt designated the undersigned as his counsel for this matter. In letters dated May 18, 1984, and May 23, 1984, the undersigned requested an extension of time through and including the twenty-first day of June, 1984, in which to respond to the allegations in this matter. On May 29, 1984, you notified the undersigned in writing that the Office of General Counsel had granted the State of North Carolina the extension of time through and including June 21, 1984.

I. Summary of Response

The Governor of North Carolina, on behalf of the State of North Carolina, responds as follows:

A. That the Governor's Office has at all times since August 9, 1983, considered travel by the Governor during which campaign-related activities occurred, to be a campaign expenditure and has, in good faith, and at the

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insistence of the Governor, submitted statements to the Jim Hunt Committee for reimbursement of expenses incurred for the use of State aircraft during which campaign-related activities occurred;

B. That the statements submitted by the Governor's Office to the Jim Hunt Committee sought reimbursement of expenses for such campaign-related activities on an allocation formula prepared by the Governor's Office in 1980, at a time during which the Governor's Office was not required under federal law to seek reimbursement;

C. That the method used by the Governor's Office in seeking reimbursement from the Jim Hunt Committee met all requirements of the laws of the State of North Carolina and in many instances went beyond the requirements of the laws of North Carolina;

D. That the use of that formula after August 9, 1983, was a good faith effort by the Governor's Office to continue to be reimbursed for travel by the Governor which was not official or all-official business;

E. That, after an exhaustive examination of applicable federal laws, the Governor's Office believes the method used by the Governor's Office is acceptable under federal law;

F. That there has been no knowing or willfull violation of any federal regulation.

II. Method Used for Allocation of Expenses from August 9, 1983, Until the Date of the Filing of this Complaint

Flaherty's complaint concerns the use of State-owned aircraft. The aircraft used by the Governor are owned and maintained by the North Carolina Department of Commerce. The Governor, as well as other State officials and employees from all departments of State Government, use State aircraft under guidelines developed by the Department of Commerce. The pilots are employees of that department. When a State plane is used, the Department of Commerce prepares an invoice which is sent to the department or official who used the aircraft. The invoices are the basis for the allocation of expenses.

In 1980, Governor Hunt instructed his Office to prepare a method by which the State would be reimbursed an appropriate amount when he used a State aircraft to reach a location at which any political events were attended by the Governor. He instructed his staff to prepare a method by which the Jim Hunt Committee, the Governor's political committee, would reimburse the State for its total share of the expenses. If the trip taken by the Governor was totally political, the Jim Hunt Committee would reimburse the State for the total cost of the trip. If the trip taken by the Governor involved activities which were both official and political in nature, the Jim Hunt Committee would reimburse the State a proportional share of the expenses.

When the invoice for the trip is received, the Governor's Budget Officer and the Governor's Scheduling Assistant review the itinerary of the trip to determine whether there were any political activities on the trip. If there were, there was a determination made of the total amount of time the

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Governor was travelling with a determination of what portion of that time was devoted to political activities. For example, if one-fourth of the Governor's time on the particular trip involved political activities, the Jim Hunt Committee reimbursed the State for one-fourth of the cost of the trip. The Governor's Office paid the invoice submitted by the Department of Commerce, and submitted a statement to the Jim Hunt Committee for its proportional share of the cost of the trip.

On August 9, 1983, the Federal Election Commission received the appropriate filing papers for the Jim Hunt for Senate Exploratory Committee. The Governor's Office continued to submit statements to the appropriate political committee, in this case the Jim Hunt for Senate Exploratory Committee, seeking reimbursement under the same allocation formula.

The State of North Carolina, through the Governor's Office, has been reimbursed under a fair and reasonable allocation formula when Governor Hunt has travelled on State-owned aircraft and has conducted campaign-related activities. Therefore, the State has not made an unreported in-kind contribution, in violation of either 2 U.S.C. §434 or 11 C.F.R. §104.3, nor has there been any improper contribution under 2 U.S.C. §441a.

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III. Proposal to Compute Allocations Based on Strict Interpretation of the Federal Regulations

When Republican Party Chairman Flaherty filed this complaint with the Commission, Governor Hunt instructed this office to prepare guidelines for reimbursement of campaign-related travel which would be in strict compliance with Volume 11 of the Code of Federal Regulations. This office has attempted to compile a set of guidelines for that purpose. After careful review of the regulations, the Governor's Office believes the allocation formula developed two years ago, which computes reimbursement on the basis of time spent on campaign-related activity, is in compliance with the Federal Election Campaign Act and regulations adopted pursuant thereto. We do not believe that 11 C.F.R. constitutes the sole and exclusive means of developing allocation formulas. We believe the method which has been in use by the Governor's Office meets every requirement of the law, particularly given the nature of the office of governor. As Governor, Jim Hunt is the head of his party, the Democratic Party of North Carolina. He is frequently called upon as party head to participate in activities which would be considered campaign-related. However, as Governor, he is also called upon on many occasions to perform official functions outside his office. It is rare that a single trip will be composed of either completely official functions or completely campaign-related functions. It is for that reason that we believe that it is appropriate to allocate expenses on trips which are almost always official and campaign-related on the basis of how much time was spent on official business as opposed to campaign-related activities.

In accordance with Governor Hunt's instructions, this office has diligently researched Volume 11 of the Code of Federal Regulations and has studied all related materials we could find which would have some bearing on interpreting the regulations dealing with allocation of expenses. In addition, we have placed numerous phone calls to staff attorneys with the Commission in an effort to better understand the regulations. We have constructed a set of guidelines which we think complies fully with the spirit and the letter of

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the regulations. We also feel that the guidelines we have constructed are fair and reasonable. We have taken the position that the purpose of these guidelines is to treat every candidate equitably so that no one is given an unfair advantage or saddled with a disadvantage because of his position.

At this time, we tender to the Commission these guidelines for the Commission's consideration. While we are not asking for a formal advisory opinion, we are requesting that the Commission, or the Office of General Counsel to the Commission, give us some written instructions on whether these guidelines are a reasonable and fair interpretation of the regulations.

Guidelines for Campaign-Related Travel

Federal election law requires that a candidate report all travel expenses incurred in connection with campaign-related activity. When the Governor uses government conveyances or accomodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

I. WHO IS SUBJECT TO THE LAW?

The committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions are not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else, travelling on a State conveyance who is conducting any campaign-related activities.

II. COMPUTATION OF COSTS

The campaign committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjuction with air travel. Costs are to be computed in one of the following methods:

(1) At 20½ cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00.)

(2) At $6.00 per hour if accurate records of time are kept, in accor-

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dance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

[CAVEAT: The Federal Election Commission regulations are not very clear on the computation of ground transportation. Our rates are based on what we feel to be a reasonable interpretation of the law. You must keep in mind, however, that the FEC may disagree.]

B. Air Travel

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) For campaign personnel, construct an imaginary trip from the point of origin through every campaign-related stop and back to the point of origin.

(c) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(d) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign-related activity at a city makes that stop on the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the committee must reimburse the State an amount equal to what it would cost to use comparable commercial conveyance. The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyances.

There are two possible means of travel by plane: regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at locations served by regularly scheduled commercial air service, the rate to be used is first class air fare for each person whose travel is reportable and reimbursable. (See 11 C.F.R. 9034.7(b)(5)(i).)

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(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accomodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's security is authorized under State law. The Governor's use of the State aircraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the committee will not have to reimburse for security and will not always have to reimburse for the use of the State's pilots in flying the State aircraft. In determining what facilities are sufficent to accomodate the Governor and others engaging in campaign-related activities, do not count security, and count the pilots only when the trip is completely political, with no official business. (See 11C.F.R. 9034.7(b)(5)(ii).)

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates from smaller, more spartan conveyances.

(d) In determining how much the committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security, persons on official business, and pilots, when appropriate. For example, if the total cost of chartering similar aircraft was $600.00, and the only persons on board were the Governor, one pilot, and one security agent, and the trip was part official and part political, the committee should reimburse the State $200.00, one-third of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other persons deemed reimbursable. In other words, it is permissable to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor and others deemed reimbursable. When figuring the rates for smaller aircraft, always include pilots.

[CAVEAT: The FEC regulations on allocation of expenses for air travel are vague and subject to widely varying interpretations. Our rules are based on what we feel is a reasonable interpretation of the regulations. The FEC may disagree.]

IV. Conclusion

The State of North Carolina has committed no knowing or willfull violations of the Federal Election Campaign Act of 1971, as amended, and the regulations adopted pursuant thereto. To the contrary, the State has required that the appropriate political committee reimburse the State whenever the Governor flew on State-owned aircraft and conducted political or campaign-related activities. The State required this reimbursement before the Governor became a candidate for the United States Senate.

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The reimbursement formula adopted by the Governor's Office which allocated expenses on the basis of time attributed to official or campaign-related activities was a fair and reasonable method of allocating expenses for a unique type of candidate, the Governor of a large state who is required to travel on State conveyances so that he can be adequately protected by security. If the Commission determines that the allocating method used by the Governor's Office is not in full compliance with Federal regulations, a draft set of guidelines has been tendered for the Commission's review and assistance. The State of North Carolina, through the Governor's Legal Counsel, is available to discuss these proposed guidelines at the convenience of the Commission.

In summary, the State of North Carolina urges the Office of General Counsel to provide the assistance requested and to further recommend to the Commission that there is no reason to believe that the complaint sets forth a possible violation of the Federal Election Campaign Act, and, accordingly, that the Commission close the file on the matter.

Respectfully submitted, this the twenty-first day of June, 1984.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel to the Governor

Andrew A. Vanore, Jr.

Andrew A. Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice

Attachment

8504052195

TRIANGLE RENTAL
CAR · TRUCK · VAN

RALEIGH-DURHAM AIRPORT
RALEIGH, N.C. 27606
(919) 782-3464

4100 WESTERN BOULEVARD
RALEIGH, N.C. 27606
(919) 851-2555

HERE ARE OUR NEW CORPORATE RATES
(EFFECTIVE JANUARY 1984)

	DAILY	WEEKLY	MONTHLY	HOURLY	MILEAGE
ECONOMY	24.00	120.00	445.00	4.00	UNL
COMPACT	26.00	130.00	475.00	5.00	UNL
MID SIZE	30.00	150.00	535.00	6.00	UNL
FULL SIZE	32.00	160.00	565.00	6.00	UNL
PREMIUM	36.00	180.00	625.00	7.00	UNL
WAGON	40.00	200.00	685.00	7.00	UNL
VAN (15 pass.) (FREE MILES)	50.00 (100 p/d)	250.00 (700 p/d)	950.00 (2000 p/m)	7.00	.31

WE FEATURE GENERAL MOTORS CARS AND FORD VANS EQUIPPED
WITH AM/FM STEREO, AIR CONDITIONING, POWER STEERING,
POWER BRAKES, FRONT WHEEL DRIVE, CRUISE CONTROL, TILT WHEEL,
TINTED GLASS, AND AUTOMATIC TRANSMISSION

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HAND DELIVERED
84 JUN22 A9:43

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1080 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 18065
(919) 821-4410

22 P2:29

June 21, 1984

GCC#3749

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street NW
Washington, DC 20463

Attention: Ms. Judy Thetford

Re: MUR 1686

Dear Mr. Gross:

Please find enclosed a copy of the response of the Jim Hunt Committee and its treasurer, Mahlon E. Little, to the complaint of David T. Flaherty, Chairman of the Republican Party of North Carolina. The original response is being sent to your office by certified mail by separate letter.

With kindest regards, I am

Sincerely,

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN

David F. Kirby

DFK/kcd

Enclosure

(10)

8504052197

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1080 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 12065
(919) 881-4410

June 21, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, NW
Washington, DC 20463
Attention: Ms. Judy Thetford

Re: MUR 1686

8504052198

Dear Mr. Gross:

The Jim Hunt Committee and its Treasurer, Mahlon E. Little, (hereafter Committee), respectfully request that the Federal Election Commission dismiss the complaint of David T. Flaherty, Chairman of the Republican Party of North Carolina. After careful review of the allegations in the complaint, the Committee concludes that it is not in violation of Federal election law and that the complaint is politically motivated. To support the request that no action be taken by the Commission, the Committee submits the following:

I. Denial of Complaint Allegations.

By letter dated April 20, 1984, the Chairman of the Republican Party of North Carolina filed a complaint alleging the Jim Hunt Committee violated provisions of the Federal Election Campaign Act and regulations adopted pursuant to that Act. The violations alleged are: (1) the Committee improperly allocated campaign and noncampaign-related travel expenses and reimbursed an inappropriate amount to the State of North Carolina for campaign-related use of the State plane and helicopters; (2) the Committee received in-kind contributions from the State by paying an inappropriate amount for the campaign-related use of the State plane and helicopters and the Committee failed to report the in-kind contributions; and (3) the value of the in-kind contributions resulting from campaign-related travel on the State airplane and helicopters exceeded contribution limits. The statute and regulations alleged to be violated are 2 USC §434, 2 USC §441(a), 11 CFR §106.3 and 11 CFR §104.3.

(11)

The Committee denies that its allocation of campaign and noncampaign-related travel expenses violates the statutes and regulations cited.

II. Background.

The Jim Hunt Committee is the principal campaign committee of Jim Hunt who is the Governor of North Carolina and the Democratic candidate for election to the U. S. Senate. During his two terms in office, the Governor has used a King-Air airplane and Bell 222 and Bell 206 helicopters for transportation to conduct official business. The airplane and the helicopters are owned by the Department of Commerce of the State of North Carolina. The Department of Commerce bills the Office of the Governor for the use of its airplane and helicopters at a rate established by the Department of Commerce. The Department of Commerce billing rates do not differentiate for political and official use. The Office of the Governor is billed for all travel on the airplane and helicopters whether campaign or noncampaign-related. The Office of the Governor is billed for all travel irrespective of whether the Governor is a candidate at the time the plane is used.

The Governor, in 1980, prior to becoming a candidate for federal office, instructed his staff to pay for all "political" travel on the State airplane or helicopters. In order to comply with the Governor's request, his staff determined that the proper method of allocating campaign and noncampaign-related travel expenses should be based upon the percentage of time that the Governor conducts political activity as compared to the amount of time he conducts official business. This particular allocation method was adopted by the Governor's staff with the good faith belief that it was the most accurate method of apportioning what was state business and what was political activity.

When the Office of the Governor receives a billing from the Department of Commerce for travel on the State plane or helicopters, the Governor's staff analyzes the Governor's daily schedule to determine whether he conducted any political activity during his travels. If so, the Governor's staff computes the amount of time the Governor spent conducting political activity and compares "political" time to the total time of the travels to obtain a ratio or percentage of the travels which are campaign-related. The Governor's staff then multiplies the total travel cost billed by the Department of Commerce times the percentage of

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travel that was political to obtain the allocable share to be paid by the Jim Hunt Committee for reimbursement to the State of North Carolina. The Office of the Governor then bills this amount to the Committee.

The Jim Hunt Committee has paid in full every invoice which has been submitted by the State of North Carolina for Governor Hunt's campaign-related travel.

The Governor has always insisted, both before and after he became a candidate for election to the United States Senate, that the State of North Carolina be fully reimbursed for all political travels. The Committee takes the position that it has followed the Governor's mandate through paying for travel expenses apportioned on the basis of time. The Committee has acted in good faith to fully and fairly reimburse the State of North Carolina through the time allocation method and it denies that such a reimbursement method violates the Federal Election Campaign Act.

III. Interpretations of Regulations.

Although the Committee is aware that regulation 11 CFR 106.3 does not specifically refer to allocating and reimbursing travel expenses on a time basis, the Committee submits that such an allocation is reasonable and permissible under the Federal Election Campaign Act. The Committee respectfully requests that the Commission take no action on the complaint until it reviews the time allocation method employed to determine if it is an acceptable travel expense allocation method. Undoubtedly, it is the purpose of the regulations requiring allocation between campaign-related and noncampaign-related travel on a government conveyance, to put the individual candidate on equal footing with the office holder who has certain assets of the government at his disposal. However, it should not be the result of such regulations to punish an office holder or put an office holder at a disadvantage simply because he or she is an elected official campaigning for another office. For those reasons, the Committee contends that 11 CFR 106.3 was not intended, nor is it written, as the exclusive method of apportioning campaign-related and noncampaign-related travel costs. Therefore, the Committee takes the position that reimbursement of travel expenses on a time-related basis is fair, equitable and complies with the letter and spirit of the Federal Election Campaign Act. We request the Commission to review this method to determine if it agrees.

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IV. Interpretation of Regulations - Trip Allocation.

An examination of the pertinent regulation, 11 CFR 106.3, reveals the vagueness of the regulation which results in difficulty for the Jim Hunt Committee in calculating reportable and reimbursable travel expenses. The regulation simply provides that when a government conveyance is used the Committee should reimburse the State at the rate of a "comparable conveyance".

As the Commission will note, the term "comparable conveyance" is not defined at all in the regulation and the vagueness of the regulation raises multiple questions regarding the calculation of travel expense reimbursement. Over the past few weeks, the Committee attempted to calculate travel expenses using a trip versus time allocation method. In doing so, the Committee had numerous questions regarding the interpretation and application of this section. Counsel for the Governor, Jack Cozort, contacted various staff members of the Federal Election Commission to seek guidance on the application of the regulation. Staff members at the Commission were unable to give precise answers to many of the questions he presented which leaves the Committee in the difficult position of not knowing whether our interpretation of the trip allocation method will be acceptable to the Commission.

If the Committee is obligated to allocate, report, and reimburse campaign and noncampaign-related expenses based on a trip method, the Committee respectfully requests that the Commission provide assistance by answering the following questions concerning the interpretation of 11 CFR 106.3:

1. When the term "comparable conveyance" is used in 11 CFR 106.3, is the Committee allowed to reimburse travel expenses at the rate of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

2. In the case of travel to a city not served by regularly scheduled commercial air service, is the Committee required to reimburse at the usual charter rate for a "comparable conveyance"?

3. Does the Committee have the option of paying the usual charter rate for commercial conveyance instead of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

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4. In determining the rate for a "comparable commercial conveyance", is it permissible for the Committee to calculate the reportable expense by dividing the total operating cost for the usual charter rate for a comparable airplane or helicopter by the total number of passengers transported and pay the State an amount equal to that portion of the actual cost of the charter which is allocable to all passengers traveling for campaign purposes? In calculating this amount, if the candidate is required or authorized by law to be accompanied by security, staff or pilots, is it permissible for the Committee to exclude those costs in allocating reportable and reimbursable expenditures?

5. With regard to the expenditures for pilots:

(a) If travel is both political and official, is it permissible for the Committee to exclude the cost of pilots in allocating reportable and reimbursable expenditures?

(b) If travel is solely political, is it permissible for the Committee to exclude the cost of pilots in allocating reportable and reimbursable expenditures?

6. Is it permissible for the Committee to calculate the reportable and reimbursable travel expense by determining the usual charter rate for a smaller airplane or helicopter which is sufficiently large to transport the Governor and all other persons who are conducting campaign-related activity, less facilities sufficient to accomodate staff or security which is authorized or required by law to accompany the Governor. For example, if the Governor and one campaign aide travel between cities in North Carolina along with the pilot and security personnel, is it permissible for the Governor to pay for the usual charter rate of a smaller aircraft which is sufficiently large to transport the Governor and the aide?

7. When calculating the amount to be reported and reimbursed, does the Committee have the option of selecting between a cost calculation based on the actual conveyance used or the usual charter rate for a smaller aircraft sufficient to transport all persons conducting campaign activity?

8. The State Bureau of Investigation which provides security for the Governor has recommended that the Governor

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travel on state-owned aircraft, piloted by state employees, for security and safety reasons. Is it permissible for the Committee to subtract the cost of both security personnel and the pilots in calculating the cost of "comparable commercial conveyance" under 11 CFR 106.3(e)?

9. Are the allocation methods on a trip basis the exclusive means of calculating the reportable travel expenses when a candidate uses a government conveyance or is it permissable to allocate travel expenses on a time basis?

* * *

The Committee intends to make full and fair reimbursement to the State of North Carolina for all campaign-related travel expenses incurred by the Governor in connection with his campaigning for election to the United States Senate. The Committee would ask the Commission to answer the foregoing questions in order that all calculations and reimbursements for travel, both past and future, be made according to a method which has not been disapproved by the Commission. The Committee is asking for this guidance because the regulations are vague and the Committee and the Governor wish to fully abide by the spirit and the letter of the law.

V. Proposed Guidelines for Allocation of Travel Expenses.

Should the Commission find that the allocation of travel expenses on a time basis is unacceptable, the Committee requests that the Commission review the following proposed guidelines to determine if the Commission has objections to counsel's interpretation of the regulation.

Proposed Guidelines

Federal election law requires that a candidate report all travel expenses incurred in connection with campaign-related activity. When the Governor uses government conveyances or accomodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

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I. Campaign-Related Travel.

The Committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions are not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else, travelling on a State conveyance who is conducting any campaign-related activities.

II. COMPUTATION OF COSTS

The Committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjunction with air travel. Costs are to be computed in one of the following methods:

(1) At 20 1/2 cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00)

(2) At $6.00 per hour if accurate records of time are kept, in accordance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

[Caveat: The Federal Election Commission regulations are not very clear on the computation of ground

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transportation. Our rates are based on what we feel to be a reasonable interpretation of the law. You must keep in mind, however, that the FEC may disagree.]

B. Air Travel.

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) For campaign personnel, construct an imaginary trip from the point of origin through every campaign-related stop and back to the point of origin.

(c) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(d) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign related activity at a city makes that stop of the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the Committee must reimburse the State an amount equal to what it would cost to use "comparable commercial conveyance". The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyance.

There are two possible means of travel by plane: regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at

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locations served by regularly scheduled commerical air serivce, the rate to be used is first class air fare for each person whose travel is reportable and reimburseable. (See 11 C.F.R. 9034.7(b)(5)(i).)

(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accomodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's use of the State aricraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the Committee will not have to reimburse for security and will not always have to reimburse for the use of the State's pilots in flying the State aircraft. In determing what facilities are sufficient to accomodate the Governor and others engaging in campaign-related activities, do not count security, and count the pilots only when the trip is completely political, with no official business. (See 11 C.F.R. 9034.7(b)(5)(ii).)

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates from smaller, more spartan conveyances.

(d) In determining how much the Committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security, persons on official business, and pilots, when appropriate. For example, if the total cost of chartering similar aircraft was $600.00, and the only persons on board were the Governor, one pilot, and one security agent, and the trip was part official and part political, the Committee should reimburse the State $200.00, one-third of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other

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persons deemed reimbursable. In other words, it is permissable to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor, and others deemed reimbursable. When figuring the rates for smaller aircraft, always include pilots.

[Caveat: The FEC regulations on allocation of expenses for air travel are vague and subject to widely varying interpretations. Our rules are based on what we feel is a reasonable interpretation of the regulatons. The FEC may disagree.]

As the Commission will note, the Committee has attempted to interpret the regulations in a manner which will place the Governor on equal footing with a private citizen. If the Commission has objections to any of the methods that we have proposed, please specify the objection and provide us with guidance as to what the Commission considers to be an appropriate calculation method.

VII. "Bad Faith" Complaint.

In addition, the Committee wishes to bring to the Commission's attention, that this complaint was filed after Jesse Helms, the Republican nominee for election to the U. S. Senate, had conducted an advertising campaign objecting to Governor Jim Hunt's use of the State helicopters and airplane for campaign purposes. The text of a radio advertisement and a newspaper advertisement is enclosed and made a part of the Committee's response. We believe this complaint was not brought as a result of geniune concern for compliance with Federal election laws, but instead, it is the product of bad faith and an effort by the Republican Party and the Helms for Senate Committee to prejudice the campaign of Governor Hunt. As a further example of David Flaherty's and the Republican Party's bad faith, a press conference was held prior to the filing of this complaint in which a written press release setting forth the complaint allegations was distributed to the press and freely discussed. (See Attachment). The press conference was clearly designed to obtain political mileage from the complaint and avoid the confidentiality which attaches upon the filing of a complaint with the Commission. Because the Committee believes that this complaint was brought in bad faith and pursued solely for political gain, the Commission should question the merit of the allegations made and take no action on the complaint.

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VIII. Summary.

The Committee denies that its current method of allocating and reimbursing travel expenses violates the Federal Election Campaign Act.

Furthermore, the Committee respectfully requests that the Commission provide an answer to the questions of: (1) whether allocation of campaign and noncampaign-related travel expenses can be made on a time basis or if the trip basis allocation in 11 CFR 106.3 is an exclusive method of calculating campaign and noncampaign-related travel expenses; (2) whether the proposed methods of calculating reportable and reimbursable travel expenses are acceptable to the Commission, and (3) that the Commission answer the specific questions propounded in order to assure the Committee that the amount it pays for campaign-related travel is consistent with Commission guidelines and Federal Election law. We would request that the Commission provide answers to our questions on a confidential basis pursuant to 2 USC 437g(a)(4)(B) and 2 USC 437g(a)(12)(A).

If the Commission is unable to respond to our request for interpretation of the regulations, please advise and we will consider a formal request for an advisory opinion.

The Committee agrees to act in full compliance with the guidance provided by the Commission. We await your response and intend to comply with your instructions.

Sincerely yours,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

David F. Kirby
Counsel for the
Jim Hunt Committee and
Mahlon E. Little, Treasurer

DFK/efc

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The JIM HUNT Record

Paid Pol. Adv.

Subject: Tax Dollars For Politics

A report to the taxpayers on how Jim Hunt uses State equipment and your tax dollars to build the Jim Hunt Political Machine



Governor Jim Hunt Greets Citizens After Arriving In Marion By Helicopter

Gov. Hunt Opens Headquarters

Governor Jim Hunt arrived by helicopter Tuesday to officially open the McDowell County Democratic Headquarters.

Hunt's helicopter landed in the parking lot of the Lady M[illegible] dair[illegible] "tell the story about Ja[illegible] Hunt added [illegible]

FACT: Jim Hunt has repeatedly used the State helicopters and State airplanes to attend Hunt political events. 2-3-4

North Carolina Taxpayers Are Paying The Bill For The Jim Hunt Political Machine

1. The McDowell News, 10-6-82
2. The Asheville Citizen, 10-5-82
3. The Blowing Rocket, 10-6-82
4. Sandhill Citizen, 10-20-82

Democrats for Helms . . . A Man of Character

Paid for by HELMS for Senate, Mark Stephens, Treasurer

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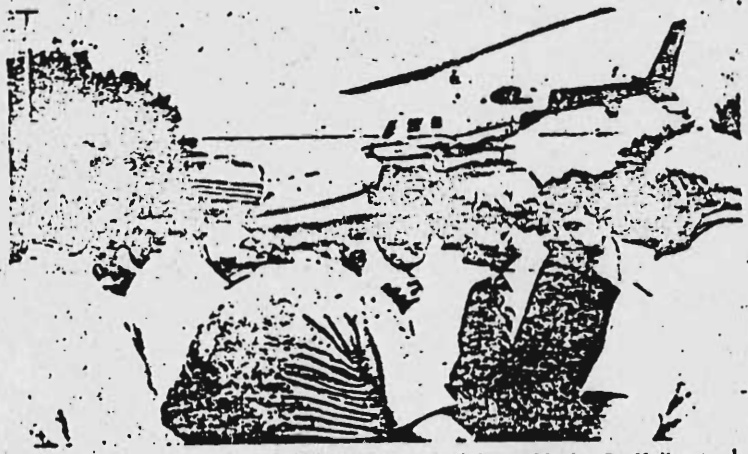
Driver Tony Lackey with admirer . . .

Paid Pol. Adv.

The JIM HUNT Record

Subject: Tax Dollars For Politics

A report to the taxpayers on how Jim Hunt uses State equipment and your tax dollars to build the Jim Hunt Political Machine



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Governor Jim Hunt arrived by helicopter [illegible] Tuesday to officially open the McDowell County Democratic Headquarters. Hunt's helicopter landed in the parking lot of the Lady [illegible] [illegible] tell the story about Jim [illegible]

FACT: Jim Hunt has repeatedly used the State helicopters and State airplanes to attend Hunt political events.

North Carolina Taxpayers Are Paying The Bill For The Jim Hunt Political Machine

1. The [illegible] News 10/40
2. The Asheville Citizen 10/40
3. The Gaston Gazette 10/40
4. Hendersonville Times-News

Democrats for Helms . . . A Man of Character

Paid for by citizens for Helms, Jesse Helms, Treasurer

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Transcript of Helms for Senate Radio Ad (aired on North Carolina News Net)

5/19 - 5/25 83

The following is a paid political announcement.

Hi, Verne Strickland here with more on the Jim Hunt record. (PAPER RUSTLE) Let's check out the newspapers today. Here's an interesting story from the McDowell News, October 6, 1982, about a visit by Jim Hunt to the City of Marion, North Carolina. The story says, quote, "The Governor arrived by helicopter to officially open the McDowell County Democratic Party", unquote. The picture that was printed along with that story shows that the helicopter which carried Mr. Hunt to that political rally was the state helicopter -- your helicopter, paid for by your tax dollars and intended for state business, which is not the same as Jim Hunt's political business as he gears up his campaign for the U.S. Senate. The next time you see the state helicopter flying overhead, you might ask yourself (HELICOPTER SOUND) is it on state business? Or is it being used as Jim Hunt's political machine.

Paid for by the Helms for Senate Committee.

# # #

8504052211

NORTH CAROLINA
REPUBLICAN PARTY

FOR IMMEDIATE RELEASE
CONTACT: DAVID FLAHERTY
(919) 828-0423
1-800-662-6849
APRIL 25, 1984

I called this press conference today to announce that the North Carolina Republican Party has filed a complaint with the Federal Elections Commission asking them to look into Governor Hunt's misuse of the state airplane and helicopter for political purposes.

Specifically, I have asked the FEC to investigate and rule on two questions:

(1) The rates charged to Governor Hunt when he uses the state plane.

(2) The pro-rating of trips by Governor Hunt's office.

First, the rates. The Governor is charged $300.00 for use of a KINGAIR E-90. We have sought commercial quotes for use of a KINGAIR and no one has given us a quotation as low as $300.00 per hour. Most sources quoted a figure well over twice that amount. In fact, the Hunt administration has admitted that the fee charged does not include pilots' salaries, clerical expenses, and depreciation. According to one of our sources, depreciation can run up to $100,000 for every 3500 hours flown. Thus, we believe the Hunt Committee has admitted that it is receiving a subsidy from the state in violation of the law.

The Hunt campaign is also charged $235 per hour for a Bell 222 helicopter. Market rates put the cost at at least $350 per hour.

Secondly, we have asked the FEC to investigate the pro-ration of trips by the Governor's office. The Hunt committee has reimbursed the state for political uses of state aircraft on a pro-rate basis. For instance, when I exposed the fact that the Hunt campaign paid only $87.00 for a trip to Miami, Ms. Stephanie Bass stated that the $87 was for the cost of holding the state plane "a couple of extra hours"

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while Hunt attended the fundraiser. Ms. Bass's statement implies that the Hunt campaign paid nothing for the actual trip to and from Miami. Furthermore, the actual pro-ration of a single stop trip appears to be illegal. The FEC code 11CFR. §106.3 states "Where a candidate conducts any campaign-related activity in a stop, the stop is a campaign-related stop and travel expenditures made are reportable." We contend that the Hunt Committee has violated this regulation.

The actual pro ration is performed, not by the Department of Commerce, but by Governor Hunt's own office. This raises a real question of a conflict of interest, and it is my belief that Governor Hunt has consistently understated the portions of his trips which should have been paid by his political groups.

Thus, it is with good reason that I ask the FEC to investigate Governor Hunt's use of the plane and helicopter.

Governor Hunt has repeatedly used tax dollars to serve his political ends...I hope the FEC will bring this use of tax funds by the Hunt campaign to an end.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Jack Cozort
Counsel to the Governor
116 West Jones Street
Raleigh, North Carolina 27611

RE: MUR 1686
State of North Carolina

Dear Mr. Cozort:

The Federal Election Commission notified your client on May 7, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time. We acknowledge receipt of your explanation of this matter which was dated June 21, 1984.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on August , 1984, determined that there is reason to believe that the State of North Carolina violated 2 U.S.C. §441a(a), a provision of the Act. You may submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please submit any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause; however, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

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This matter will remain confidential in accordance with 2 U.S.C. §§437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

In response to questions concerning the application of 11 C.F.R § 106.3 to past travel by the Governor for purposes of recalculations, such recalculations efforts will be a part of the conciliation process. Additionally, in reply to your request for approval of proposed guidelines concerning allocation of future travel expenses, you may submit a request for an advisory opinion pursuant to 2 U.S.C. § 437f and 11 C.F.R. § 112, if you so desire.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Enclosure
Procedures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Andrew A. Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602

Re: MUR 1686
State of North Carolina

Dear Mr. Vanore:

The Federal Election Commission notified your client on May 7, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time. We acknowledge receipt of your explanation of this matter which was dated June 21, 1984.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on August , 1984, determined that there is reason to believe that the State of North Carolina violated 2 U.S.C. §441a(a), a provision of the Act. You may submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please submit any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause; however, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

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This matter will remain confidential in accordance with 2 U.S.C. §§437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

In response to questions concerning the application of 11 C.F.R § 106.3 to past travel by the Governor for purposes of recalculations, such recalculations efforts will be a part of the conciliation process. Additionally, in reply to your request for approval of proposed guidelines concerning allocation of future travel expenses, you may submit a request for an advisory opinion pursuant to 2 U.S.C. § 437f and 11 C.F.R. § 112, if you so desire.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Enclosure
Procedures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David F. Kirby, Esquire
Kirby, Wallace, Creech, Sarda & Zaytoun
1020 Washington Street
Raleigh, North Carolina 27605

Re: MUR 1686
Jim Hunt Committee
Mahlon E. Little, Treasurer

Dear Mr. Kirby:

The Federal Election Commission notified your client on May 7, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time. We acknowledge receipt of your explanation of this matter which was dated June 21, 1984.

Upon further review of the allegations contained in the complaint and information supplied by you, the Commission, on August , 1984, determined that there is reason to believe that the Jim Hunt Committee and Mahlon E. Little, as treasurer, violated 2 U.S.C. §434 and § 441a(f), provisions of the Act and 11 C.F.R. § 106.3. You may submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please submit any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause; however, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

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This matter will remain confidential in accordance with 2 U.S.C. §§437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

In response to questions concerning the application of 11 C.F.R § 106.3 to past travel by the Governor for purposes of recalculations, such recalculations efforts will be a part of the conciliation process. Additionally, in reply to your request for approval of proposed guidelines for allocation of future travel expenses, you may submit a request for an advisory opinion pursuant to 2 U.S.C. § 437f and 11 C.F.R. § 112, if you so desire.

If you have any questions, please contact Judy Thedford at (202) 523-4000.

Sincerely,

Enclosure
Procedures

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while Hunt attended the fundraiser. Ms. Bass's statement implies that the Hunt campaign paid nothing for the actual trip to and from Miami. Furthermore, the actual pro-ration of a single stop trip appears to be illegal. The FEC code 11CFR. #106.3 states "Where a candidate conducts any campaign-related activity in a stop, the stop is a campaign-related stop and travel expenditures made are reportable." We contend that the Hunt Committee has violated this regulation.

The actual pro ration is performed, not by the Department of Commerce, but by Governor Hunt's own office. This raises a real question of a conflict of interest, and it is my belief that Governor Hunt has consistently understated the portions of his trips which should have been paid by his political groups.

Thus, it is with good reason that I ask the FEC to investigate Governor Hunt's use of the plane and helicopter.

Governor Hunt has repeatedly used tax dollars to serve his political ends...I hope the FEC will bring this use of tax funds by the Hunt campaign to an end.

8504052221

NORTH CAROLINA
REPUBLICAN PARTY

FOR IMMEDIATE RELEASE
CONTACT: DAVID FLAHERTY
(919) 828-0423
1-800-662-8849
APRIL 25, 1984

I called this press conference today to announce that the North Carolina Republican Party has filed a complaint with the Federal Elections Commission asking them to look into Governor Hunt's misuse of the state airplane and helicopter for political purposes.

Specifically, I have asked the FEC to investigate and rule on two questions:

(1) The rates charged to Governor Hunt when he uses the state plane.

(2) The pro-rating of trips by Governor Hunt's office.

First, the rates. The Governor is charged $300.00 for use of a KINGAIR E-90. We have sought commercial quotes for use of a KINGAIR and no one has given us a quotation as low as $300.00 per hour. Most sources quoted a figure well over twice that amount. In fact, the Hunt administration has admitted that the fee charged does not include pilots' salaries, clerical expenses, and depreciation. According to one of our sources, depreciation can run up to $100,000 for every 3500 hours flown. Thus, we believe the Hunt Committee has admitted that it is receiving a subsidy from the state in violation of the law.

The Hunt campaign is also charged $235 per hour for a Bell 222 helicopter. Market rates put the cost at at least $350 per hour.

Secondly, we have asked the FEC to investigate the pro-ration of trips by the Governor's office. The Hunt committee has reimbursed the state for political uses of state aircraft on a pro-rate basis. For instance, when I exposed the fact that the Hunt campaign paid only $87.00 for a trip to Miami, Ms. Stephanie Bass stated that the $87 was for the cost of holding the state plane "a couple of extra hours"

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STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

June 21, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street NW
Washington, DC 20463
Attention: Ms. Judy Thetford

Re: MUR 1686

Dear Mr. Gross:

On April 27, 1984, the Federal Election Commission received a complaint which alleged that the State of North Carolina may have violated certain sections of the Federal Election Campaign Act of 1971, as amended, hereinafter "the Act." The complaint was filed by David T. Flaherty, Chairman of the Republican Party of North Carolina. Chairman Flaherty alleged that the Governor's use of the State helicopter and the State airplane for travel during which one or more political events occurred and the manner in which the State was reimbursed by the Jim Hunt Committee for the use of the State helicopter and plane under those circumstances, amounted to an unreported in-kind contribution by the State to Governor Hunt's campaign committee, in violation of 2 U.S.C. §434, and 11 C.F.R §104.3. Flaherty also requested that the Federal Election Commission investigate whether there was a violation of the contribution limitations of 2 U.S.C. §441a.

On May 3, 1984, you wrote a letter to Governor Hunt notifying the Governor that he had the opportunity to demonstrate, in writing, that no action should be taken against the State of North Carolina, in connection with this matter. On May 18, 1984, Governor Hunt designated the undersigned as his counsel for this matter. In letters dated May 18, 1984, and May 23, 1984, the undersigned requested an extension of time through and including the twenty-first day of June, 1984, in which to respond to the allegations in this matter. On May 29, 1984, you notified the undersigned in writing that the Office of General Counsel had granted the State of North Carolina the extension of time through and including June 21, 1984.

I. Summary of Response

The Governor of North Carolina, on behalf of the State of North Carolina, responds as follows:

A. That the Governor's Office has at all times since August 9, 1983, considered travel by the Governor during which campaign-related activities occurred, to be a campaign expenditure and has, in good faith, and at the

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insistence of the Governor, submitted statements to the Jim Hunt Committee for reimbursement of expenses incurred for the use of State aircraft during which campaign-related activities occurred;

B. That the statements submitted by the Governor's Office to the Jim Hunt Committee sought reimbursement of expenses for such campaign-related activities on an allocation formula prepared by the Governor's Office in 1980, at a time during which the Governor's Office was not required under federal law to seek reimbursement;

C. That the method used by the Governor's Office in seeking reimbursement from the Jim Hunt Committee met all requirements of the laws of the State of North Carolina and in many instances went beyond the requirements of the laws of North Carolina;

D. That the use of that formula after August 9, 1983, was a good faith effort by the Governor's Office to continue to be reimbursed for travel by the Governor which was not official or all-official business;

E. That, after an exhaustive examination of applicable federal laws, the Governor's Office believes the method used by the Governor's Office is acceptable under federal law;

F. That there has been no knowing or willfull violation of any federal regulation.

II. Method Used for Allocation of Expenses from August 9, 1983, Until the Date of the Filing of this Complaint

Flaherty's complaint concerns the use of State-owned aircraft. The aircraft used by the Governor are owned and maintained by the North Carolina Department of Commerce. The Governor, as well as other State officials and employees from all departments of State Government, use State aircraft under guidelines developed by the Department of Commerce. The pilots are employees of that department. When a State plane is used, the Department of Commerce prepares an invoice which is sent to the department or official who used the aircraft. The invoices are the basis for the allocation of expenses.

In 1980, Governor Hunt instructed his Office to prepare a method by which the State would be reimbursed an appropriate amount when he used a State aircraft to reach a location at which any political events were attended by the Governor. He instructed his staff to prepare a method by which the Jim Hunt Committee, the Governor's political committee, would reimburse the State for its total share of the expenses. If the trip taken by the Governor was totally political, the Jim Hunt Committee would reimburse the State for the total cost of the trip. If the trip taken by the Governor involved activities which were both official and political in nature, the Jim Hunt Committee would reimburse the State a proportional share of the expenses.

When the invoice for the trip is received, the Governor's Budget Officer and the Governor's Scheduling Assistant review the itinerary of the trip to determine whether there were any political activities on the trip. If there were, there was a determination made of the total amount of time the

Governor was travelling with a determination of what portion of that time was devoted to political activities. For example, if one-fourth of the Governor's time on the particular trip involved political activities, the Jim Hunt Committee reimbursed the State for one-fourth of the cost of the trip. The Governor's Office paid the invoice submitted by the Department of Commerce, and submitted a statement to the Jim Hunt Committee for its proportional share of the cost of the trip.

On August 9, 1983, the Federal Election Commission received the appropriate filing papers for the Jim Hunt for Senate Exploratory Committee. The Governor's Office continued to submit statements to the appropriate political committee, in this case the Jim Hunt for Senate Exploratory Committee, seeking reimbursement under the same allocation formula.

The State of North Carolina, through the Governor's Office, has been reimbursed under a fair and reasonable allocation formula when Governor Hunt has travelled on State-owned aircraft and has conducted campaign-related activities. Therefore, the State has not made an unreported in-kind contribution, in violation of either 2 U.S.C. §434 or 11 C.F.R. §104.3, nor has there been any improper contribution under 2 U.S.C. §441a.

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III. Proposal to Compute Allocations Based on Strict Interpretation of the Federal Regulations

When Republican Party Chairman Flaherty filed this complaint with the Commission, Governor Hunt instructed this office to prepare guidelines for reimbursement of campaign-related travel which would be in strict compliance with Volume 11 of the Code of Federal Regulations. This office has attempted to compile a set of guidelines for that purpose. After careful review of the regulations, the Governor's Office believes the allocation formula developed two years ago, which computes reimbursement on the basis of time spent on campaign-related activity, is in compliance with the Federal Election Campaign Act and regulations adopted pursuant thereto. We do not believe that 11 C.F.R. constitutes the sole and exclusive means of developing allocation formulas. We believe the method which has been in use by the Governor's Office meets every requirement of the law, particularly given the nature of the office of governor. As Governor, Jim Hunt is the head of his party, the Democratic Party of North Carolina. He is frequently called upon as party head to participate in activities which would be considered campaign-related. However, as Governor, he is also called upon on many occasions to perform official functions outside his office. It is rare that a single trip will be composed of either completely official functions or completely campaign-related functions. It is for that reason that we believe that it is appropriate to allocate expenses on trips which are almost always official and campaign-related on the basis of how much time was spent on official business as opposed to campaign-related activities.

In accordance with Governor Hunt's instructions, this office has diligently researched Volume 11 of the Code of Federal Regulations and has studied all related materials we could find which would have some bearing on interpreting the regulations dealing with allocation of expenses. In addition, we have placed numerous phone calls to staff attorneys with the Commission in an effort to better understand the regulations. We have constructed a set of guidelines which we think complies fully with the spirit and the letter of

the regulations. We also feel that the guidelines we have constructed are fair and reasonable. We have taken the position that the purpose of these guidelines is to treat every candidate equitably so that no one is given an unfair advantage or saddled with a disadvantage because of his position.

At this time, we tender to the Commission these guidelines for the Commission's consideration. While we are not asking for a formal advisory opinion, we are requesting that the Commission, or the Office of General Counsel to the Commission, give us some written instructions on whether these guidelines are a reasonable and fair interpretation of the regulations.

Guidelines for Campaign-Related Travel

Federal election law requires that a candidate report all travel expenses incurred in connection with campaign-related activity. When the Governor uses government conveyances or accomodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

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I. WHO IS SUBJECT TO THE LAW?

The committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions are not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else, travelling on a State conveyance who is conducting any campaign-related activities.

II. COMPUTATION OF COSTS

The campaign committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjuction with air travel. Costs are to be computed in one of the following methods:

(1) At 20½ cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00.)

(2) At $6.00 per hour if accurate records of time are kept, in accor-

dance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

[CAVEAT: The Federal Election Commission regulations are not very clear on the computation of ground transportation. Our rates are based on what we feel to be a reasonable interpretation of the law. You must keep in mind, however, that the FEC may disagree.]

B. Air Travel

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) For campaign personnel, construct an imaginary trip from the point of origin through every campaign-related stop and back to the point of origin.

(c) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(d) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign-related activity at a city makes that stop on the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the committee must reimburse the State an amount equal to what it would cost to use comparable commercial conveyance. The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyances.

There are two possible means of travel by plane: regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at locations served by regularly scheduled commercial air service, the rate to be used is first class air fare for each person whose travel is reportable and reimbursable. (See 11 C.F.R. 9034.7(b)(5)(i).)

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(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accomodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's security is authorized under State law. The Governor's use of the State aircraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the committee will not have to reimburse for security and will not always have to reimburse for the use of the State's pilots in flying the State aircraft. In determining what facilities are sufficent to accomodate the Governor and others engaging in campaign-related activities, do not count security, and count the pilots only when the trip is completely political, with no official business. (See 11C.F.R. 9034.7(b)(5)(ii).)

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates from smaller, more spartan conveyances.

(d) In determining how much the committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security, persons on official business, and pilots, when appropriate. For example, if the total cost of chartering similar aircraft was $600.00, and the only persons on board were the Governor, one pilot, and one security agent, and the trip was part official and part political, the committee should reimburse the State $200.00, one-third of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other persons deemed reimbursable. In other words, it is permissable to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor and others deemed reimbursable. When figuring the rates for smaller aircraft, always include pilots.

[CAVEAT: The FEC regulations on allocation of expenses for air travel are vague and subject to widely varying interpretations. Our rules are based on what we feel is a reasonable interpretation of the regulations. The FEC may disagree.]

IV. Conclusion

The State of North Carolina has committed no knowing or willfull violations of the Federal Election Campaign Act of 1971, as amended, and the regulations adopted pursuant thereto. To the contrary, the State has required that the appropriate political committee reimburse the State whenever the Governor flew on State-owned aircraft and conducted political or campaign-related activities. The State required this reimbursement before the Governor became a candidate for the United States Senate.

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The reimbursement formula adopted by the Governor's Office which allocated expenses on the basis of time attributed to official or campaign-related activities was a fair and reasonable method of allocating expenses for a unique type of candidate, the Governor of a large state who is required to travel on State conveyances so that he can be adequately protected by security. If the Commission determines that the allocating method used by the Governor's Office is not in full compliance with Federal regulations, a draft set of guidelines has been tendered for the Commission's review and assistance. The State of North Carolina, through the Governor's Legal Counsel, is available to discuss these proposed guidelines at the convenience of the Commission.

In summary, the State of North Carolina urges the Office of General Counsel to provide the assistance requested and to further recommend to the Commission that there is no reason to believe that the complaint sets forth a possible violation of the Federal Election Campaign Act, and, accordingly, that the Commission close the file on the matter.

Respectfully submitted, this the twenty-first day of June, 1984.

Sincerely,

Jack Cozort
Legal Counsel to the Governor

Andrew A. Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice

Attachment

8504022223



RALEIGH-DURHAM AIRPORT
RALEIGH, N.C. 27606
(919) 782-3464

4100 WESTERN BOULEVARD
RALEIGH, N.C. 27606
(919) 851-2555

HERE ARE OUR NEW CORPORATE RATES
(EFFECTIVE JANUARY 1984)

	DAILY	WEEKLY	MONTHLY	HOURLY	MILEAGE
ECONOMY	24.00	120.00	445.00	4.00	UNL
COMPACT	26.00	130.00	475.00	5.00	UNL
MID SIZE	30.00	150.00	535.00	6.00	UNL
FULL SIZE	32.00	160.00	565.00	6.00	UNL
PREMIUM	36.00	180.00	625.00	7.00	UNL
WAGON	40.00	200.00	685.00	7.00	UNL
VAN (15 pass.) (FREE MILES)	50.00 (100 p/d)	250.00 (700 p/d)	950.00 (2000 p/m)	7.00	.31

WE FEATURE GENERAL MOTORS CARS AND FORD VANS EQUIPPED
WITH AM/FM STEREO, AIR CONDITIONING, POWER STEERING,
POWER BRAKES, FRONT WHEEL DRIVE, CRUISE CONTROL, TILT WHEEL,
TINTED GLASS, AND AUTOMATIC TRANSMISSION

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OF NORTH CAROLINA
GOVERNOR'S OFFICE
RALEIGH 27611

CERTIFIED
P 356 149 051
MAIL

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street NW
Washington, DC 20463

Attention: Ms. Judy Thetford

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KIRBY, WALLACE, GREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1020 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

P. O. BOX 18065
(919) 821-4416

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. GREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

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June 21, 1984

GCC # 3749

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street NW
Washington, DC 20463

Attention: Ms. Judy Thetford

Re: MUR 1686

Dear Mr. Gross:

Please find enclosed a copy of the response of the Jim Hunt Committee and its treasurer, Mahlon E. Little, to the complaint of David T. Flaherty, Chairman of the Republican Party of North Carolina. The original response is being sent to your office by certified mail by separate letter.

With kindest regards, I am

Sincerely,

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN

David F. Kirby

DFK/kcd

Enclosure

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KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1020 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 18068
(919) 821-4416

June 21, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, NW
Washington, DC 20463
Attention: Ms. Judy Thetford

Re: MUR 1686

8504052232

Dear Mr. Gross:

The Jim Hunt Committee and its Treasurer, Mahlon E. Little, (hereafter Committee), respectfully request that the Federal Election Commission dismiss the complaint of David T. Flaherty, Chairman of the Republican Party of North Carolina. After careful review of the allegations in the complaint, the Committee concludes that it is not in violation of Federal election law and that the complaint is politically motivated. To support the request that no action be taken by the Commission, the Committee submits the following:

I. Denial of Complaint Allegations.

By letter dated April 20, 1984, the Chairman of the Republican Party of North Carolina filed a complaint alleging the Jim Hunt Committee violated provisions of the Federal Election Campaign Act and regulations adopted pursuant to that Act. The violations alleged are: (1) the Committee improperly allocated campaign and noncampaign-related travel expenses and reimbursed an inappropriate amount to the State of North Carolina for campaign-related use of the State plane and helicopters; (2) the Committee received in-kind contributions from the State by paying an inappropriate amount for the campaign-related use of the State plane and helicopters and the Committee failed to report the in-kind contributions; and (3) the value of the in-kind contributions resulting from campaign-related travel on the State airplane and helicopters exceeded contribution limits. The statute and regulations alleged to be violated are 2 USC §434, 2 USC §441(a), 11 CFR §106.3 and 11 CFR §104.3.

The Committee denies that its allocation of campaign and noncampaign-related travel expenses violates the statutes and regulations cited.

II. Background.

The Jim Hunt Committee is the principal campaign committee of Jim Hunt who is the Governor of North Carolina and the Democratic candidate for election to the U. S. Senate. During his two terms in office, the Governor has used a King-Air airplane and Bell 222 and Bell 206 helicopters for transportation to conduct official business. The airplane and the helicopters are owned by the Department of Commerce of the State of North Carolina. The Department of Commerce bills the Office of the Governor for the use of its airplane and helicopters at a rate established by the Department of Commerce. The Department of Commerce billing rates do not differentiate for political and official use. The Office of the Governor is billed for all travel on the airplane and helicopters whether campaign or noncampaign-related. The Office of the Governor is billed for all travel irrespective of whether the Governor is a candidate at the time the plane is used.

The Governor, in 1980, prior to becoming a candidate for federal office, instructed his staff to pay for all "political" travel on the State airplane or helicopters. In order to comply with the Governor's request, his staff determined that the proper method of allocating campaign and noncampaign-related travel expenses should be based upon the percentage of time that the Governor conducts political activity as compared to the amount of time he conducts official business. This particular allocation method was adopted by the Governor's staff with the good faith belief that it was the most accurate method of apportioning what was state business and what was political activity.

When the Office of the Governor receives a billing from the Department of Commerce for travel on the State plane or helicopters, the Governor's staff analyzes the Governor's daily schedule to determine whether he conducted any political activity during his travels. If so, the Governor's staff computes the amount of time the Governor spent conducting political activity and compares "political" time to the total time of the travels to obtain a ratio or percentage of the travels which are campaign-related. The Governor's staff then multiplies the total travel cost billed by the Department of Commerce times the percentage of

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travel that was political to obtain the allocable share to be paid by the Jim Hunt Committee for reimbursement to the State of North Carolina. The Office of the Governor then bills this amount to the Committee.

The Jim Hunt Committee has paid in full every invoice which has been submitted by the State of North Carolina for Governor Hunt's campaign-related travel.

The Governor has always insisted, both before and after he became a candidate for election to the United States Senate, that the State of North Carolina be fully reimbursed for all political travels. The Committee takes the position that it has followed the Governor's mandate through paying for travel expenses apportioned on the basis of time. The Committee has acted in good faith to fully and fairly reimburse the State of North Carolina through the time allocation method and it denies that such a reimbursement method violates the Federal Election Campaign Act.

III. Interpretations of Regulations.

Although the Committee is aware that regulation 11 CFR 106.3 does not specifically refer to allocating and reimbursing travel expenses on a time basis, the Committee submits that such an allocation is reasonable and permissible under the Federal Election Campaign Act. The Committee respectfully requests that the Commission take no action on the complaint until it reviews the time allocation method employed to determine if it is an acceptable travel expense allocation method. Undoubtedly, it is the purpose of the regulations requiring allocation between campaign-related and noncampaign-related travel on a government conveyance, to put the individual candidate on equal footing with the office holder who has certain assets of the government at his disposal. However, it should not be the result of such regulations to punish an office holder or put an office holder at a disadvantage simply because he or she is an elected official campaigning for another office. For those reasons, the Committee contends that 11 CFR 106.3 was not intended, nor is it written, as the exclusive method of apportioning campaign-related and noncampaign-related travel costs. Therefore, the Committee takes the position that reimbursement of travel expenses on a time-related basis is fair, equitable and complies with the letter and spirit of the Federal Election Campaign Act. We request the Commission to review this method to determine if it agrees.

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IV. Interpretation of Regulations - Trip Allocation.

An examination of the pertinent regulation, 11 CFR 106.3, reveals the vagueness of the regulation which results in difficulty for the Jim Hunt Committee in calculating reportable and reimbursable travel expenses. The regulation simply provides that when a government conveyance is used the Committee should reimburse the State at the rate of a "comparable conveyance".

As the Commission will note, the term "comparable conveyance" is not defined at all in the regulation and the vagueness of the regulation raises multiple questions regarding the calculation of travel expense reimbursement. Over the past few weeks, the Committee attempted to calculate travel expenses using a trip versus time allocation method. In doing so, the Committee had numerous questions regarding the interpretation and application of this section. Counsel for the Governor, Jack Cozort, contacted various staff members of the Federal Election Commission to seek guidance on the application of the regulation. Staff members at the Commission were unable to give precise answers to many of the questions he presented which leaves the Committee in the difficult position of not knowing whether our interpretation of the trip allocation method will be acceptable to the Commission.

If the Committee is obligated to allocate, report, and reimburse campaign and noncampaign-related expenses based on a trip method, the Committee respectfully requests that the Commission provide assistance by answering the following questions concerning the interpretation of 11 CFR 106.3:

1. When the term "comparable conveyance" is used in 11 CFR 106.3, is the Committee allowed to reimburse travel expenses at the rate of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

2. In the case of travel to a city not served by regularly scheduled commercial air service, is the Committee required to reimburse at the usual charter rate for a "comparable conveyance"?

3. Does the Committee have the option of paying the usual charter rate for commercial conveyance instead of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

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4. In determining the rate for a "comparable commercial conveyance", is it permissible for the Committee to calculate the reportable expense by dividing the total operating cost for the usual charter rate for a comparable airplane or helicopter by the total number of passengers transported and pay the State an amount equal to that portion of the actual cost of the charter which is allocable to all passengers traveling for campaign purposes? In calculating this amount, if the candidate is required or authorized by law to be accompanied by security, staff or pilots, is it permissible for the Committee to exclude those costs in allocating reportable and reimbursable expenditures?

5. With regard to the expenditures for pilots:

(a) If travel is both political and official, is it permissible for the Committee to exclude the cost of pilots in allocating reportable and reimbursable expenditures?

(b) If travel is solely political, is it permissible for the Committee to exclude the cost of pilots in allocating reportable and reimbursable expenditures?

6. Is it permissible for the Committee to calculate the reportable and reimbursable travel expense by determining the usual charter rate for a smaller airplane or helicopter which is sufficiently large to transport the Governor and all other persons who are conducting campaign-related activity, less facilities sufficient to accomodate staff or security which is authorized or required by law to accompany the Governor. For example, if the Governor and one campaign aide travel between cities in North Carolina along with the pilot and security personnel, is it permissible for the Governor to pay for the usual charter rate of a smaller aircraft which is sufficiently large to transport the Governor and the aide?

7. When calculating the amount to be reported and reimbursed, does the Committee have the option of selecting between a cost calculation based on the actual conveyance used or the usual charter rate for a smaller aircraft sufficient to transport all persons conducting campaign activity?

8. The State Bureau of Investigation which provides security for the Governor has recommended that the Governor

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travel on state-owned aircraft, piloted by state employees, for security and safety reasons. Is it permissible for the Committee to subtract the cost of both security personnel and the pilots in calculating the cost of "comparable commercial conveyance" under 11 CFR 106.3(e)?

9. Are the allocation methods on a trip basis the exclusive means of calculating the reportable travel expenses when a candidate uses a government conveyance or is it permissable to allocate travel expenses on a time basis?

* * *

The Committee intends to make full and fair reimbursement to the State of North Carolina for all campaign-related travel expenses incurred by the Governor in connection with his campaigning for election to the United States Senate. The Committee would ask the Commission to answer the foregoing questions in order that all calculations and reimbursements for travel, both past and future, be made according to a method which has not been disapproved by the Commission. The Committee is asking for this guidance because the regulations are vague and the Committee and the Governor wish to fully abide by the spirit and the letter of the law.

V. Proposed Guidelines for Allocation of Travel Expenses.

Should the Commission find that the allocation of travel expenses on a time basis is unacceptable, the Committee requests that the Commission review the following proposed guidelines to determine if the Commission has objections to counsel's interpretation of the regulation.

Proposed Guidelines

Federal election law requires that a candidate report all travel expenses incurred in connection with campaign-related activity. When the Governor uses government conveyances or accomodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

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I. Campaign-Related Travel.

The Committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions are not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else, travelling on a State conveyance who is conducting any campaign-related activities.

II. COMPUTATION OF COSTS

The Committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjunction with air travel. Costs are to be computed in one of the following methods:

(1) At 20 1/2 cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00)

(2) At $6.00 per hour if accurate records of time are kept, in accordance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

[Caveat: The Federal Election Commission regulations are not very clear on the computation of ground

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transportation. Our rates are based on what we feel to be a reasonable interpretation of the law. You must keep in mind, however, that the FEC may disagree.]

B. Air Travel.

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) For campaign personnel, construct an imaginary trip from the point of origin through every campaign-related stop and back to the point of origin.

(c) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(d) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign related activity at a city makes that stop of the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the Committee must reimburse the State an amount equal to what it would cost to use "comparable commercial conveyance". The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyance.

There are two possible means of travel by plane: regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at

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locations served by regularly scheduled commerical air serivce, the rate to be used is first class air fare for each person whose travel is reportable and reimburseable. (See 11 C.F.R. 9034.7(b)(5)(i).)

(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accomodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's use of the State aricraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the Committee will not have to reimburse for security and will not always have to reimburse for the use of the State's pilots in flying the State aircraft. In determing what facilities are sufficient to accomodate the Governor and others engaging in campaign-related activities, do not count security, and count the pilots only when the trip is completely political, with no official business. (See 11 C.F.R. 9034.7(b)(5)(ii).)

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates from smaller, more spartan conveyances.

(d) In determining how much the Committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security, persons on official business, and pilots, when appropriate. For example, if the total cost of chartering similar aircraft was $600.00, and the only persons on board were the Governor, one pilot, and one security agent, and the trip was part official and part political, the Committee should reimburse the State $200.00, one-third of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other

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persons deemed reimbursable. In other words, it is permissable to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor, and others deemed reimbursable. When figuring the rates for smaller aircraft, always include pilots.

[Caveat: The FEC regulations on allocation of expenses for air travel are vague and subject to widely varying interpretations. Our rules are based on what we feel is a reasonable interpretation of the regulatons. The FEC may disagree.]

As the Commission will note, the Committee has attempted to interpret the regulations in a manner which will place the Governor on equal footing with a private citizen. If the Commission has objections to any of the methods that we have proposed, please specify the objection and provide us with guidance as to what the Commission considers to be an appropriate calculation method.

VII. "Bad Faith" Complaint.

In addition, the Committee wishes to bring to the Commission's attention, that this complaint was filed after Jesse Helms, the Republican nominee for election to the U. S. Senate, had conducted an advertising campaign objecting to Governor Jim Hunt's use of the State helicopters and airplane for campaign purposes. The text of a radio advertisement and a newspaper advertisement is enclosed and made a part of the Committee's response. We believe this complaint was not brought as a result of geniune concern for compliance with Federal election laws, but instead, it is the product of bad faith and an effort by the Republican Party and the Helms for Senate Committee to prejudice the campaign of Governor Hunt. As a further example of David Flaherty's and the Republican Party's bad faith, a press conference was held prior to the filing of this complaint in which a written press release setting forth the complaint allegations was distributed to the press and freely discussed. (See Attachment). The press conference was clearly designed to obtain political mileage from the complaint and avoid the confidentiality which attaches upon the filing of a complaint with the Commission. Because the Committee believes that this complaint was brought in bad faith and pursued solely for political gain, the Commission should question the merit of the allegations made and take no action on the complaint.

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VIII. Summary.

The Committee denies that its current method of allocating and reimbursing travel expenses violates the Federal Election Campaign Act.

Furthermore, the Committee respectfully requests that the Commission provide an answer to the questions of: (1) whether allocation of campaign and noncampaign-related travel expenses can be made on a time basis or if the trip basis allocation in 11 CFR 106.3 is an exclusive method of calculating campaign and noncampaign-related travel expenses; (2) whether the proposed methods of calculating reportable and reimbursable travel expenses are acceptable to the Commission, and (3) that the Commission answer the specific questions propounded in order to assure the Committee that the amount it pays for campaign-related travel is consistent with Commission guidelines and Federal Election law. We would request that the Commission provide answers to our questions on a confidential basis pursuant to 2 USC 437g(a)(4)(B) and 2 USC 437g(a)(12)(A).

If the Commission is unable to respond to our request for interpretation of the regulations, please advise and we will consider a formal request for an advisory opinion.

The Committee agrees to act in full compliance with the guidance provided by the Commission. We await your response and intend to comply with your instructions.

Sincerely yours,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

David F. Kirby
Counsel for the
Jim Hunt Committee and
Mahlon E. Little, Treasurer

DFK/efc

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Paid Pol. Adv.

The JIM HUNT Record

Subject: Tax Dollars For Politics

A report to the taxpayers on how Jim Hunt uses State equipment and your tax dollars to build the Jim Hunt Political Machine



Governor Jim Hunt Greets Citizens After Arriving In Marion By Helicopter [1]

Gov. Hunt Opens Headquarters

Governor Jim Hunt arrived by helicopter dair[illegible] "tell the story about Ja[illegible] Hunt added.
Tuesday to officially open the McDowell County Democratic Headquarters.
Hunt's helicopter landed in the parking lot of the Lady M[illegible]

FACT: Jim Hunt has repeatedly used the State helicopters and State airplanes to attend Hunt political events. [2-3-4]

North Carolina Taxpayers Are Paying The Bill For The Jim Hunt Political Machine

1. The McDowell News, 10-6-82
2. The Asheville Citizen, 10-5-82
3. The Blowing Rocket, 10-8-82
4. Sandhill Citizen, 10-20-82

Democrats for Helms . . . A Man of Character

Paid for by HELMS for Senate, Mark Stephens, Treasurer

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Driver Tony Lackey with admirer . . .

Paid Pol. Adv.

The JIM HUNT Record

Subject: Tax Dollars For Politics

A report to the taxpayers on how Jim Hunt uses State equipment and your tax dollars to build the Jim Hunt Political Machine



Governor Jim Hunt Greets Citizens After Arriving in Marion By Helicopter

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Governor Jim Hunt arrived by helicopter [illegible] Tuesday to officially open the McDowell County Democratic Headquarters.

Hunt's helicopter landed in the parking lot of the Lady [illegible]

[illegible] "tell the story about Ja[illegible]

FACT: Jim Hunt has repeatedly used the State helicopters and State airplanes to attend Hunt political events.

North Carolina Taxpayers Are Paying The Bill For The Jim Hunt Political Machine

1. The McDowell News, 10-4-83
2. The Asheville Citizen, 10-5-83
3. The Morning Herald, 10-6-83
4. Sandhill Citizen, 10-20-83

Democrats for Helms . . . A Man of Character

Paid for by HELMS for Senate, Mark Hopkins, Treasurer

Transcript of Helms for Senate Radio Ad (aired on North Carolina News Net)

5/19 - 5/25 83

The following is a paid political announcement.

Hi, Verne Strickland here with more on the Jim Hunt record. (PAPER RUSTLE) Let's check out the newspapers today. Here's an interesting story from the McDowell News, October 6, 1982, about a visit by Jim Hunt to the City of Marion, North Carolina. The story says, quote, "The Governor arrived by helicopter to officially open the McDowell County Democratic Party", unquote. The picture that was printed along with that story shows that the helicopter which carried Mr. Hunt to that political rally was the state helicopter -- your helicopter, paid for by your tax dollars and intended for state business, which is not the same as Jim Hunt's political business as he gears up his campaign for the U.S. Senate. The next time you see the state helicopter flying overhead, you might ask yourself (HELICOPTER SOUND) is it on state business? Or is it being used as Jim Hunt's political machine.

Paid for by the Helms for Senate Committee.

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NORTH CAROLINA
REPUBLICAN PARTY

FOR IMMEDIATE RELEASE
CONTACT: DAVID FLAHERTY
(919) 828-6423
1-800-662-8849
APRIL 25, 1984

I called this press conference today to announce that the North Carolina Republican Party has filed a complaint with the Federal Elections Commission asking them to look into Governor Hunt's misuse of the state airplane and helicopter for political purposes.

Specifically, I have asked the FEC to investigate and rule on two questions:

(1) The rates charged to Governor Hunt when he uses the state plane.

(2) The pro-rating of trips by Governor Hunt's office.

First, the rates. The Governor is charged $300.00 for use of a KINGAIR E-90. We have sought commercial quotes for use of a KINGAIR and no one has given us a quotation as low as $300.00 per hour. Most sources quoted a figure well over twice that amount. In fact, the Hunt administration has admitted that the fee charged does not include pilots' salaries, clerical expenses, and depreciation. According to one of our sources, depreciation can run up to $100,000 for every 3500 hours flown. Thus, we believe the Hunt Committee has admitted that it is receiving a subsidy from the state in violation of the law.

The Hunt campaign is also charged $235 per hour for a Bell 222 helicopter. Market rates put the cost at at least $350 per hour.

Secondly, we have asked the FEC to investigate the pro-ration of trips by the Governor's office. The Hunt committee has reimbursed the state for political uses of state aircraft on a pro-rate basis. For instance, when I exposed the fact that the Hunt campaign paid only $87.00 for a trip to Miami, Ms. Stephanie Bass stated that the $87 was for the cost of holding the state plane "a couple of extra hours"

while Hunt attended the fundraiser. Ms. Bass's statement implies that the Hunt campaign paid nothing for the actual trip to and from Miami. Furthermore, the actual pro-ration of a single stop trip appears to be illegal. The FEC code 11CFR. #106.3 states "Where a candidate conducts any campaign-related activity in a stop, the stop is a campaign-related stop and travel expenditures made are reportable." We contend that the Hunt Committee has violated this regulation.

The actual pro ration is performed, not by the Department of Commerce, but by Governor Hunt's own office. This raises a real question of a conflict of interest, and it is my belief that Governor Hunt has consistently understated the portions of his trips which should have been paid by his political groups.

Thus, it is with good reason that I ask the FEC to investigate Governor Hunt's use of the plane and helicopter.

Governor Hunt has repeatedly used tax dollars to serve his political ends...I hope the FEC will bring this use of tax funds by the Hunt campaign to an end.

Gc # 3751

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84 JUN 22 P 2:29

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

June 21, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street NW
Washington, DC 20463
Attention: Ms. Judy Thetford

Re: MUR 1686

Dear Mr. Gross:

On behalf of Jack Cozort, Legal Counsel to the Governor, and Andrew A. Vanore, Senior Deputy Attorney General, I wish to inform you that we have forwarded the original of this document to your office by certified mail. In order that you might receive this information as soon as possible, we are sending this Federal Express.

We want to thank you for the extension of time which was granted in this particular case. If you should need additional information, please contact us at (919) 733-2417.

Sincerely,

Pam Gaither

Pamela Gaither
Special Assistant
Office of the
Governor's Legal Counsel

PG/tmg

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STATE OF NORTH CAROLINA

JUN 22 P2:30

OFFICE OF THE GOVERNOR

RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

June 21, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street NW
Washington, DC 20463
Attention: Ms. Judy Thetford

Re: MUR 1686

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Dear Mr. Gross:

On April 27, 1984, the Federal Election Commission received a complaint which alleged that the State of North Carolina may have violated certain sections of the Federal Election Campaign Act of 1971, as amended, hereinafter "the Act." The complaint was filed by David T. Flaherty, Chairman of the Republican Party of North Carolina. Chairman Flaherty alleged that the Governor's use of the State helicopter and the State airplane for travel during which one or more political events occurred and the manner in which the State was reimbursed by the Jim Hunt Committee for the use of the State helicopter and plane under those circumstances, amounted to an unreported in-kind contribution by the State to Governor Hunt's campaign committee, in violation of 2 U.S.C. §434, and 11 C.F.R §104.3. Flaherty also requested that the Federal Election Commission investigate whether there was a violation of the contribution limitations of 2 U.S.C. §441a.

On May 3, 1984, you wrote a letter to Governor Hunt notifying the Governor that he had the opportunity to demonstrate, in writing, that no action should be taken against the State of North Carolina, in connection with this matter. On May 18, 1984, Governor Hunt designated the undersigned as his counsel for this matter. In letters dated May 18, 1984, and May 23, 1984, the undersigned requested an extension of time through and including the twenty-first day of June, 1984. in which to respond to the allegations in this matter. On May 29, 1984, you notified the undersigned in writing that the Office of General Counsel had granted the State of North Carolina the extension of time through and including June 21, 1984.

I. Summary of Response

The Governor of North Carolina, on behalf of the State of North Carolina, responds as follows:

A. That the Governor's Office has at all times since August 9, 1983, considered travel by the Governor during which campaign-related activities occurred, to be a campaign expenditure and has, in good faith, and at the

insistence of the Governor, submitted statements to the Jim Hunt Committee for reimbursement of expenses incurred for the use of State aircraft during which campaign-related activities occurred;

B. That the statements submitted by the Governor's Office to the Jim Hunt Committee sought reimbursement of expenses for such campaign-related activities on an allocation formula prepared by the Governor's Office in 1980, at a time during which the Governor's Office was not required under federal law to seek reimbursement;

C. That the method used by the Governor's Office in seeking reimbursement from the Jim Hunt Committee met all requirements of the laws of the State of North Carolina and in many instances went beyond the requirements of the laws of North Carolina;

D. That the use of that formula after August 9, 1983, was a good faith effort by the Governor's Office to continue to be reimbursed for travel by the Governor which was not official or all-official business;

E. That, after an exhaustive examination of applicable federal laws, the Governor's Office believes the method used by the Governor's Office is acceptable under federal law;

F. That there has been no knowing or willfull violation of any federal regulation.

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II. Method Used for Allocation of Expenses from August 9, 1983, Until the Date of the Filing of this Complaint

Flaherty's complaint concerns the use of State-owned aircraft. The aircraft used by the Governor are owned and maintained by the North Carolina Department of Commerce. The Governor, as well as other State officials and employees from all departments of State Government, use State aircraft under guidelines developed by the Department of Commerce. The pilots are employees of that department. When a State plane is used, the Department of Commerce prepares an invoice which is sent to the department or official who used the aircraft. The invoices are the basis for the allocation of expenses.

In 1980, Governor Hunt instructed his Office to prepare a method by which the State would be reimbursed an appropriate amount when he used a State aircraft to reach a location at which any political events were attended by the Governor. He instructed his staff to prepare a method by which the Jim Hunt Committee, the Governor's political committee, would reimburse the State for its total share of the expenses. If the trip taken by the Governor was totally political, the Jim Hunt Committee would reimburse the State for the total cost of the trip. If the trip taken by the Governor involved activities which were both official and political in nature, the Jim Hunt Committee would reimburse the State a proportional share of the expenses.

When the invoice for the trip is received, the Governor's Budget Officer and the Governor's Scheduling Assistant review the itinerary of the trip to determine whether there were any political activities on the trip. If there were, there was a determination made of the total amount of time the

Governor was travelling with a determination of what portion of that time was devoted to political activities. For example, if one-fourth of the Governor's time on the particular trip involved political activities, the Jim Hunt Committee reimbursed the State for one-fourth of the cost of the trip. The Governor's Office paid the invoice submitted by the Department of Commerce, and submitted a statement to the Jim Hunt Committee for its proportional share of the cost of the trip.

On August 9, 1983, the Federal Election Commission received the appropriate filing papers for the Jim Hunt for Senate Exploratory Committee. The Governor's Office continued to submit statements to the appropriate political committee, in this case the Jim Hunt for Senate Exploratory Committee, seeking reimbursement under the same allocation formula.

The State of North Carolina, through the Governor's Office, has been reimbursed under a fair and reasonable allocation formula when Governor Hunt has travelled on State-owned aircraft and has conducted campaign-related activities. Therefore, the State has not made an unreported in-kind contribution, in violation of either 2 U.S.C. §434 or 11 C.F.R. §104.3, nor has there been any improper contribution under 2 U.S.C. §441a.

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III. Proposal to Compute Allocations Based on Strict Interpretation of the Federal Regulations

When Republican Party Chairman Flaherty filed this complaint with the Commission, Governor Hunt instructed this office to prepare guidelines for reimbursement of campaign-related travel which would be in strict compliance with Volume 11 of the Code of Federal Regulations. This office has attempted to compile a set of guidelines for that purpose. After careful review of the regulations, the Governor's Office believes the allocation formula developed two years ago, which computes reimbursement on the basis of time spent on campaign-related activity, is in compliance with the Federal Election Campaign Act and regulations adopted pursuant thereto. We do not believe that 11 C.F.R. constitutes the sole and exclusive means of developing allocation formulas. We believe the method which has been in use by the Governor's Office meets every requirement of the law, particularly given the nature of the office of governor. As Governor, Jim Hunt is the head of his party, the Democratic Party of North Carolina. He is frequently called upon as party head to participate in activities which would be considered campaign-related. However, as Governor, he is also called upon on many occasions to perform official functions outside his office. It is rare that a single trip will be composed of either completely official functions or completely campaign-related functions. It is for that reason that we believe that it is appropriate to allocate expenses on trips which are almost always official and campaign-related on the basis of how much time was spent on official business as opposed to campaign-related activities.

In accordance with Governor Hunt's instructions, this office has diligently researched Volume 11 of the Code of Federal Regulations and has studied all related materials we could find which would have some bearing on interpreting the regulations dealing with allocation of expenses. In addition, we have placed numerous phone calls to staff attorneys with the Commission in an effort to better understand the regulations. We have constructed a set of guidelines which we think complies fully with the spirit and the letter of

the regulations. We also feel that the guidelines we have constructed are fair and reasonable. We have taken the position that the purpose of these guidelines is to treat every candidate equitably so that no one is given an unfair advantage or saddled with a disadvantage because of his position.

At this time, we tender to the Commission these guidelines for the Commission's consideration. While we are not asking for a formal advisory opinion, we are requesting that the Commission, or the Office of General Counsel to the Commission, give us some written instructions on whether these guidelines are a reasonable and fair interpretation of the regulations.

Guidelines for Campaign-Related Travel

Federal election law requires that a candidate report all travel expenses incurred in connection with campaign-related activity. When the Governor uses government conveyances or accomodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

I. WHO IS SUBJECT TO THE LAW?

The committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions are not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else, travelling on a State conveyance who is conducting any campaign-related activities.

II. COMPUTATION OF COSTS

The campaign committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjuction with air travel. Costs are to be computed in one of the following methods:

(1) At 20½ cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00.)

(2) At $6.00 per hour if accurate records of time are kept, in accor-

dance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

[CAVEAT: The Federal Election Commission regulations are not very clear on the computation of ground transportation. Our rates are based on what we feel to be a reasonable interpretation of the law. You must keep in mind, however, that the FEC may disagree.]

B. Air Travel

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) For campaign personnel, construct an imaginary trip from the point of origin through every campaign-related stop and back to the point of origin.

(c) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(d) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign-related activity at a city makes that stop on the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the committee must reimburse the State an amount equal to what it would cost to use comparable commercial conveyance. The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyances.

There are two possible means of travel by plane: regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at locations served by regularly scheduled commercial air service, the rate to be used is first class air fare for each person whose travel is reportable and reimbursable. (See 11 C.F.R. 9034.7(b)(5)(i).)

(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accomodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's security is authorized under State law. The Governor's use of the State aircraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the committee will not have to reimburse for security and will not always have to reimburse for the use of the State's pilots in flying the State aircraft. In determining what facilities are sufficent to accomodate the Governor and others engaging in campaign-related activities, do not count security, and count the pilots only when the trip is completely political, with no official business. (See 11C.F.R. 9034.7(b)(5)(ii).)

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates from smaller, more spartan conveyances.

(d) In determining how much the committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security, persons on official business, and pilots, when appropriate. For example, if the total cost of chartering similar aircraft was $600.00, and the only persons on board were the Governor, one pilot, and one security agent, and the trip was part official and part political, the committee should reimburse the State $200.00, one-third of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other persons deemed reimbursable. In other words, it is permissable to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor and others deemed reimbursable. When figuring the rates for smaller aircraft, always include pilots.

[CAVEAT: The FEC regulations on allocation of expenses for air travel are vague and subject to widely varying interpretations. Our rules are based on what we feel is a reasonable interpretation of the regulations. The FEC may disagree.]

IV. Conclusion

The State of North Carolina has committed no knowing or willfull violations of the Federal Election Campaign Act of 1971, as amended, and the regulations adopted pursuant thereto. To the contrary, the State has required that the appropriate political committee reimburse the State whenever the Governor flew on State-owned aircraft and conducted political or campaign-related activities. The State required this reimbursement before the Governor became a candidate for the United States Senate.

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The reimbursement formula adopted by the Governor's Office which allocated expenses on the basis of time attributed to official or campaign-related activities was a fair and reasonable method of allocating expenses for a unique type of candidate, the Governor of a large state who is required to travel on State conveyances so that he can be adequately protected by security. If the Commission determines that the allocating method used by the Governor's Office is not in full compliance with Federal regulations, a draft set of guidelines has been tendered for the Commission's review and assistance. The State of North Carolina, through the Governor's Legal Counsel, is available to discuss these proposed guidelines at the convenience of the Commission.

In summary, the State of North Carolina urges the Office of General Counsel to provide the assistance requested and to further recommend to the Commission that there is no reason to believe that the complaint sets forth a possible violation of the Federal Election Campaign Act, and, accordingly, that the Commission close the file on the matter.

Respectfully submitted, this the twenty-first day of June, 1984.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel to the Governor

Andrew A. Vanore, Jr.

Andrew A. Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice

Attachment

8504052255



RALEIGH-DURHAM AIRPORT
RALEIGH, N.C. 27606
(919) 782-3464

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HERE ARE OUR NEW CORPORATE RATES
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ECONOMY	24.00	120.00	445.00	4.00	UNL
COMPACT	26.00	130.00	475.00	5.00	UNL
MID SIZE	30.00	150.00	535.00	6.00	UNL
FULL SIZE	32.00	160.00	565.00	6.00	UNL
PREMIUM	36.00	180.00	625.00	7.00	UNL
WAGON	40.00	200.00	685.00	7.00	UNL
VAN (15 pass.) (FREE MILES)	50.00 (100 p/d)	250.00 (700 p/d)	950.00 (2000 p/m)	7.00	.31

WE FEATURE GENERAL MOTORS CARS AND FORD VANS EQUIPPED
WITH AM/FM STEREO, AIR CONDITIONING, POWER STEERING,
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KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1080 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

P. O. BOX 18065
(919) 821-4416

June 21, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street NW
Washington, DC 20463

Attention: Ms. Judy Thetford

Re: MUR 1686

Dear Mr. Gross:

Please find enclosed a copy of the response of the Jim Hunt Committee and its treasurer, Mahlon E. Little, to the complaint of David T. Flaherty, Chairman of the Republican Party of North Carolina. The original response is being sent to your office by certified mail by separate letter.

With kindest regards, I am

Sincerely,

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN

David F. Kirby

DFK/kcd

Enclosure

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KIRBY, WALLACE, GREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
WASHINGTON SQUARE
1020 WASHINGTON STREET
RALEIGH, NORTH CAROLINA 27605

P. O. BOX 12065
(919) 821-4416

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. GREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

June 21, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, NW
Washington, DC 20463
Attention: Ms. Judy Thetford

Re: MUR 1686

8504022258

Dear Mr. Gross:

The Jim Hunt Committee and its Treasurer, Mahlon E. Little, (hereafter Committee), respectfully request that the Federal Election Commission dismiss the complaint of David T. Flaherty, Chairman of the Republican Party of North Carolina. After careful review of the allegations in the complaint, the Committee concludes that it is not in violation of Federal election law and that the complaint is politically motivated. To support the request that no action be taken by the Commission, the Committee submits the following:

I. Denial of Complaint Allegations.

By letter dated April 20, 1984, the Chairman of the Republican Party of North Carolina filed a complaint alleging the Jim Hunt Committee violated provisions of the Federal Election Campaign Act and regulations adopted pursuant to that Act. The violations alleged are: (1) the Committee improperly allocated campaign and noncampaign-related travel expenses and reimbursed an inappropriate amount to the State of North Carolina for campaign-related use of the State plane and helicopters; (2) the Committee received in-kind contributions from the State by paying an inappropriate amount for the campaign-related use of the State plane and helicopters and the Committee failed to report the in-kind contributions; and (3) the value of the in-kind contributions resulting from campaign-related travel on the State airplane and helicopters exceeded contribution limits. The statute and regulations alleged to be violated are 2 USC §434, 2 USC §441(a), 11 CFR §106.3 and 11 CFR §104.3.

The Committee denies that its allocation of campaign and noncampaign-related travel expenses violates the statutes and regulations cited.

II. Background.

The Jim Hunt Committee is the principal campaign committee of Jim Hunt who is the Governor of North Carolina and the Democratic candidate for election to the U. S. Senate. During his two terms in office, the Governor has used a King-Air airplane and Bell 222 and Bell 206 helicopters for transportation to conduct official business. The airplane and the helicopters are owned by the Department of Commerce of the State of North Carolina. The Department of Commerce bills the Office of the Governor for the use of its airplane and helicopters at a rate established by the Department of Commerce. The Department of Commerce billing rates do not differentiate for political and official use. The Office of the Governor is billed for all travel on the airplane and helicopters whether campaign or noncampaign-related. The Office of the Governor is billed for all travel irrespective of whether the Governor is a candidate at the time the plane is used.

The Governor, in 1980, prior to becoming a candidate for federal office, instructed his staff to pay for all "political" travel on the State airplane or helicopters. In order to comply with the Governor's request, his staff determined that the proper method of allocating campaign and noncampaign-related travel expenses should be based upon the percentage of time that the Governor conducts political activity as compared to the amount of time he conducts official business. This particular allocation method was adopted by the Governor's staff with the good faith belief that it was the most accurate method of apportioning what was state business and what was political activity.

When the Office of the Governor receives a billing from the Department of Commerce for travel on the State plane or helicopters, the Governor's staff analyzes the Governor's daily schedule to determine whether he conducted any political activity during his travels. If so, the Governor's staff computes the amount of time the Governor spent conducting political activity and compares "political" time to the total time of the travels to obtain a ratio or percentage of the travels which are campaign-related. The Governor's staff then multiplies the total travel cost billed by the Department of Commerce times the percentage of

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travel that was political to obtain the allocable share to be paid by the Jim Hunt Committee for reimbursement to the State of North Carolina. The Office of the Governor then bills this amount to the Committee.

The Jim Hunt Committee has paid in full every invoice which has been submitted by the State of North Carolina for Governor Hunt's campaign-related travel.

The Governor has always insisted, both before and after he became a candidate for election to the United States Senate, that the State of North Carolina be fully reimbursed for all political travels. The Committee takes the position that it has followed the Governor's mandate through paying for travel expenses apportioned on the basis of time. The Committee has acted in good faith to fully and fairly reimburse the State of North Carolina through the time allocation method and it denies that such a reimbursement method violates the Federal Election Campaign Act.

III. Interpretations of Regulations.

Although the Committee is aware that regulation 11 CFR 106.3 does not specifically refer to allocating and reimbursing travel expenses on a time basis, the Committee submits that such an allocation is reasonable and permissible under the Federal Election Campaign Act. The Committee respectfully requests that the Commission take no action on the complaint until it reviews the time allocation method employed to determine if it is an acceptable travel expense allocation method. Undoubtedly, it is the purpose of the regulations requiring allocation between campaign-related and noncampaign-related travel on a government conveyance, to put the individual candidate on equal footing with the office holder who has certain assets of the government at his disposal. However, it should not be the result of such regulations to punish an office holder or put an office holder at a disadvantage simply because he or she is an elected official campaigning for another office. For those reasons, the Committee contends that 11 CFR 106.3 was not intended, nor is it written, as the exclusive method of apportioning campaign-related and noncampaign-related travel costs. Therefore, the Committee takes the position that reimbursement of travel expenses on a time-related basis is fair, equitable and complies with the letter and spirit of the Federal Election Campaign Act. We request the Commission to review this method to determine if it agrees.

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IV. Interpretation of Regulations - Trip Allocation.

An examination of the pertinent regulation, 11 CFR 106.3, reveals the vagueness of the regulation which results in difficulty for the Jim Hunt Committee in calculating reportable and reimbursable travel expenses. The regulation simply provides that when a government conveyance is used the Committee should reimburse the State at the rate of a "comparable conveyance".

As the Commission will note, the term "comparable conveyance" is not defined at all in the regulation and the vagueness of the regulation raises multiple questions regarding the calculation of travel expense reimbursement. Over the past few weeks, the Committee attempted to calculate travel expenses using a trip versus time allocation method. In doing so, the Committee had numerous questions regarding the interpretation and application of this section. Counsel for the Governor, Jack Cozort, contacted various staff members of the Federal Election Commission to seek guidance on the application of the regulation. Staff members at the Commission were unable to give precise answers to many of the questions he presented which leaves the Committee in the difficult position of not knowing whether our interpretation of the trip allocation method will be acceptable to the Commission.

If the Committee is obligated to allocate, report, and reimburse campaign and noncampaign-related expenses based on a trip method, the Committee respectfully requests that the Commission provide assistance by answering the following questions concerning the interpretation of 11 CFR 106.3:

1. When the term "comparable conveyance" is used in 11 CFR 106.3, is the Committee allowed to reimburse travel expenses at the rate of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

2. In the case of travel to a city not served by regularly scheduled commercial air service, is the Committee required to reimburse at the usual charter rate for a "comparable conveyance"?

3. Does the Committee have the option of paying the usual charter rate for commercial conveyance instead of the first class air fare when travel is to a city served by regularly scheduled commercial air service?

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4. In determining the rate for a "comparable commercial conveyance", is it permissible for the Committee to calculate the reportable expense by dividing the total operating cost for the usual charter rate for a comparable airplane or helicopter by the total number of passengers transported and pay the State an amount equal to that portion of the actual cost of the charter which is allocable to all passengers traveling for campaign purposes? In calculating this amount, if the candidate is required or authorized by law to be accompanied by security, staff or pilots, is it permissible for the Committee to exclude those costs in allocating reportable and reimbursable expenditures?

5. With regard to the expenditures for pilots:

(a) If travel is both political and official, is it permissible for the Committee to exclude the cost of pilots in allocating reportable and reimbursable expenditures?

(b) If travel is solely political, is it permissible for the Committee to exclude the cost of pilots in allocating reportable and reimbursable expenditures?

6. Is it permissible for the Committee to calculate the reportable and reimbursable travel expense by determining the usual charter rate for a smaller airplane or helicopter which is sufficiently large to transport the Governor and all other persons who are conducting campaign-related activity, less facilities sufficient to accomodate staff or security which is authorized or required by law to accompany the Governor. For example, if the Governor and one campaign aide travel between cities in North Carolina along with the pilot and security personnel, is it permissible for the Governor to pay for the usual charter rate of a smaller aircraft which is sufficiently large to transport the Governor and the aide?

7. When calculating the amount to be reported and reimbursed, does the Committee have the option of selecting between a cost calculation based on the actual conveyance used or the usual charter rate for a smaller aircraft sufficient to transport all persons conducting campaign activity?

8. The State Bureau of Investigation which provides security for the Governor has recommended that the Governor

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travel on state-owned aircraft, piloted by state employees, for security and safety reasons. Is it permissible for the Committee to subtract the cost of both security personnel and the pilots in calculating the cost of "comparable commercial conveyance" under 11 CFR 106.3(e)?

9. Are the allocation methods on a trip basis the exclusive means of calculating the reportable travel expenses when a candidate uses a government conveyance or is it permissable to allocate travel expenses on a time basis?

* * *

The Committee intends to make full and fair reimbursement to the State of North Carolina for all campaign-related travel expenses incurred by the Governor in connection with his campaigning for election to the United States Senate. The Committee would ask the Commission to answer the foregoing questions in order that all calculations and reimbursements for travel, both past and future, be made according to a method which has not been disapproved by the Commission. The Committee is asking for this guidance because the regulations are vague and the Committee and the Governor wish to fully abide by the spirit and the letter of the law.

V. Proposed Guidelines for Allocation of Travel Expenses.

Should the Commission find that the allocation of travel expenses on a time basis is unacceptable, the Committee requests that the Commission review the following proposed guidelines to determine if the Commission has objections to counsel's interpretation of the regulation.

Proposed Guidelines

Federal election law requires that a candidate report all travel expenses incurred in connection with campaign-related activity. When the Governor uses government conveyances or accomodations in the air or on the ground, the Governor's campaign committee must reimburse the State for all travel expenses connected with campaign-related activity for both the Governor and any other persons who are participating in campaign-related activities. The reimbursement must be in accordance with federal law, as outlined below.

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I. Campaign-Related Travel.

The Committee must reimburse the State for use of State conveyances for the following people under the following circumstances:

A. The Governor, when he has any scheduled campaign-related activities. Incidental contact with political supporters at official functions are not deemed campaign-related.

B. Members of the Governor's family, when they are conducting campaign-related activities, such as a fund-raiser or giving a campaign speech.

C. Campaign personnel, both paid and voluntary, anytime they travel on a State conveyance, whether or not the trip is official or political.

D. Anyone else, travelling on a State conveyance who is conducting any campaign-related activities.

II. COMPUTATION OF COSTS

The Committee must reimburse the State for travel described above, both air and ground. The costs are to be computed in the following manner:

A. Ground Travel: All ground travel under the circumstances described above is reportable and reimbursable when an automobile is used in conjunction with air travel. Costs are to be computed in one of the following methods:

(1) At 20 1/2 cents per mile, if accurate records of actual mileage are kept, up to 150 miles. At this point, use $32.00 per day rate. (Minimum of $10.00)

(2) At $6.00 per hour if accurate records of time are kept, in accordance with the attached schedule, with a minimum of $10.00. If ground conveyance is used for more than five (5) hours, use daily rate of $32.00 per day.

(3) At $32.00 per day, in accordance with the attached schedule, if there are neither accurate mileage records nor accurate time records.

[Caveat: The Federal Election Commission regulations are not very clear on the computation of ground

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transportation. Our rates are based on what we feel to be a reasonable interpretation of the law. You must keep in mind, however, that the FEC may disagree.]

B. Air Travel.

(1) Imaginary Trip: When there has been a determination that travel on a State-owned aircraft is a reportable and reimbursable expense under the guidelines of Section I, the next step is to reconstruct an imaginary trip which covers all of the campaign-related activity. Use the following guidelines for determining the exact route of the imaginary trip:

(a) For the Governor and members of his family, construct an imaginary trip from the point of origin, through each city where campaign-related activity was conducted, and back to the point of origin.

(b) For campaign personnel, construct an imaginary trip from the point of origin through every campaign-related stop and back to the point of origin.

(c) List the exact aircraft used by the State. Make sure each type is listed if different aircraft are used on different segments of the trip.

(d) Determine how many people on what type of aircraft are to be reimbursable for each segment of each trip.

REMEMBER: Any scheduled campaign related activity at a city makes that stop of the trip reimbursable, even if most of the activity was official.

(2) Computation of Costs: The basic rule is that the Committee must reimburse the State an amount equal to what it would cost to use "comparable commercial conveyance". The rules are based on fairness. The Governor, as a candidate, must not be given an advantage by being able to use the State-owned conveyance.

There are two possible means of travel by plane: regularly scheduled air service and charter flights. To determine which to use, and how to compute the costs, use the following guidelines:

(a) If all stops on the imaginary trip are at

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locations served by regularly scheduled commerical air serivce, the rate to be used is first class air fare for each person whose travel is reportable and reimburseable. (See 11 C.F.R. 9034.7(b)(5)(i).)

(b) If one or more of the stops are at locations not served by regularly scheduled commercial air service, charter rates are to be used. The State should be reimbursed for the cost of facilities sufficient to accomodate the Governor and others conducting campaign-related activities, less the cost of authorized or required personnel. The Governor's use of the State aricraft for all travel is at the request of State Bureau of Investigation Director Haywood Starling, who is ultimately responsible for the Governor's security. Therefore, the Committee will not have to reimburse for security and will not always have to reimburse for the use of the State's pilots in flying the State aircraft. In determing what facilities are sufficient to accomodate the Governor and others engaging in campaign-related activities, do not count security, and count the pilots only when the trip is completely political, with no official business. (See 11 C.F.R. 9034.7(b)(5)(ii).)

(c) If a helicopter is used, always figure reimbursements using rates for helicopters, even when travel is to cities served by regularly-scheduled commercial service. Do not use first class rates when one of the helicopters is used. Never use rates for fixed-wing charters when a helicopter is used; use helicopter charter rates. When the Bell 222 is used, use those rates. Do not use rates from smaller, more spartan conveyances.

(d) In determining how much the Committee should reimburse the State, use one of these methods:

(1) Use the charter rate for a similar aircraft, less a proportionate cost for security, persons on official business, and pilots, when appropriate. For example, if the total cost of chartering similar aircraft was $600.00, and the only persons on board were the Governor, one pilot, and one security agent, and the trip was part official and part political, the Committee should reimburse the State $200.00, one-third of the total chartered cost.

(2) Use the charter rate for similar aircraft sufficiently large to carry the Governor and other

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persons deemed reimbursable. In other words, it is permissable to use the charter rate for a smaller, similar aircraft, if a smaller aircraft would have carried the Governor, and others deemed reimbursable. When figuring the rates for smaller aircraft, always include pilots.

[Caveat: The FEC regulations on allocation of expenses for air travel are vague and subject to widely varying interpretations. Our rules are based on what we feel is a reasonable interpretation of the regulatons. The FEC may disagree.]

As the Commission will note, the Committee has attempted to interpret the regulations in a manner which will place the Governor on equal footing with a private citizen. If the Commission has objections to any of the methods that we have proposed, please specify the objection and provide us with guidance as to what the Commission considers to be an appropriate calculation method.

VII. "Bad Faith" Complaint.

In addition, the Committee wishes to bring to the Commission's attention, that this complaint was filed after Jesse Helms, the Republican nominee for election to the U. S. Senate, had conducted an advertising campaign objecting to Governor Jim Hunt's use of the State helicopters and airplane for campaign purposes. The text of a radio advertisement and a newspaper advertisement is enclosed and made a part of the Committee's response. We believe this complaint was not brought as a result of geniune concern for compliance with Federal election laws, but instead, it is the product of bad faith and an effort by the Republican Party and the Helms for Senate Committee to prejudice the campaign of Governor Hunt. As a further example of David Flaherty's and the Republican Party's bad faith, a press conference was held prior to the filing of this complaint in which a written press release setting forth the complaint allegations was distributed to the press and freely discussed. (See Attachment). The press conference was clearly designed to obtain political mileage from the complaint and avoid the confidentiality which attaches upon the filing of a complaint with the Commission. Because the Committee believes that this complaint was brought in bad faith and pursued solely for political gain, the Commission should question the merit of the allegations made and take no action on the complaint.

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VIII. Summary.

The Committee denies that its current method of allocating and reimbursing travel expenses violates the Federal Election Campaign Act.

Furthermore, the Committee respectfully requests that the Commission provide an answer to the questions of: (1) whether allocation of campaign and noncampaign-related travel expenses can be made on a time basis or if the trip basis allocation in 11 CFR 106.3 is an exclusive method of calculating campaign and noncampaign-related travel expenses; (2) whether the proposed methods of calculating reportable and reimbursable travel expenses are acceptable to the Commission, and (3) that the Commission answer the specific questions propounded in order to assure the Committee that the amount it pays for campaign-related travel is consistent with Commission guidelines and Federal Election law. We would request that the Commission provide answers to our questions on a confidential basis pursuant to 2 USC 437g(a)(4)(B) and 2 USC 437g(a)(12)(A).

If the Commission is unable to respond to our request for interpretation of the regulations, please advise and we will consider a formal request for an advisory opinion.

The Committee agrees to act in full compliance with the guidance provided by the Commission. We await your response and intend to comply with your instructions.

Sincerely yours,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

David F. Kirby
Counsel for the
Jim Hunt Committee and
Mahlon E. Little, Treasurer

DFK/efc

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Paid Pol. Adv.

The JIM HUNT Record

Subject: Tax Dollars For Politics

A report to the taxpayers on how Jim Hunt uses State equipment and your tax dollars to build the Jim Hunt Political Machine



Governor Jim Hunt Greets Citizens After Arriving In Marion By Helicopter[1]

Gov. Hunt Opens Headquarters

Governor Jim Hunt arrived by helicopter Tuesday to officially open the McDowell County Democratic Headquarters.

Hunt's helicopter landed in the parking lot of the Lady M[illegible] dair[illegible] "tell the story about Ja[illegible] Hunt added[illegible]

FACT: Jim Hunt has repeatedly used the State helicopters and State airplanes to attend Hunt political events.[2-3-4]

North Carolina Taxpayers Are Paying The Bill For The Jim Hunt Political Machine

1. The McDowell News, 10-6-82
2. The Asheville Citizen, 10-5-82
3. The Blowing Rocket, 10-8-82
4. Sandhill Citizen, 10-20-82

Democrats for Helms . . . A Man of Character

Paid for by HELMS for Senate, Mark Stephens, Treasurer

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Driver Tony Lackey with admirer . . .

Paid Pol. Adv.

The JIM HUNT Record

Subject: Tax Dollars For Politics

A report to the taxpayers on how Jim Hunt uses State equipment and your tax dollars to build the Jim Hunt Political Machine



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4. Sandhill Citizen, 10-20-82

Democrats for Helms . . . A Man of Character

Paid for by HELMS for Senate, Mark Stephens, Treasurer

8504052270

Transcript of Helms for Senate Radio Ad (aired on North Carolina News Net)

5/19 - 5/25 83

The following is a paid political announcement.

Hi, Verne Strickland here with more on the Jim Hunt record. (PAPER RUSTLE) Let's check out the newspapers today. Here's an interesting story from the McDowell News, October 6, 1982, about a visit by Jim Hunt to the City of Marion, North Carolina. The story says, quote, "The Governor arrived by helicopter to officially open the McDowell County Democratic Party", unquote. The picture that was printed along with that story shows that the helicopter which carried Mr. Hunt to that political rally was the state helicopter -- your helicopter, paid for by your tax dollars and intended for state business, which is not the same as Jim Hunt's political business as he gears up his campaign for the U.S. Senate. The next time you see the state helicopter flying overhead, you might ask yourself (HELICOPTER SOUND) is it on state business? Or is it being used as Jim Hunt's political machine.

Paid for by the Helms for Senate Committee.

# # #

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NORTH CAROLINA
REPUBLICAN PARTY

FOR IMMEDIATE RELEASE
CONTACT: DAVID FLAHERTY
(919) 828-6423
1-800-662-8849
APRIL 25, 1984

I called this press conference today to announce that the North Carolina Republican Party has filed a complaint with the Federal Elections Commission asking them to look into Governor Hunt's misuse of the state airplane and helicopter for political purposes.

Specifically, I have asked the FEC to investigate and rule on two questions:

(1) The rates charged to Governor Hunt when he uses the state plane.

(2) The pro-rating of trips by Governor Hunt's office.

First, the rates. The Governor is charged $300.00 for use of a KINGAIR E-90. We have sought commercial quotes for use of a KINGAIR and no one has given us a quotation as low as $300.00 per hour. Most sources quoted a figure well over twice that amount. In fact, the Hunt administration has admitted that the fee charged does not include pilots' salaries, clerical expenses, and depreciation. According to one of our sources, depreciation can run up to $100,000 for every 3500 hours flown. Thus, we believe the Hunt Committee has admitted that it is receiving a subsidy from the state in violation of the law.

The Hunt campaign is also charged $235 per hour for a Bell 222 helicopter. Market rates put the cost at at least $350 per hour.

Secondly, we have asked the FEC to investigate the pro-ration of trips by the Governor's office. The Hunt committee has reimbursed the state for political uses of state aircraft on a pro-rate basis. For instance, when I exposed the fact that the Hunt campaign paid only $87.00 for a trip to Miami, Ms. Stephanie Bass stated that the $87 was for the cost of holding the state plane "a couple of extra hours"

while Hunt attended the fundraiser. Ms. Bass's statement implies that the Hunt campaign paid nothing for the actual trip to and from Miami. Furthermore, the actual pro-ration of a single stop trip appears to be illegal. The FEC code 11CFR. #106.3 states "Where a candidate conducts any campaign-related activity in a stop, the stop is a campaign-related stop and travel expenditures made are reportable." We contend that the Hunt Committee has violated this regulation.

The actual pro ration is performed, not by the Department of Commerce, but by Governor Hunt's own office. This raises a real question of a conflict of interest, and it is my belief that Governor Hunt has consistently understated the portions of his trips which should have been paid by his political groups.

Thus, it is with good reason that I ask the FEC to investigate Governor Hunt's use of the plane and helicopter.

Governor Hunt has repeatedly used tax dollars to serve his political ends...I hope the FEC will bring this use of tax funds by the Hunt campaign to an end.

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FROM:
KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
P. O. BOX 2477 RALEIGH, NORTH CAROLINA 27602
FORWARDING AND RETURN POSTAGE GUARANTEED

TO:
Mr. Kenneth A. Gross
Federal Election Commission
1325 K. Street NW
Washington, Dc 20463

LEGAL DOCUMENTS

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FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

MEMORANDUM TO: **CHARLES N. STEELE**
GENERAL COUNSEL

FROM: **MARJORIE W. EMMONS**/SUSAN M. TEIR SMT

DATE: JUNE 6, 1984

SUBJECT: MUR 1686 - FIRST GENERAL COUNSEL'S REPORT dated June 5, 1984

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 4:00 on June 5, 1984.

There were no objections to the Report at the time of the deadline.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: June 6, 1984

SUBJECT: MUR 1686 - First General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[X]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[X]	Litigation	[ ]
Sensitive	[X]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

84 JUN 5 A11:59

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 6/5/84
12:00

MUR # 1686
DATE COMPLAINT RECEIVED
BY OGC 4/30/84
DATE OF NOTIFICATION TO
RESPONDENT 5/3/84
STAFF MEMBER
Beverly Kramer

COMPLAINANT'S NAME: David T. Flaherty

RESPONDENTS' NAMES: Jim Hunt Committee
Maylon E. Little, Treasurer
State of North Carolina

RELEVANT STATUTE: 2 U.S.C. § 434
2 U.S.C. § 441a
11 C.F.R. § 104.3
11 C.F.R. § 106.3

INTERNAL REPORTS CHECKED: Public Records

FEDERAL AGENCIES CHECKED: None

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SUMMARY OF ALLEGATIONS

On April 30, 1984, Mr. David T. Flaherty, Chairman of the Republican Party of North Carolina, filed a complaint with the Commission alleging that the Jim Hunt Committee ("the Committee"), Mr. Maylon E. Little, as treasurer, and the State of North Carolina violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). */ On May 8, 1984, the complainant submitted additional materials to supplement his complaint. See attachment.

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*/ A copy of the complaint was circulated to the Commission on May 1, 1984.

The complaint alleges that for the past year Governor James B. Hunt, Jr., a candidate for the North Carolina Democratic Party's nomination for United States Senator, has been campaigning across the State of North Carolina as well as into states other than North Carolina using a North Carolina State helicopter or a State airplane. The complaint claims that many of the trips consisted of a single stop and yet the Jim Hunt Committee allocated the expenses between campaign and non-campaign related travel on a pro-rata basis for purposes of both reimbursement and reporting. The complaint asserts that the committee's allocation of travel expenses in this manner violates 11 C.F.R. § 106.3.

The complaint further claims that the committee has reimbursed the state for the use of government conveyance on the basis of rates far below the rates for comparable commercial conveyance in violation of 11 C.F.R. § 106.3. In addition, the complaint asserts that the difference between the rate paid by the Committee and the rate for comparable commercial conveyance constitutes an unreported in-kind contribution by the state to the Committee in violation of 2 U.S.C. § 434 and 11 C.F.R. § 104.3. Furthermore, the complaint asserts that if the in-kind contributions exceeded the limitations of 2 U.S.C. § 441a, a violation of this section may be involved.

Notice of the complaint was sent to the respondents on May 3, 1984. All of the respondents have submitted requests for

8504522273

an extension of 30 days, or until June 21, 1984, to respond to the Commission's notice. The Office of General Counsel granted the requested extensions and so notified the respondents.

Once all of the responses have been received and reviewed, the Office of the General Counsel will make a further report to the Commission with recommendations.

Charles N. Steele
General Counsel

June 6, 1984
Date

By: Kenneth A. Gross
Associate General Counsel

Attachment
Supplement to Complaint

8504052279

GCC#3074

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARY
'84 MAY 7 P4:56

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919-828-6423
919-828-1839
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THE REPUBLICAN PARTY

North Carolina's Conservative Voice

May 1, 1984

Mur 1686
Kramer

84 MAY 7 P4:56

Mrs. Lee Ann Elliott, Chairman
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

Dear Mrs. Elliott:

Attached is a newspaper account of our complaint filed with you which we think indicates that Governor Hunt's Committee were not familiar with you rules and may owe State monies.

In addition, we have had several phone calls from State Employees who wouldn't leave their names because they were afraid of retribution, but claim that this is just the tip of the iceberg and that they have misused the plane much further and even against state laws.

Thank you for following up this complaint because it is wrong for us taxpayers to be paying campaign costs.

Kindest regards.

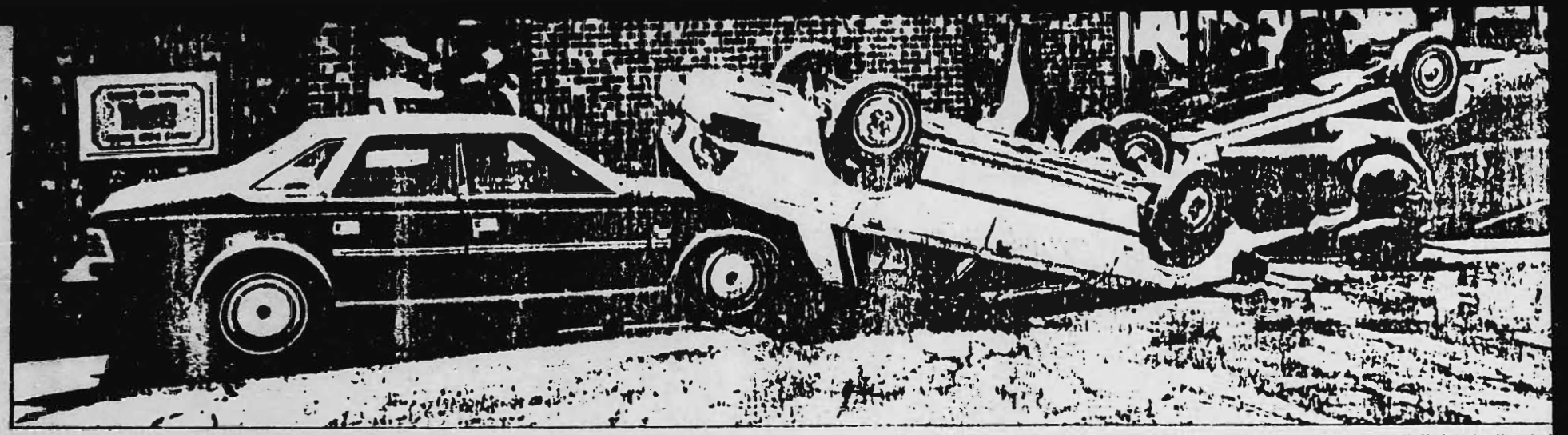
Sincerely,

Dave Flaherty
State Chairman

p.s. We think the news article substantiates our complaint.

DF:bhj

8504052230



Staff photo by Jimmie J

Two drivers escape injury in crash at Wendy's

Two drivers escaped serious injury in a freak accident Wednesday that left two cars upside down and the front end of another crushed at the drive-through window at Wendy's on West Market Street. An unoccupied white 1982 Mazda four-door landed upside down on the hood of a 1983 Concord, owned by Allgood Construction Co. Inc. in Greensboro. A third car, a blue 1967 Buick, knocked out part of a plate glass window and landed upside down in t of the Mazda next to the Wendy's building. Th cident is under investigation, according to Gr boro police. No charges have been filed. Story,

GOP hits state bills to Hunt for flights

By CHUCK ALSTON
Raleigh Bureau

RALEIGH — The N.C. Republican Party is filing a complaint with the Federal Election Commission charging irregularities in the way state bills Gov. Jim Hunt for use of the state helicopter and airplane on campaign trips.

David Flaherty, the party chairman, said at a press conference Wednesday that the FEC complaint stems from two issues: the rates charged, and how the Governor's Office prorates the cost of a trip when it mixes campaign and official state business.

"I don't think it's anything they are trying to hide," Flaherty said. "I just think it's poor judgment on their part for what they charge."

Author of memo to Gov. Hunt will keep his job. B4.

Flaherty said the state charges Hunt, a Democratic candidate for the U.S. Senate, less than it would cost to rent chartered transportation from a private service.

Calling it an "illegal use of taxpayers' money," Flaherty cited the state's rate of $300 per hour for use of the Kingair E-90 airplane that Hunt uses regularly. Flaherty said the rate is far less than the $800 and more it would cost to rent the plane commercially.

An FEC spokeswoman Wednesday, however, said that the bills paid by a political campaign, when government aircraft is involved, need to reflect only the cost of first-class commercial service or charter service if normal commercial service is unavailable.

"It sounds like to me the Republicans are trying to detract from their own problems with the FEC, which we've read a good bit about recently," Hunt said at his weekly press conference Wednesday.

Hunt was referring to problems encountered by the National Congressional Club and a closely related company, Jefferson Marketing Inc.. Both groups have strong ties to the campaign of U.S. Sen. Jesse Helms, Hunt's Republican opponent.

"I use the state helicopter and plane just as the president uses Air Force One, for security reasons, and the security people have strongly advised, have insisted as a matter of fact, that I do that," Hunt said.

"The standing rule," Hunt continued, "is that we pay what the costs are. Whatever costs are charged to departments that use the plane, we pay the very same thing. If there's any question, we want to be overcharged rather than undercharged."

Flaherty also attacked the Governor's Office for underbilling Hunt's campaign when politics and official business mix on a trip and he said it was a conflict of interest for Hunt's staff to make that decision.

The state's air fleet is managed by the Department of Commerce. Leo Tilley, assistant commerce secretary, said the department bills the

(See Plane, B4)

Elsewhere

Terrorism

Maj. Gen. George S. Pa son of the famous World W general, warned Wednesd the increasing threat of terr in the United States. C9.

Endorsements

State Rep. Howard Cobl Wednesday gained endors ments across the 6th Cong sional District. D16.

Open High Scho

Success stories can be f at the Open High School, w has operated for 10 years.

Greensboro News & Record 4/26/84

...on, the director of the Governor's Program for Executive and Or... zational Development, also w... scribed last week by administration officials as an executive secretary to the Cabinet. Hunt, in disavowing much of Champion's memo last Friday, noted that Champion was not a "policy adviser."

David Flaherty, chairman of the N.C. Republican Party, questioned Wednesday why Champion, whose salary is $46,548, is listed among administration officials exempt from the protection of the State Personnel Act because of policy-making status. Hunt has designated about 800 such employees as exempt because they hold either a policy-mak-

...Cabinet secretaries and his Capitol staff, w...ich includes his chief assistant... policy, political and budget ...ers. Hunt said Champion's job includes running programs to develop management skills, but has nothing to do with policy in the sense of setting a course for the state.

Hunt also said that Champion called him last Friday "to tell me he felt badly about all of the furor around his memo and I told him I kind of felt badly about it, too." The remark brought laughter from the press corps covering Hunt's news conference.

But Hunt said, "I'm not going to fire him." Hunt said Champion was on vacation this week, but not at the governor's request.

Plane

From B1

Governor's Office, which then allocates the costs to Hunt's campaign committee and the state.

According to past statements from administration officials, when Hunt makes a trip to New York, for instance, on both official and campaign business, the state doesn't bill the campaign because the governor is going there anyway. Only if an additional stop is added, explicitly for campaign purposes, is the campaign billed.

Brent Hackney, Hunt's deputy press secretary, said the state's practice has been to prorate the costs of such trips based on time. "That seemed fair," Hackney said. "I can't speak to the FEC regulations."

Sharon Snyder, assistant press officer for the FEC in Washington, said Wednesday she cannot speak to the specifics of Flaherty's complaint. But as a general rule she said there are these guidelines:

- On allocating costs. If a candidate does anything related to his campaign while at a particular stop, even if just a small portion, then the cost of a trip to that stop must be fully reported.

- On setting a rate. If a candidate who holds office uses government aircraft, the campaign must be billed for the comparable cost of a commercial flight. Snyder said this means that if regular commercial service is available, such as on Eastern or Delta airlines, then the campaign should be billed for the cost of a first-class ticket. Only if regular commercial service is unavailable, she said, would the campaign then be required to pay a charter cost.

Tilley of the state commerce department said the $300 per hour the state bills for use of the Kingair reflects direct operating costs, such as gas, fuel, maps and the two pilots' travel allowances but does not reflect the cost of insurance, pilot salaries or other overhead items.

Both Stephanie Bass, Hunt's campaign spokeswoman, and Hackney said the state and campaign had been operating under rules developed by the state to govern such situations. Both also said that the FEC rules would be studied by attorneys and if the state's rules are out of line with the federal rules, then the rules would be adjusted.

Bass said after hearing the FEC spokeswoman's interpretation of the rules that the Hunt campaign could owe the state some money for underbillings on trips with dual purposes. She also said the campaign may have overpaid, under a strict interpretation of the FEC rules, when a first-class commercial flight might have been cheaper than the $300 per hour the state bills.

Hunt said, "I don't know what the rule is. But whatever the rule is, we want to do the right thing."

Hoskins

From B1

of a mile to Guilford Courthouse National Military Park. The park service presently frowns on moving historical houses from their original sites into parks. But Kirkpatrick believes the service may make an exception.

"A lobbying effort toward this end has commenced already," Kirkpatrick said Wednesday at a news conference at the park museum. He was flanked by four men dressed in

years has been lobbying to gain attention to the historical significance of the house and grounds, has agreed to give the Guilford Battleground Co. the house if the company will dismantle and move it. He also has granted permission for an archaeological dig at the site.

However, Wyrick has indicated all must be done by Sept. 30 or the agreement is off. By then h... to have t...

Woodworker t...

taxes with six h...

ROCHESTER, N.Y. ... netmaker thought he c... a $2,400 tax bill by pay... carpenter's hammers, b... nue Service officials wer... down that idea.

Robert Suarino of sub... said a few months ago he... vision newscast describin... tagon once paid $400 for a... $8.

"The government take... earned money and squand... they want," Suarino said... hammer is worth $400 to th... got six here to pay my taxe...

His offer was declin... Suarino, 89, lives with his... and their 9-month-old son. ... vate cabinet- and furniture-... ness and works full time... Motors Corp.

"I knew they weren't goi... these (hammers)," said Su... plans to appeal the audit whi... finding that he owed $1,800... plus $600 in interest. "But may... my point. I'm not through wit...

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4	5.89	17.63	32.22
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Mobile Home Sales.....
Mobile Home Supplies, Repairs.....
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Auto Loans-Insurance....
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Boats & Marine Equipm...
Buses Sale-Lease.....
Campers, Recreational Vehicles, Vans .....
Heavy Machinery .....
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Wanted To Buy .....

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Rooms ...

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THE REPUBLICAN PARTY

North Carolina's Conservative Voice

April 20, 1984

Mrs. Lee Ann Elliott, Chairman
Federal Election Committee
1325 K Street, N.W.
Washington, D. C. 20463

Dear Chairman Elliott:

I am writing to ask you to investigate the following facts regarding what I believe are violations of the Federal Election Campaign Act.

The Jim Hunt Committee is the principal campaign committee of Governor Jim Hunt, a candidate for the North Carolina Democratic Party's nomination for United States Senator. I believe that until recently this Committee has been operating under the name of the Jim Hunt Exploratory Committee. For purposes of this letter, all references to the Hunt for Senate Committee should be deemed to be references to the Jim Hunt Exploratory Committee as well.

As the attached newspaper articles illustrate, for the past year Governor Hunt has been campaigning across the state of North Carolina, as well as into states other than North Carolina, and using a state helicopter or a state airplane for these political trips. Statements attributed to spokespersons for Governor Hunt indicate that the Hunt for Senate Committee has reimbursed the state for these uses of state aircraft on a pro-rata basis, which has varied depending on the amount of political activity-- as opposed to official government activity-- that has been conducted during the trip.

For instance, according to a statement by Stephanie Bass of the Jim Hunt Committee, as reported in the Raleigh Times on January 5, 1984, Governor Hunt flew to Miami on June 10, 1983, to serve as a keynote speaker for the National Association of ABC Boards and to attend a political fundraiser. The state was reimbursed $87 for "the cost of holding the state plane 'a couple

of extra hours' while Hunt attended the fund raiser." The same January 5 article reported that Governor Hunt made a pro-rated payment for a trip he took to Washington in a state airplane on June 30. In addition, a March 10, 1984 article in the Raleigh News & Observer attributes (without quotation marks) the following statement to R. Brent Hackney, Governor Hunt's Deputy Press Secretary: "Hunt's campaign reimburses the state for use of the plane when a trip is political, Hackney said. If part of a trip is official business and part political, the campaign repays an amount corresponding to the percentage of the trip that was political."

Many of the trips reported in the press appear to have consisted of a single stop, others may or may not have been one-stop affairs, and yet the Jim Hunt Committee has allocated the expenses on a pro-rata basis for purposes of both reimbursement and reporting in its FEC reports. It is my understanding that this violates 2 U.S.C. § 438 (a) (8) and 11 C.F.R. § 106.3.

According to North Carolina Department of Commerce Aircraft Trip Reports filed in connection with the Jim Hunt Committee's use of state aircraft (copies attached), it appears that the state is being reimbursed for the use of its Beechcraft E-90 twin engine propjet at the rate of $300 per hour and its Bell Helicopter 222 at the rate of $235 per hour. It has been reported that commercial rates for a comparable airplane are $850 per hour. The actual rate may be more; according to the attached article from the Landmark newspaper, the cost to the state for the airplane used by the Jim Hunt Committee is greater than the $300 per hour Governor Hunt is charging his re-election committee because, in part, (according to Mr. Leo Tilly of the North Carolina Department of Commerce) the state is not charging the Hunt Committee "depreciation or replacement costs of the plane", and the Hunt for Senate Committee reportedly is not reimbursing the state for its use of pilots and clerical staff in connection with its use of state aircraft. It appears that the Hunt for Senate Committee is reporting expenditures and reimbursing the state on the basis of rates far below the rate for comparable commercial conveyance, in violation of 2 U.S.C. § 438(a)(8) and 11 C.F.R. § 106.3. In addition, the difference between the rate paid by the Hunt for Senate Committee and the rate for comparable commercial conveyance constitutes an unreported in-kind contribution by the state to Governor Hunt's Campaign Committee, in violation of 2 U.S.C. § 434 and 11 C.F.R. § 104.3.

8504022841

Based on the above, I would also request that the FEC investigate whether these facts constitute a violation of the contribution limitations of 2 U.S.C. § 441a.

I look forward to your attention to my request, and await your timely response.

Sincerely,

David T. Flaherty
Chairman, Republican Party
of North Carolina
1410 Hillsborough Street
Post Office Box 12905
Raleigh, North Carolina 27605

Subscribed and sworn to before me this ____ day of April, 1984.

_____
Notary Public

My commission expires: _____

8504052235

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 29, 1984

Jack Cozort
Office of the Governor
116 West Jones Street
Raleigh, North Carolina 27611

Re: MUR 1686
State of North Carolina

Dear Mr. Cozort:

This is in reference to your letters dated May 18 and May 23, 1984, requesting an extension until June 21, 1984, to respond to the Commission's notice of a complaint filed in the above-referenced matter. After considering the circumstances presented in your letters, the Office of General Counsel has determined to grant you your requested extension. Accordingly, your response will be due on June 21, 1984.

If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter at (202)523-4143.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8504052286

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 24, 1984

David F. Kirby, Esquire
P.O. Box 2477
Raleigh, North Carolina 27602

Re: MUR 1686
Jim Hunt Committee
Maylon E. Little, Treasurer

Dear Mr. Kirby:

This is in reference to your letter dated May 16, 1984, requesting an extension of 30 days, or until June 21, 1984, to respond to the Commission's notice of a complaint filed in the above-referenced matter. After considering the circumstances presented in your letter, the Office of General Counsel has determined to grant you your requested extension. Accordingly your response will be due on June 21, 1984.

If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter, at (202)523-4143.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8504052237

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David F. Kirby, Esquire
P.O. Box 2477
Raleigh, North Carolina 27602

Re: MUR 1686
Jim Hunt Committee
Maylon E. Little, Treasurer

Dear Mr. Kirby:

This is in reference to your letter dated May 16, 1984, requesting an extension of 30 days, or until June 21, 1984, to respond to the Commission's notice of a complaint filed in the above-referenced matter. After considering the circumstances presented in your letter, the Office of General Counsel has determined to grant you your requested extension. Accordingly your response will be due on June 21, 1984.

If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter, at (202)523-4143.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8504022283

FEC # 3180
84 MAY 17 P1:06

KIRBY, WALLACE, CREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
POST OFFICE BOX 8477
RALEIGH, NORTH CAROLINA 27602

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. CREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

(919) 821-4418

May 16, 1984

FEDERAL EXPRESS

MUR 1686
Kramer

Ms. Beverly Kramer
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MVR 1686

Dear Ms. Kramer:

I am counsel for the Jim Hunt Committee, the respondent in MVR 1686. Jim Hunt is Governor of North Carolina and a candidate for the United States Senate. On May 7, 1984, the Jim Hunt Committee (hereafter Committee) received a letter from the Federal Election Commission advising the Committee that a complaint had been filed against it by the Republican Party of North Carolina.

The complaint, in essence, alleges that the Committee is improperly allocating and reporting campaign-related and noncampaign-related travel expenses in connection with Governor Jim Hunt's use of a State-owned helicopter and airplane. The Committee's response to the complaint is due on May 22, 1984.

As counsel for the Committee, I have requested the gathering of all documents and information regarding Governor Hunt's campaign-related use of the State plane and helicopter and the payment for such campaign-related use by the Committee. I have learned that I must obtain this information and documentation from three sources; the North Carolina Department of Commerce which owns and invoices the Governor for use of the plane or helicopter, the Office of the Governor which separates campaign-related and noncampaign-related travel, and the Jim Hunt Committee which reimburses the State of North Carolina for Governor Hunt's campaign related travel. The information and documentation I requested is necessary for responding to the allegations in the complaint. However, it will be very difficult to compile and review this information anad documentation prior to the May 22, 1984 response deadline because of the several parties and multiple documents involved.

8504052289

Therefore, I respectfully request that the Federal Election Commission grant the Committee an additional thirty (30) days, through and including the 21st day of June, 1984, in which to respond to the complaint in MVR 1686.

Your prompt response to this request will be greatly appreciated.

Sincerely,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

David F. Kirby

DFK/efc

8504052290

RECEIVED AT THE FEC
HAND DELIVERED
84 MAY 24 AM 8:54
Exempt 3301

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

84 MAY 25 A12:45

May 23, 1984

FEDERAL EXPRESS

Ms. Beverly Kramer
Staff Attorney
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

3 5 0 4 0 5 2 2 2 9 1

Re: MUR 1686

Dear Ms. Kramer:

Enclosed are copies of Designation of Counsel and a letter requesting an extension of time which were mailed to you on May 18, 1984. I regret there has been no delivery of either document at this time.

The purpose of this letter is to renew my request that the Federal Election Commission grant Governor Hunt and the State of North Carolina an additional 30 (thirty) days, through and including the 21st day of June, 1984, in which to respond to the complaint in MUR 1686.

In support of my request, I offer the following:

(1) The Commission's letter of May 3, 1984, and materials attached thereto were misrouted. The originals are believed lost. I was able to locate a copy of the letter to Governor Hunt on Friday, May 18. I received a copy of most of the attached materials on Monday, May 21.

(2) The Jim Hunt for Senate Exploratory Committee filed with the Federal Election Commission on August 9, 1983. Under appropriate federal laws, the reporting and reimbursement requirements relate back to that date. To adequately respond to the allegations in the complaint in MUR 1686, we will have to check the flight logs, itinerary, passenger lists, stops, and persons seen by the Governor for every flight he has made for the last nine months. After we have determined that a flight contained a stop which was reportable and reimbursable, we will have to determine whether commercial air service or charter service was available to that location and what the appropriate cost

would have been for that time. We will then have to compare that cost with the amount already reimbursed the State by the Hunt Campaign Committee and compute the shortage or the excess.

(3) With an elected public official as a candidate, it will be necessary to try to interpret several sections of the Federal Election Campaign Act and 11 Code of Federal Regulations, especially those sections dealing with "incidental contacts" and "allocated on a reasonable basis" under §106.3. This requirement will make it difficult to make a routine determination on whether each stop was reportable and reimbursable.

I appreciate your attention to this request. I look forward to receiving your response, as well as receiving information on the Explanation and Justification of the regulations and the references to Advisory Opinions published by Commerce Clearing House.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel to the Governor

JC/tmg

Enclosures

cc: Andrew A. Vanore, Jr.

8504022292

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

May 18, 1984

Ms. Beverly Kramer
Staff Attorney
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1686

Dear Ms. Kramer:

8504052293

Under separate cover, Governor Hunt has transmitted to you a letter of designation of counsel whereby the undersigned and Senior Deputy Attorney General Andrew A. Vanore, Jr., have been designated counsel for the Governor and for the State of North Carolina in case number MUR 1686. I hereby request that all notifications and communications for the Governor and the State of North Carolina be sent to me at the address listed on the designation of counsel. I also hereby request copies of all notifications and other communications from the Commission to the Jim Hunt Committee and officers therein.

The Commission's letter of May 3, 1984, and materials attached thereto were misrouted. They were received in this office today. Compilation and review of the information necessary to respond to the complaint will be a very difficult and time-consuming process. It does not appear that we will be able to have a complete response ready by May 22, 1984, the date specified in your letter of May 3, 1984.

Therefore, I hereby respectfully request that the Federal Election Commission grant Governor Hunt and the State of North Carolina an additional 30 days, through and including the twenty-first day of June, 1984, in which to respond to the complaint in MUR 1686.

Thank you for your attention to this request.

Sincerely,

Jack Cozort

Jack Cozort
Legal Counsel to the Governor

JC/tmg

cc: Andrew A. Vanore, Jr.

STATE OF NORTH CAROLINA

OFFICE OF THE GOVERNOR

RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

Before the Federal Election Commission
Designation of Counsel
Re: MUR 1686

Jack Cozort
Counsel to the Governor
116 West Jones Street
Raleigh, North Carolina 27611
(919) 733-2417

Andrew A. Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602
(919) 733-3377

The above-named individuals are hereby designated as my counsel and counsel for the State of North Carolina, and are authorized to receive all notifications and other communications from the Commission, and to act on my behalf and for the State of North Carolina before the Commission.

May 18, 1984

James B. Hunt, Jr.
Governor of North Carolina
State Capitol
Raleigh, North Carolina 27611
(919) 733-5811

Executive Mansion
200 North Blount Street
Raleigh, North Carolina 27611
(919) 733-3871

8504052294

BCC#3266 RECEIVED AT THE FEC

84 MAY 22 P1:07

STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

May 18, 1984

Ms. Beverly Kramer
Staff Attorney
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1686

Dear Ms. Kramer:

Under separate cover, Governor Hunt has transmitted to you a letter of designation of counsel whereby the undersigned and Senior Deputy Attorney General Andrew A. Vanore, Jr., have been designated counsel for the Governor and for the State of North Carolina in case number MUR 1686. I hereby request that all notifications and communications for the Governor and the State of North Carolina be sent to me at the address listed on the designation of counsel. I also hereby request copies of all notifications and other communications from the Commission to the Jim Hunt Committee and officers therein.

The Commission's letter of May 3, 1984, and materials attached thereto were misrouted. They were received in this office today. Compilation and review of the information necessary to respond to the complaint will be a very difficult and time-consuming process. It does not appear that we will be able to have a complete response ready by May 22, 1984, the date specified in your letter of May 3, 1984.

Therefore, I hereby respectfully request that the Federal Election Commission grant Governor Hunt and the State of North Carolina an additional 30 days, through and including the twenty-first day of June, 1984, in which to respond to the complaint in MUR 1686.

Thank you for your attention to this request.

Sincerely,

Jack Cozort
Legal Counsel to the Governor

JC/tmg

cc: Andrew A. Vanore, Jr.

TE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR
RALEIGH 27611

RECEIV FEC

84 MAY22 PM 2:06

Ms. Beverly Kramer
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

CERTIFIED
P 346 238 520
MAIL

RETURN RECEIPT
REQUESTED

CCC# 3265

RECEIVED AT THE FEC

84 MAY 22 P1:06

STATE OF NORTH CAROLINA

OFFICE OF THE GOVERNOR

RALEIGH 27611

JAMES B. HUNT, JR.
GOVERNOR

Before the Federal Election Commission
Designation of Counsel
Re: MUR 1686

Jack Cozort
Counsel to the Governor
116 West Jones Street
Raleigh, North Carolina 27611
(919) 733-2417

Andrew A. Vanore, Jr.
Senior Deputy Attorney General
North Carolina Department of Justice
P.O. Box 629
Raleigh, North Carolina 27602
(919) 733-3377

The above-named individuals are hereby designated as my counsel and counsel for the State of North Carolina, and are authorized to receive all notifications and other communications from the Commission, and to act on my behalf and for the State of North Carolina before the Commission.

May 18, 1984

James B. Hunt, Jr.
Governor of North Carolina
State Capitol
Raleigh, North Carolina 27611
(919) 733-5811

Executive Mansion
200 North Blount Street
Raleigh, North Carolina 27611
(919) 733-3871

8504052297

E OF NORTH CAROLINA
FFICE OF THE GOVERNOR
RALEIGH 27611

RALEIGH, NC 236
PM
18 MAY
1984

Ms. Beverly Kramer
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

CERTIFIED
P 346 238 560
MAIL

RETURN RECEIPT
REQUESTED

RECEIVED AT THE FEC
84 MAY 17 P1:06

FEC #3180

KIRBY, WALLACE, GREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
POST OFFICE BOX 2477
RALEIGH, NORTH CAROLINA 27602

DAVID F. KIRBY
JOHN R. WALLACE
PAUL P. GREECH
PETER J. SARDA
ROBERT E. ZAYTOUN

(919) 821-4416

May 16, 1984

FEDERAL EXPRESS

Ms. Beverly Kramer
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

MUR 1686
Kramer

Re: MVR 1686

Dear Ms. Kramer:

I am counsel for the Jim Hunt Committee, the respondent in MVR 1686. Jim Hunt is Governor of North Carolina and a candidate for the United States Senate. On May 7, 1984, the Jim Hunt Committee (hereafter Committee) received a letter from the Federal Election Commission advising the Committee that a complaint had been filed against it by the Republican Party of North Carolina.

The complaint, in essence, alleges that the Committee is improperly allocating and reporting campaign-related and noncampaign-related travel expenses in connection with Governor Jim Hunt's use of a State-owned helicopter and airplane. The Committee's response to the complaint is due on May 22, 1984.

As counsel for the Committee, I have requested the gathering of all documents and information regarding Governor Hunt's campaign-related use of the State plane and helicopter and the payment for such campaign-related use by the Committee. I have learned that I must obtain this information and documentation from three sources; the North Carolina Department of Commerce which owns and invoices the Governor for use of the plane or helicopter, the Office of the Governor which separates campaign-related and noncampaign-related travel, and the Jim Hunt Committee which reimburses the State of North Carolina for Governor Hunt's campaign related travel. The information and documentation I requested is necessary for responding to the allegations in the complaint. However, it will be very difficult to compile and review this information anad documentation prior to the May 22, 1984 response deadline because of the several parties and multiple documents involved.

8504052299

Therefore, I respectfully request that the Federal Election Commission grant the Committee an additional thirty (30) days, through and including the 21st day of June, 1984, in which to respond to the complaint in MVR 1686.

Your prompt response to this request will be greatly appreciated.

Sincerely,

KIRBY, WALLACE, CREECH
SARDA & ZAYTOUN

David F. Kirby

DFK/efc

8504052230 0

KIRBY, WALLACE, GREECH,
SARDA & ZAYTOUN
ATTORNEYS AT LAW
POST OFFICE BOX 2477
RALEIGH, NORTH CAROLINA 27602

RECEIVED AT THE FEC

84 MAY 17 P 1:06

Ms. Beverly Kramer
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

8504052

FCC #3139
MUR 1686
Kramer

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1686

NAME OF COUNSEL: David F. Kirby

ADDRESS: P.O. Box 2477
Raleigh, NC 27602

TELEPHONE: 919/821-4416

FILED
'84 MAY 14 P12:22

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

5/10/84
Date

Maylon E. Little
Signature

RESPONDENT'S NAME: Maylon E. Little, CPA

ADDRESS: Jim Hunt Committee
P.O. Box 25937 (215 Hillsborough Street)
Raleigh, NC 27611

HOME PHONE:

BUSINESS PHONE: 919/828-4868 or 821-4011

8504052302

MAYLON E. LITTLE
INCORPORATED
Certified Public Accountants
Post Office Box 12547
Raleigh, North Carolina 27605

8504052

Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

RALEIGH, NC
1 PM
10 MAY
1984

RECEIVED BY THE FEC
04 MAY 14 A8:01

MUR 2286

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
84 APR 27 P12:54

CHAIRMAN
David T. Flaherty
VICE CHAIRMAN
Audrey McBane
SECRETARY
Karol Goebel
TREASURER
Jim McIntyre
FINANCE CHAIRMAN
Ed Shufelt
919-828-6423
919-828-1839
1-800-662-8849

THE REPUBLICAN PARTY

North Carolina's Conservative Voice

April 20, 1984

Mrs. Lee Ann Elliott, Chairman
Federal Election Committee
1325 K Street, N.W.
Washington, D. C. 20463

Dear Chairman Elliott:

I am writing to ask you to investigate the following facts regarding what I believe are violations of the Federal Election Campaign Act.

The Jim Hunt Committee is the principal campaign committee of Governor Jim Hunt, a candidate for the North Carolina Democratic Party's nomination for United States Senator. I believe that until recently this Committee has been operating under the name of the Jim Hunt Exploratory Committee. For purposes of this letter, all references to the Hunt for Senate Committee should be deemed to be references to the Jim Hunt Exploratory Committee as well.

As the attached newspaper articles illustrate, for the past year Governor Hunt has been campaigning across the state of North Carolina, as well as into states other than North Carolina, and using a state helicopter or a state airplane for these political trips. Statements attributed to spokespersons for Governor Hunt indicate that the Hunt for Senate Committee has reimbursed the state for these uses of state aircraft on a pro-rata basis, which has varied depending on the amount of political activity-- as opposed to official government activity-- that has been conducted during the trip.

For instance, according to a statement by Stephanie Bass of the Jim Hunt Committee, as reported in the Raleigh Times on January 5, 1984, Governor Hunt flew to Miami on June 10, 1983, to serve as a keynote speaker for the National Association of ABC Boards and to attend a political fundraiser. The state was reimbursed $87 for "the cost of holding the state plane 'a couple

1410 Hillsborough Street * Post Office Box 12905 * Raleigh, North Carolina 27605

of extra hours' while Hunt attended the fund raiser." The same January 5 article reported that Governor Hunt made a pro-rated payment for a trip he took to Washington in a state airplane on June 30. In addition, a March 10, 1984 article in the Raleigh News & Observer attributes (without quotation marks) the following statement to R. Brent Hackney, Governor Hunt's Deputy Press Secretary: "Hunt's campaign reimburses the state for use of the plane when a trip is political, Hackney said. If part of a trip is official business and part political, the campaign repays an amount corresponding to the percentage of the trip that was political."

Many of the trips reported in the press appear to have consisted of a single stop, others may or may not have been one-stop affairs, and yet the Jim Hunt Committee has allocated the expenses on a pro-rata basis for purposes of both reimbursement and reporting in its FEC reports. It is my understanding that this violates 2 U.S.C. § 438 (a) (8) and 11 C.F.R. § 106.3.

According to North Carolina Department of Commerce Aircraft Trip Reports filed in connection with the Jim Hunt Committee's use of state aircraft (copies attached), it appears that the state is being reimbursed for the use of its Beechcraft E-90 twin engine propjet at the rate of $300 per hour and its Bell Helicopter 222 at the rate of $235 per hour. It has been reported that commercial rates for a comparable airplane are $850 per hour. The actual rate may be more; according to the attached article from the Landmark newspaper, the cost to the state for the airplane used by the Jim Hunt Committee is greater than the $300 per hour Governor Hunt is charging his re-election committee because, in part, (according to Mr. Leo Tilly of the North Carolina Department of Commerce) the state is not charging the Hunt Committee "depreciation or replacement costs of the plane", and the Hunt for Senate Committee reportedly is not reimbursing the state for its use of pilots and clerical staff in connection with its use of state aircraft. It appears that the Hunt for Senate Committee is reporting expenditures and reimbursing the state on the basis of rates far below the rate for comparable commercial conveyance, in violation of 2 U.S.C. § 438(a)(8) and 11 C.F.R. § 106.3. In addition, the difference between the rate paid by the Hunt for Senate Committee and the rate for comparable commercial conveyance constitutes an unreported in-kind contribution by the state to Governor Hunt's Campaign Committee, in violation of 2 U.S.C. § 434 and 11 C.F.R. § 104.3.

8504052305

Based on the above, I would also request that the FEC investigate whether these facts constitute a violation of the contribution limitations of 2 U.S.C. § 441a.

I look forward to your attention to my request, and await your timely response.

Sincerely,

David T. Flaherty
Chairman, Republican Party
of North Carolina
1410 Hillsborough Street
Post Office Box 12905
Raleigh, North Carolina 27605

Subscribed and sworn to before me this 25th day of April, 1984.

Lee Britt
Notary Public

My commission expires: 8/11/85

LEE BRITT
NOTARY
PUBLIC
WAKE COUNTY, N.C.

8504052306

Flaherty: Mansion Used For Politics

DMH 1-5-84

RALEIGH (AP) — State Republican Party Chairman David Flaherty charged Wednesday that Gov. Jim Hunt improperly used the Governor's Mansion and state airplanes for political purposes, but Democrats have denied the allegations.

Flaherty said in a news conference the GOP had been told a group of Hunt financial supporters met Wednesday in the mansion for a fund-raiser in Hunt's expected bid for the U.S. Senate. Flaherty said it was "just another example in Jim Hunt's political history of using taxpayers' money for political purposes ...."

Stephanie Bass, spokeswoman for Hunt's exploratory committee, said that the meeting was not a fund-raiser and that the campaign paid for all expenses.

"IT WAS a private meeting with about 65 business leaders from across the state that are personal friends of the governor," she said in a telephone interview. "They are interested in helping the campaign."

Flaherty said a GOP worker earlier called the governor's office and asked "if a fund-raiser was being held today or tomorrow." Flaherty said the worker was told the fund-raiser would be Wednesday at the Governor's Mansion.

The GOP leader also cited a Federal Elections Commission spending report he said showed the committee was giving itself "a preferred rate" in reimbursing for the use of state equipment.

THE SPENDING report, which Flaherty said was filed Aug. 2, says the governor's office was reimbursed in June for three trips Hunt made using a state plane. The report said the campaign committee paid the state $87 for a trip Hunt made to a Miami fund-raiser on a state plane.

The committee also reimbursed the state $65 for a flight to a New York fund-raiser, and $80 for a flight to a dinner in Washington.

"If the use of the plane is any measure of how they repay, then I have to have some real questions," Flaherty said.

"Commercial trips, roundtrip to New York, cost $188 and to Florida the cost is $422."

Flaherty said the rental fee for a plane similar to the one used by Hunt was $1,200 an hour.

"THEIR COST isn't the real cost, it's the preferred rate they're charging themselves," Flaherty said.

He said he had "very real questions" about whether the Hunt campaign had violated FEC regulations.

He said the reimbursement cost, by law, should reflect the true cost.

Ms. Bass, however, said the $87 was for the cost of holding a state plane "a couple of extra hours" while the governor attended a fund-raiser.

"He was already there [in Miami] on state business being keynote speaker for the National Association of ABC Boards," she said. "If only a small portion of a trip is political, a proportion of the cost is prorated."

THE $65 reimbursement was the price of a shuttle Hunt took from Washington, D.C., to New York City, Ms. Bass said.

She added that Hunt often uses commercial flights or charters planes at his campaign committee's expense for purely political trips.

"It's incorrect to give the impression that he uses a state plane to go to this political stuff all the time," Ms. Bass said.

DEPARTMENT OF COMMERCE
P. O. BOX 26248, RALEIGH, N. C. 27611

No. 24603 S

DC-AT-1

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC

DATE 6-21-22-83

FROM RDU

CREW Brooks/Bond

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE APCH.
1	ILM	105	4	420	1173	1154	.5			.5	.6	BB VFR
2	DCA	278	5	1390	1437	1605	1.5		.5	1.5	1.6	FB ILS
3	RDU	200	6	1200	1632	1730	1.0		.3	1.0	1.1	BB VFR
4												
5												
6												
7												
		583		3010			3.0		.8	3.0	3.3	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. FWD.	3582.5	75.5	75.5	98		
THIS DATE	3.0	3.0	3.0	3	FLT.	171
TOTALS	3585.5	78.5	78.5	101	BLK.	171

VOR RECEIVERS CHEC
ON

20% Political

198.00

1	2	3	4	5	
6121	6121 (3)	6121 (4)			
Gov. + 3	Gov. + 4	Gov. + 5			
Governor	Governor	Governor			
Security	Security	Security			# 3
Phil Carlton	Phil Carlton	Mrs. Hunt			
Gary Pearce	Gary Pearce	Rachal S.			1
		Gary Pearce			# 99
	Gov's Office				

Mailed

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

No. 24616 S

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC DATE 5 18 82

FROM RDU CREW Brown / Brooks

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE APCH.
1	CLT	112	3	336	1775	1801	.6			.6	.7	ILS VFR
2	RDU	112	3	336	2228	2304		.6		.6	.7	" "
3												
4												
5												
6												
7												
		224		672			.6	.6		1.2	1.4	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. FWD.	3613.7	106.7	106.7	134274	FLT.	157
THIS DATE	1.2	1.2	1.2	2		
TOTALS	3614.9	107.9	107.9	136-776	BLK.	160

VOR RECEIVERS CHS ON _____

REMARKS:

100.00 Political

1.00.00

1	2	3	4	5	
Governor	Governor				
Security	Security				
Betty McCain	Betty McCain				
	Carol Fox				

$100.00 CMA
x 1.4
$140.00

Petitioner

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

No. 4195

AIRCRAFT TRIP REPORT

A/C # 18 NC
A/C Type BH E50

Date 16 Aug 83

From Hangar Crew Thomas / Brantley

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst.
1	Dobbs	4			16:09	16:14	.1		
2	Greensboro	68	2	136	16:26	16:53	.5		
3	High Point	10	2	20	20:05	20:14	.2		
4	Dobbs	68	2	136	20:16	20:50	---	.6	
5	Hangar	4			20:54	20:59		.1	
6									
7									
8									
9									
10									
	TOTAL THIS DATE	151	6	286			.8	.7	1.5
	BWT. FWD.	38110	X	181701					
	TOTALS	38261	X	181981					

50% political

$200.00

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
BWT. FWD	1018.6	1018.6	1018.6	1663	[illegible]/1436	FLT.	
THIS DATE	1.5	1.5	1.5	3	3/3		
TOTALS	1020.1	1020.1	1020.1	1668	[illegible]/[illegible]	BLK.	

REMARKS

FOR RECEIVERS CHECKED PER FAR 91.29
ON 13 Aug 83 ACCURATE

1	2	3	4	5
	Gov. Hunt / Governor Security	Gov. Hunt / Governor Security	Gov. Hunt / Governor Security	
6	7	8	$200.00 x 2.0 $400.00	10
	Gov's Office			

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

Typ 172-NC 222 — 8 5 0 4 0 5 2 2 3 1 1

AIRCRAFT TRIP REPORT

Date 11-1-82

From HANGAR — Crew Brantley + Gerstein

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst.	Total	Block Time	PIC	Type App.
1	GSO	5	10		1034	1039	.1			.2	.2	JB	VFR
2	RDU	59	5	295	1042	1120	.6			.6	.7	JB	VFR
3	HVI	141	4	564	1412	1518	1.1			1.1	1.2	JB	VFR
4	RDU	141	4	564	1552	1655	1.0			1.0	1.1	JB	VFR
5	GSO	59	3	177	1657	1725	.5			.5	.6	JB	VFR
6	HANG	5	0		1727	1740		.2		.2	.2	JB	VFR
7													
8													
9													
10													
	TOTAL THIS DATE	410		1600			3.3	.2		3.5	4.0		
	BWT. FWD.	45927	X	101797									
	TOTALS	46337	X	103397									

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
BWT. FWD	806.2	806.2	806.2	1111	1111/1111	FLT.	
THIS DATE	3.5	3.5	3.5	6	HH/HH		
TOTALS	809.7	809.7	809.7	1117	1119/1119	BLK.	

RE
FO
OI

525% political

$420.00

1	2	3	4
0	GSO + 4	+ 3	+ 5
0	Governor, Jan Patterson	Governor, Secretary	Governor, Sec
	Secretary of, Jan Hunnicutt	John Bennett, Jim Reece	John Bennett, Jim Reece
6		8	9
GSO 5 Off			$300.00

N 8552405 (2231?

AIRCRAFT TRIP REPORT

DATE 10-21-83

FROM RDU

CREW BROWN / BROOKS ?

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE APCH.
1	AVL	185	5	925	1103	1157	.9			.9	1.0	B VFR
2	GSO	66	4	264	1422	1445	.4			.4	.5	F "
3	AVL	66	5	330	1721	1741	.3			.3	.4	B "
4	RDU	185	4	740	2215	2306	.8	.8		.8	.9	F "
5												
6												
7							1.6					
		502	—	2259			3.4	.8		2.1	2.8	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS
BWT. FWD.	3666.7	158.9	158.9	184
THIS DATE	2.4	2.4	2.4	4
TOTALS	3669.1	161.3	161.3	188

SPEEDS: FLT. 240 BLK. 179

REMARKS:

VOR RECEIVERS CHECKED PER FAR 91.25

ON _____ ACCURATE

1	2	3	4	5
Gov. + 4	Gov. + 3	Gov. + 4	Gov. + 3	
Honeycutt	Honeycutt	Honeycutt	Honeycutt	
Security	Security	Security	Security	
Comm Ingram	Judge Clark	Judge Clark	Comm Graham	
Comm Brooks	Wayne McDevitt	Wayne McDevitt	Judge Clark	
Sec Hinsley		(only Gov. + 3		
		verified by Wayne McDevitt)		
				$300.
				x 3
				$900.00
	Gov. + 4			

21.6% potential

$181.29

850405 DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611 No. 24689

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC

FROM RDU CREW Gunter + Bramley

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST	PIC TOTAL	PIC BLOCK	SIC
1	DCA	200	4	800	0959	1059	1.0		1.3	1.3	1.1	
2	SOP	258	2	516	1726	1837	.8	.5	.5	.5		
3	RDU	58	2	116	2950	2209		.3	.3	.3		
4												
5												
6												
7												
		516		1432			1.8	.8				

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS
BWT. FWD.	3656.7	148.7	148.7	169
THIS DATE	2.6	2.6	2.6	3
TOTALS	3659.3	151.3	151.3	172

SPEEDS: FLT. 199; VOR ON; BLK. 178

20.3 % pilot

180.00

1	2	3	4	5
Gov. + 3	Hall	→ + 1		
Governor	Decker	→		
Senate				
Family				
Dan'l				
				#300.00
				X 29
				$870.00
	Gov's Office			87.00 Fuel
				783.00

8504052231

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

DC-AT-1

No. 24640

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC

DATE 10-22-84

FROM RDU

CREW Brown/Parker

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE PIC
1	HKY	128	3	384	1016	1053	.6		.3	.6		
2	AVL	60	3	180	1220	1243	.4		.3	.4		
3	RDU	185	3	555	1145	1243	1.0		.5	1.0		
4												
5												
6												
7												
		373		1119			2.0		1.1	2.0		

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. FWD.	3659.3	151.3	151.3	172	FLT.	186
THIS DATE	2.0	2.0	2.0	3	VOR RECD ON	
TOTALS	3661.3	153.3	153.3	175	BLK.	162

1	2	3	4	5
10/22	10/22	10/23		
Gov. 12		"		
Governor's Security Mansion	→	→		
				We will open for you
			$300.00	
			X 2.3	
			$690.00	overnight parking
	Gov's Office			

All night expenses for Plane

$105.00

$30.00

8504 DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

No. 4231

A/C
A/C Type

AIRCRAFT TRIP REPORT

Date 10-29-93

From

Crew

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst	Total	Block Time	PIC	Type App
1	Dell									0.1	0.2	GB	LP Vis
2	Ashe									0.6	0.7		LP Vis
3	Dell									0.5	0.6		GB Vis
4	Hanger									0.1	0.2	V	GB Vis
5													
6													
7													
8													
9													
10													
	TOTAL THIS DATE	116					1.5			1.3	1.7		
	BWT. FWD	44300	X		X	X	X	X	X	X	X	X	X
	TOTALS	44516	X		X	X	X	X	X	X	X	X	X

100% fuel

4400.00

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	RIGHT	LANDINGS	CYCLES	SPEEDS	
	1095.5					FLT	
	1.3	1.3		1	2		
	1096.8	1056.8				BLK	

2	3	4
Gov't		Politician
Hayward	Spaulding	
Lewis	Lewis	
Paul Parker	Jim Parker	
Lee McCain	Betty McCain	9 200.00
Ellen Ellis		41.7
		5.5 / 0.00

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

No 4229

A/C #
A/C Type

AIRCRAFT TRIP REPORT

Date 27 Oct 83

From

Crew

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst	Total	Block Time	PIC	Type App
1	Dobbs						.1			.1	.2		
2							.7			.7	.8		
3								.5		.5	.6		
4	ILM							.1		.1	.2		
5	Dobbs							.9		.9	1.0		
6								.1		.1	.1		
7													
8													
9													
10													
	TOTAL THIS DATE							1.6		2.4	2.9		
	BWT FWD												
	TOTALS												

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
BWT FWD						FLT	
THIS DATE							
TOTALS						BLK	

REMARKS

43 70 gal

$250 00

1	2	3	
			Political
	General	General	Official
	Security	Security	
6	Long Beach	Long Beach	9

8504052317

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

NO. 2464

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 1122NC

DATE 4-8-85

FROM RDU

CREW BROOKS / BRANTLY

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST	TOTAL	BLOCK	LDG
1	BUY	35	3	105	1642	1657	.2			.2		
2	GSO	23	3	69	1816	1826	.2			.2		
3	RDU	58	3	174	2253	2314		.3		.3		
4												
5												
6												
7												
		116		348			.5	.3		.8		

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	RIGHT	LANDINGS
BWT. FWD.	3661.3	153.3	153.3	175
THIS DATE	.8	.8	.8	3
TOTALS	3662.1	154.1	154.1	177

SPEEDS: FLT. 145 / BLK. 105

VOR. RECD. DON

1	2	3	4	5
Governor	✓			
+ 2	✓			
Governor				
Secretary				
Tony Lathrop				
				$300.00
				X 1
				$300.00
	Govt Office			A9429 Rate Lower

,296 AL

9429

8 5 0 4 0 5 DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

NO. 2462

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC

DATE 10-7-11

FROM RDU

CREW Brooks / Brown

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST	TOTAL	BLOCK TIME	TYPE A/C
1	CLT	112	5	560	1019	1053	.6			.6	.6	
2	RDU	112	5	560	2229	2300		.5		.5	.5	
3												
4												
5												
6												
7												
		224		1120			.6	.5		1.1	1.1	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. FWD.	3662.1	154.1	154.1	177	FLT.	201
THIS DATE	1.1	1.1	1.1	2	VOR ON	
TOTALS	3663.2	155.2	155.2	179	BLK	177

REMARKS

24.0% political

$92.85

1	2	3	4	5
Gov. Perdue				
Governor				
Security				
Leslie Barbour				
Ben Raffer				
Don Hobart				
				$300.00
				x 1.3
	Gov's Office			$390.00

LANDMARK

PO Box 2242, Chapel Hill, NC 27515-2242 933-8973

11-1-83
Hunt - airplane

Taxpayers Contribute To Governor Jim Hunt's Campaign

Without their knowledge the taxpayers of North Carolina are very heavy contributors to the campaign in Governor Jim Hunt's bid to unseat Senator Jesse Helms. On Tuesday August 9th the Governor was vacationing at Georgetown S.C. a state plane was dispatched from Raleigh at 4:45 p.m. and flew to Gerogetown and picked up our governor. He was flown to Asheville to make a political speech at the North Carolina Sheriff's Association Annual Meeting. The plane returned to Raleigh at 2:20 the following morning after flying the governor back to his vacation in the sun of South Carolina.

According to Leo Tilley of the Commerce Department who is responsible for the state air force the cost to the state was $1,100. The state charges $300 per hour to the department that uses the particular plane. On Friday I called routinely Raleigh-Durham Aviation, Inc. told them I would like to get the price of the same type plane to fly me to Georgetown S.C. and then to Asheville with the same amount of waiting time and fly me back to Georgetown and then to Raleigh. I was told that the trip would cost me $3,100 and that the cost was $850 per hour. This made me wonder about the difference so I asked Leo Tilley to try to explain the difference and he said they did not consider the depreciation or replacement cost of the plane in their fee or the maintenance, which on an airplane is very expensive. All they consider is the actual out of pocket expenses for the trip apparently.

I used to own my own plane and am very familiar with the cost of proper maintenance. Mr Tilley explained this by saying they just ask for one time appropriation for the replacement of a plane and the major overhauls, etc. guess when you dip into the bottomless tax barrel that does not count. It was obvious that the cost per hour charged to the governor in no way reflected

(Continued on page 2)

the true cost to the taxpayer. Anyone who did not dig would be deceived if they accepted the cost figure furnished by the Commerce Department. In fact this is a clever way to conceal the truth of the costs of the perks of power routinely given to powerful politicians. At the price charged by the little flight services they are not getting rich. If they did not get a little cargo and some sort of subsidies they would not survive. State politicians are not so bothered by cost as the private sector. They have no recessions or economic ups and downs when it comes to their perks of power.

According to Mr. Tilley state officials are not allowed to use the plane for personal reasons. He admitted that the governor did it regularly but reimbursed the state at the low figure charged and subsidized by the Wee People of this state. It appears there is a special rule for the governor. When it comes to his convenience and political trips Saint James in not so pious. I asked the governor's lawyer and confidant Jack Cozort about this trip and termed the speech a political speech, he begged to differ and said it was on state business. I am printing the entire speech in this article and if that is not a political speech I am a Chinese Aviator. While I had Cousin Jack Cozort on the line I asked about the Governor's trip to the west coast a few weeks back and he said that was state business, it was the Governor's Conference. I reminded him the governor had made a side trip to another area of California, Hollywood I believe to make a [illegible] appearance set up by his new [illegible] money raising machine headed by [illegible] Brewer, sometime energetic [illegible] Democratic fund raiser and [illegible] [illegible] Tom Hunt love [illegible] [illegible] [illegible]

Under the dome

Hunt staff strives to be on up and up

With Gov. James B. Hunt Jr. facing the toughest fight of his career in his campaign to unseat Sen. Jesse A. Helms, Hunt's staff members are living by the Boy Scout motto: "Be prepared."

Thus it happened recently that a memo from SBI Director Haywood R. Starling to Connie Mitchell, Hunt's special assistant for schedules, floated into public view.

The Feb. 16 memo concerns Hunt's use of the state plane, which he takes on political trips as well as official state business.

When Hunt ran for re-election in 1980 and when he attended political events while in office, the question of the plane's use was raised several times, either by news organizations or someone on the opposition team.

for DOME, page 10A

Hunt - airplane

Under the dome

Continued from page 1A

The SBI, which has the duty of protecting the governor, has had a policy since 1977 that the use of the state plane was strongly preferred, said R Brent Hackney, Hunt's deputy press secretary. The agreement has been understood but not widely disseminated.

This year, as discussions progressed over Hunt's impending schedule and security, his staff asked the SBI to put the policy in writing.

"It is the belief of this bureau that the governor's greatest risk potential for injury occurs while traveling," Starling wrote.

"Controlling travel arrangements provides security and safety along with flexibility necessary to meet the objectives of safe travel and timely schedules," he said. "Security concerns with regard to flight personnel are eliminated when state aircraft are used.

"Security is for the position of governor rather than the individual holding the office.

"Given the above beliefs, as director of the SBI and ultimately responsible for governor's security, I strongly recommend using only state aircraft for all the governor's travel," Starling wrote. "This recommendation does not consider the purpose of the travel since it does not alter the responsibilities and principles of security."

Hunt's campaign reimburses the state for use of the plane when a trip is political, Hackney said. If part of a trip is official business and part political, the campaign repays an amount corresponding to the percentage of the trip that was political.

The political portion of a trip by the governor is measured by the time he spends politicking. For example, if Hunt stumped on one day of a four-day trip, his campaign would reimburse the state 25 percent of the cost of using the plane.

In 1983, before Hunt officially entered the Senate race and the latest period for which figures were available, his campaign reimbursed the state $3,103.19 for aircraft travel, said Lynne G. Garrison, Hunt's assistant press secretary. The governor's office paid the state $61,838.39 in 1983 for air travel, Ms. Garrison said.

Asked who decides how the purpose will be designated, Hackney said it was the governor's staff. "If we have a situation where we have to ask ourselves whether it's political or governmental, we bill it as political," he said.

The costs cover operational use of the plane, which falls under the dominion of the state Department of Commerce. Included are supply costs such as fuel, lubricants, pilots' incidental expenses, repairs to equipment and landing fees if applicable.

Basic costs such as pilots' salaries and clerical expenses are not included because they are incurred whether the plane is being used or not, Hackney said.

Besides the Beechcraft E90 twin-engine prop jet, Hunt has a large helicopter and a smaller helicopter at his disposal.

Fees for the use of the plane generally run about $300 an hour for the twin-engine, $235 an hour for the larger helicopter and $195 an hour for the smaller helicopter, Hackney said.

Alford to leave hospital

State Sen. Dallas L. Alford Jr., D-Nash, was scheduled to be released today from Duke Medical Center, which he entered Feb. 27 after complaining of pain in his left leg.

While he was in the hospital, Alford told Dome Friday, his doctors discovered a spot on his left lung and removed the lung's lower lobe March 1.

"I hated to miss the session," Alford said, referring to the Legislature's special session on redistricting Wednesday and Thursday.

He said he would re-enter the hospital this fall for surgery to remove blockage of an artery to his left leg.

Alford, 75, of Rocky Mount, said the surgery would not interfere with his campaign for an 11th Senate term.

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See DOME, page 10A

Continued from page 1A

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THE REPUBLICAN PARTY

North Carolina's Conservative Voice

RECEIVED
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84 MAY 7 P4:56

May 1, 1984

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Mrs. Lee Ann Elliott, Chairman
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

Dear Mrs. Elliott:

Attached is a newspaper account of our complaint filed with you which we think indicates that Governor Hunt's Committee were not familiar with you rules and may owe State monies.

In addition, we have had several phone calls from State Employees who wouldn't leave their names because they were afraid of retribution, but claim that this is just the tip of the iceberg and that they have misused the plane much further and even against state laws.

Thank you for following up this complaint because it is wrong for us taxpayers to be paying campaign costs.

Kindest regards.

Sincerely,

Dave Flaherty
State Chairman

p.s. We think the news article substantiates our complaint.

DF;bhj

8504052232



Staff photo by Jimmie Jeffr

Two drivers escape injury in crash at Wendy's

Two drivers escaped serious injury in a freak accident Wednesday that left two cars upside down and the front end of another crushed at the drive-through window at Wendy's on West Market Street. An unoccupied white 1982 Mazda four-door landed upside down on the hood of a 1983 Concord, owned by Allgood Construction Co. Inc. in Greensboro. A third car, a blue 1967 Buick, knocked out part of a plate glass window and landed upside down in fro of the Mazda next to the Wendy's building. The i cident is under investigation, according to Green boro police. No charges have been filed. Story, B

GOP hits state bills to Hunt for flights

By CHUCK ALSTON
Raleigh Bureau

RALEIGH — The N.C. Republican Party is filing a complaint with the Federal Election Commission charging irregularities in the way the state bills Gov. Jim Hunt for use of the state helicopter and airplane on campaign trips.

David Flaherty, the party chairman, said at a press conference Wednesday that the FEC complaint stems from two issues: the rates charged, and how the Governor's Office prorates the cost of a trip when it mixes campaign and official state business.

"I don't think it's anything they are trying to hide," Flaherty said. "I just think it's poor judgment on their part for what they charge."

Author of memo to Gov. Hunt will keep his job. B4.

Flaherty said the state charges Hunt, a Democratic candidate for the U.S. Senate, less than it would cost to rent chartered transportation from a private service.

Calling it an "illegal use of taxpayers' money," Flaherty cited the state's rate of $300 per hour for use of the Kingair E-90 airplane that Hunt uses regularly. Flaherty said the rate is far less than the $800 and more it would cost to rent the plane commercially.

An FEC spokeswoman Wednesday, however, said that the bills paid by a political campaign, when government aircraft is involved, need to reflect only the cost of first-class commercial service or charter service if normal commercial service is unavailable.

"It sounds like to me the Republicans are trying to detract from their own problems with the FEC, which we've read a good bit about recently," Hunt said at his weekly press conference Wednesday.

Hunt was referring to problems encountered by the National Congressional Club and a closely related company, Jefferson Marketing Inc.. Both groups have strong ties to the campaign of U.S. Sen. Jesse Helms, Hunt's Republican opponent.

"I use the state helicopter and plane just as the president uses Air Force One, for security reasons, and the security people have strongly advised, have insisted as a matter of fact, that I do that," Hunt said.

"The standing rule," Hunt continued, "is that we pay what the costs are. Whatever costs are charged to departments that use the plane, we pay the very same thing. If there's any question, we want to be overcharged rather than undercharged."

Flaherty also attacked the Governor's Office for underbilling Hunt's campaign when politics and official business mix on a trip and he said it was a conflict of interest for Hunt's staff to make that decision.

The state's air fleet is managed by the Department of Commerce. Leo Tilley, assistant commerce secretary, said the department bills the

(See Plane, B4)

Elsewhere

Terrorism

Maj. Gen. George S. Patto son of the famous World War general, warned Wednesday the increasing threat of terror in the United States. C9.

Endorsements

State Rep. Howard Coble Wednesday gained endorsements across the 6th Congressional District. D16.

Open High School

Success stories can be fou at the Open High School, whic has operated for 10 years. A1

Greensboro News & Record S 8 4/26/84

...ed ap-
...s "deputy governor."

Champion, the director of the Governor's Program for Executive and Organizational Development, also was described last week by administration officials as an executive secretary to the Cabinet. Hunt, in disavowing much of Champion's memo last Friday, noted that Champion was not a "policy adviser."

David Flaherty, chairman of the N.C. Republican Party, questioned Wednesday why Champion, whose salary is $46,548, is listed among administration officials exempt from the protection of the State Personnel Act because of policy-making status. Hunt has designated about 800 such employees as exempt because they hold either a policy-mak-

...considers policy advisers to be Cabinet secretaries and his Capitol staff, ...which includes his chief assistants ... policy, political and budget matters. Hunt said Champion's job includes running programs to develop management skills, but has nothing to do with policy in the sense of setting a course for the state.

Hunt also said that Champion called him last Friday "to tell me he felt badly about all of the furor around his memo and I told him I kind of felt badly about it, too." The remark brought laughter from the press corps covering Hunt's news conference.

But Hunt said, "I'm not going to fire him." Hunt said Champion was on vacation this week, but not at the governor's request.

Plane

From B1

Governor's Office, which then allocates the costs to Hunt's campaign committee and the state.

[redacted]

...because the governor is going there anyway. Only if an additional stop is added, explicitly for campaign purposes, is the campaign billed.

Brent Hackney, Hunt's deputy press secretary, said the state's practice has been to prorate the costs of such trips based on time. "That seemed fair," Hackney said. "I can't speak to the FEC regulations."

Sharon Snyder, assistant press officer for the FEC in Washington, said Wednesday she cannot speak to the specifics of Flaherty's complaint. But as a general rule she said there are these guidelines:

- On allocating costs. If a candidate does anything related to his campaign while at a particular stop, even if just a small portion, then the cost of a trip to that stop must be fully reported.

- On setting a rate. If a candidate who holds office uses government aircraft, the campaign must be billed for the comparable cost of a commercial flight. Snyder said this means that if regular commercial service is available, such as on Eastern or Delta airlines, then the campaign should be billed for the cost of a first-class ticket. Only if regular commercial service is unavailable, she said, would the campaign then be required to pay a charter cost.

Tilley of the state commerce department said the $300 per hour the state bills for use of the Kingair reflects direct operating costs, such as gas, fuel, maps and the two pilots' travel allowances but does not reflect the cost of insurance, pilot salaries or other overhead items.

Both Stephanie Bass, Hunt's campaign spokeswoman, and Hackney said the state and campaign had been operating under rules developed by the state to govern such situations. Both also said that the FEC rules would be studied by attorneys and if the state's rules are out of line with the federal rules, then the rules would be adjusted.

[redacted]

...she also said the campaign may have overpaid, under a strict interpretation of the FEC rules, when a first-class commercial flight might have been cheaper than the $300 per hour the state bills.

Hunt said, "I don't know what the rule is. But whatever the rule is, we want to do the right thing."

Hoskins

From B1

of a mile to Guilford Courthouse National Military Park. The park service presently frowns on moving historical houses from their original sites into parks. But Kirkpatrick believes the service may make an exception.

"A lobbying effort toward this end has commenced already," Kirkpatrick said Wednesday at a news conference at the park museum. He was flanked by four men dressed in uniforms like those worn by Scot-

years has been lobbying to gain attention to the historical significance of the house and grounds, has agreed to give the Guilford Battleground Co. the house if the company will dismantle and move it. He also has granted permission for an archaeological dig at the site.

However, Wyrick has indicated all must be done by Sept. 30 or the agreement is off. By then he hopes to have the property sold.

...tober market.

Woodworker ...

taxes with six ...

ROCHESTER, N.Y. ... netmaker thought he co... a $2,400 tax bill by pay... carpenter's hammers, bu... nue Service officials wer... down that idea.

Robert Suarino of sub... said a few months ago he ... vision newscast describin... tagon once paid $400 for a ... $3.

"The government take... earned money and squand... they want," Suarino said... hammer is worth $400 to th... got six here to pay my taxe...

His offer was declin... Suarino, 39, lives with his ... and their 9-month-old son. H... vate cabinet- and furniture-r... ness and works full time ... Motors Corp.

"I knew they weren't goi... these (hammers)," said Su... plans to appeal the audit whi... finding that he owed $1,800 ... plus $600 in interest. "But may... my point. I'm not through wit...

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ABOUT 5 WORDS PER LINE

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7	10.30	30.84	56.37

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Machinery & Tools
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Sporting Goods
Wanted Merchandise

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Mobile Home Parks
Mobile Home Rentals
Mobile Home Sales
Mobile Home Supplies, Repairs
Wanted Mobile Homes

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Accessories, Parts, Repa...
Aircraft Sales, Rent, Serv...
Autos For Sale
Auto Loans-Insurance
Bikes, Cycles, Scooters
Boats & Marine Equipmer...
Buses Sale-Lease
Campers, Recreational Vehicles, Vans
Heavy Machinery
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Houses

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THE REPUBLICAN PARTY

North Carolina's Conservative Voice

April 20, 1984

Mrs. Lee Ann Elliott, Chairman
Federal Election Committee
1325 K Street, N.W.
Washington, D. C. 20463

Dear Chairman Elliott:

8504052232S

I am writing to ask you to investigate the following facts regarding what I believe are violations of the Federal Election Campaign Act.

The Jim Hunt Committee is the principal campaign committee of Governor Jim Hunt, a candidate for the North Carolina Democratic Party's nomination for United States Senator. I believe that until recently this Committee has been operating under the name of the Jim Hunt Exploratory Committee. For purposes of this letter, all references to the Hunt for Senate Committee should be deemed to be references to the Jim Hunt Exploratory Committee as well.

As the attached newspaper articles illustrate, for the past year Governor Hunt has been campaigning across the state of North Carolina, as well as into states other than North Carolina, and using a state helicopter or a state airplane for these political trips. Statements attributed to spokespersons for Governor Hunt indicate that the Hunt for Senate Committee has reimbursed the state for these uses of state aircraft on a pro-rata basis, which has varied depending on the amount of political activity-- as opposed to official government activity-- that has been conducted during the trip.

For instance, according to a statement by Stephanie Bass of the Jim Hunt Committee, as reported in the Raleigh Times on January 5, 1984, Governor Hunt flew to Miami on June 10, 1983, to serve as a keynote speaker for the National Association of ABC Boards and to attend a political fundraiser. The state was reimbursed $87 for "the cost of holding the state plane 'a couple

of extra hours' while Hunt attended the fund raiser." The same January 5 article reported that Governor Hunt made a pro-rated payment for a trip he took to Washington in a state airplane on June 30. In addition, a March 10, 1984 article in the Raleigh News & Observer attributes (without quotation marks) the following statement to R. Brent Hackney, Governor Hunt's Deputy Press Secretary: "Hunt's campaign reimburses the state for use of the plane when a trip is political, Hackney said. If part of a trip is official business and part political, the campaign repays an amount corresponding to the percentage of the trip that was political."

Many of the trips reported in the press appear to have consisted of a single stop, others may or may not have been one-stop affairs, and yet the Jim Hunt Committee has allocated the expenses on a pro-rata basis for purposes of both reimbursement and reporting in its FEC reports. It is my understanding that this violates 2 U.S.C. § 438 (a) (8) and 11 C.F.R. § 106.3.

According to North Carolina Department of Commerce Aircraft Trip Reports filed in connection with the Jim Hunt Committee's use of state aircraft (copies attached), it appears that the state is being reimbursed for the use of its Beechcraft E-90 twin engine propjet at the rate of $300 per hour and its Bell Helicopter 222 at the rate of $235 per hour. It has been reported that commercial rates for a comparable airplane are $850 per hour. The actual rate may be more; according to the attached article from the Landmark newspaper, the cost to the state for the airplane used by the Jim Hunt Committee is greater than the $300 per hour Governor Hunt is charging his re-election committee because, in part, (according to Mr. Leo Tilly of the North Carolina Department of Commerce) the state is not charging the Hunt Committee "depreciation or replacement costs of the plane", and the Hunt for Senate Committee reportedly is not reimbursing the state for its use of pilots and clerical staff in connection with its use of state aircraft. It appears that the Hunt for Senate Committee is reporting expenditures and reimbursing the state on the basis of rates far below the rate for comparable commercial conveyance, in violation of 2 U.S.C. § 438(a)(8) and 11 C.F.R. § 106.3. In addition, the difference between the rate paid by the Hunt for Senate Committee and the rate for comparable commercial conveyance constitutes an unreported in-kind contribution by the state to Governor Hunt's Campaign Committee, in violation of 2 U.S.C. § 434 and 11 C.F.R. § 104.3.

8504052326

Based on the above, I would also request that the FEC investigate whether these facts constitute a violation of the contribution limitations of 2 U.S.C. § 44la.

I look forward to your attention to my request, and await your timely response.

Sincerely,

David T. Flaherty
Chairman, Republican Party
of North Carolina
1410 Hillsborough Street
Post Office Box 12905
Raleigh, North Carolina 27605

Subscribed and sworn to before me this ____ day of April, 1984.

_____
Notary Public

My commission expires: _____

8504052227



THE
REPUBLICAN
PARTY

North Carolina's Conservative Voice

Post Office Box 17265 ★ Raleigh, North Carolina 27619

8504052 8

Mrs. Lee Ann Elliott, Chairman
Federal Election Commission
1325 K Street, NW
Washington, DC 20463

RALEIGH, N.C. 276
PM
2 MAY 84
MAY 7 A10:
.37

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 3, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable James B. Hunt, Jr.
Governor of North Carolina
State Capitol
Raleigh, NC 27611

Re: MUR 1686

Dear Governor Hunt:

This letter is to notify you that on April 27, 1984 the Federal Election Commission received a complaint which alleges that the State of North Carolina may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1686. Please refer to this number in all future correspondence.

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

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

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

8504052329

If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter at (202) 523-4143. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

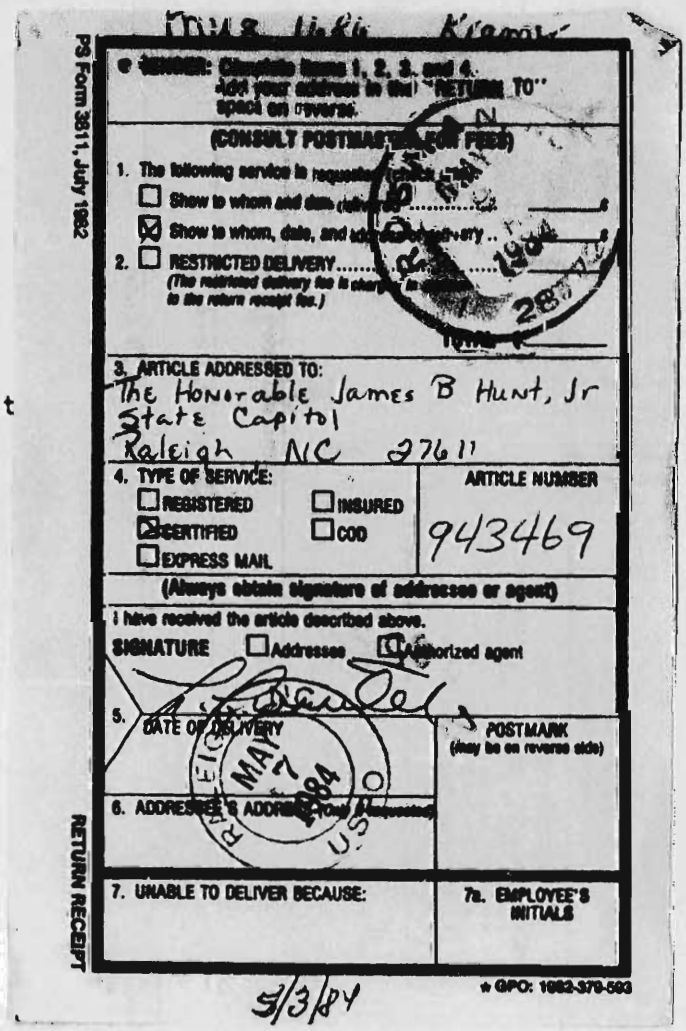
Sincerely,

Charles N. Steele
General Counsel

By Kenneth A. Gross
Associate General Counsel

8504052330

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


PS Form 3811, July 1982

RETURN RECEIPT

3. ARTICLE ADDRESSED TO:
The Honorable James B Hunt, Jr
State Capitol
Raleigh NC 27611

4. TYPE OF SERVICE:
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER
943469

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☒ Authorized agent

5. DATE OF DELIVERY

POSTMARK (may be on reverse side)

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

5/3/84

★ GPO: 1982-370-503

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 3, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Maylon E. Little, Treasurer
Jim Hunt Committee
215 Hillsborough Street
P.O. Box 25937
Raleigh, NC 27611

Re: MUR 1686

Dear Mr. Little:

This letter is to notify you that on April 27, 1984 the Federal Election Commission received a complaint which alleges that the committee and you, as treasurer, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1686. Please refer to this number in all future correspondence.

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

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

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

8504052231

If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter at (202) 523-4143. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

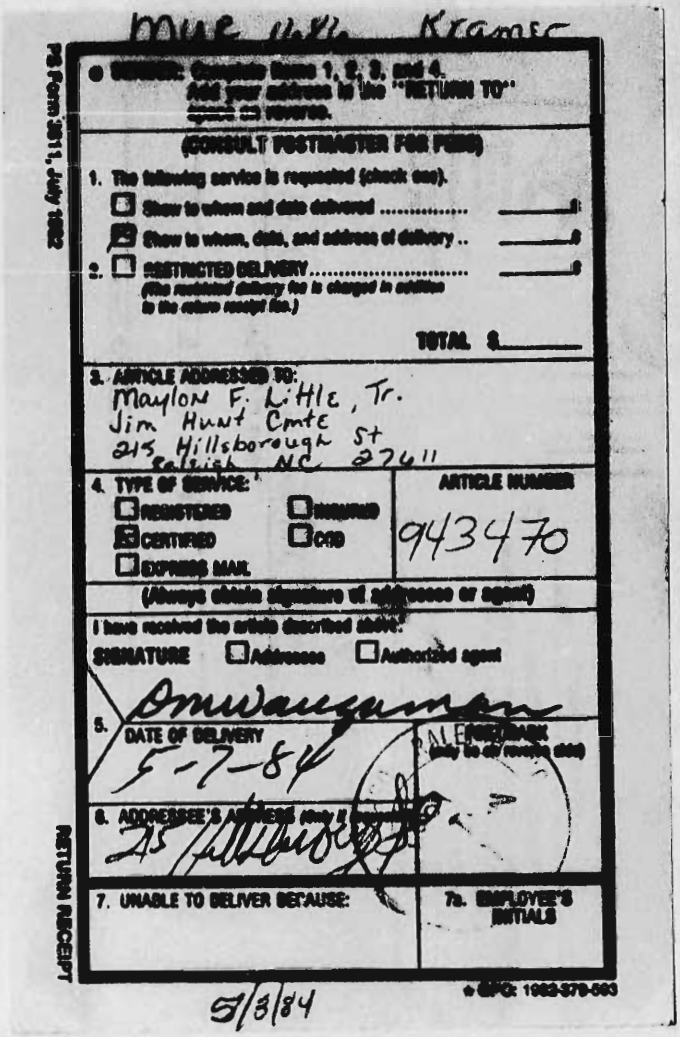
Charles N. Steele
General Counsel

By Kenneth A. Gross
Associate General Counsel

8504052233 2

cc: The Honorable James B. Hunt,Jr
Governor of Raleigh, NC

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



Mail Willie Kramer

PS Form 3811, July 1983

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☐ Show to whom and date delivered .....
☑ Show to whom, date, and address of delivery ..
2. ☐ RESTRICTED DELIVERY.....
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL $

3. ARTICLE ADDRESSED TO:
Maylon F. Little, Jr.
Jim Hunt Cmte
215 Hillsborough St
Raleigh NC 27611

4. TYPE OF SERVICE:
☐ REGISTERED ☐ INSURED
☑ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER
943470

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

5. DATE OF DELIVERY
5-7-84

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

RETURN RECEIPT

* GPO: 1983-379-865

5/3/84

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 3, 1984

David T. Flaherty
Chairman, Republican
Party of North Carolina
1410 Hillsborough Street
P.O. Box 12905
Raleigh, NC 27605

Dear Mr. Flaherty:

This letter is to acknowledge receipt of your complaint which we received on April 27, 1984, against the Jim Hunt Committee, Maylon E. Little, as treasurer, and the State of North Carolina which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your client's complaint. Should you have or receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedure for handling complaints. If you have any questions, please contact Barbara Johnson at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By Kenneth A. Gross
Associate General Counsel

Enclosure

8504023233

GCC# 2286

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

1984 APR 27 P12: 5

CHAIRMAN
David T. Flaherty
VICE CHAIRMAN
Audrey McBane
SECRETARY
Karol Goebel
TREASURER
Jim McIntyre
FINANCE CHAIRMAN
Ed Shufelt

919-828-6423
919-828-1839
1-800-662-8849

THE REPUBLICAN PARTY

North Carolina's Conservative Voice

April 20, 1984

Mrs. Lee Ann Elliott, Chairman
Federal Election Committee
1325 K Street, N.W.
Washington, D. C. 20463

Dear Chairman Elliott:

I am writing to ask you to investigate the following facts regarding what I believe are violations of the Federal Election Campaign Act.

The Jim Hunt Committee is the principal campaign committee of Governor Jim Hunt, a candidate for the North Carolina Democratic Party's nomination for United States Senator. I believe that until recently this Committee has been operating under the name of the Jim Hunt Exploratory Committee. For purposes of this letter, all references to the Hunt for Senate Committee should be deemed to be references to the Jim Hunt Exploratory Committee as well.

As the attached newspaper articles illustrate, for the past year Governor Hunt has been campaigning across the state of North Carolina, as well as into states other than North Carolina, and using a state helicopter or a state airplane for these political trips. Statements attributed to spokespersons for Governor Hunt indicate that the Hunt for Senate Committee has reimbursed the state for these uses of state aircraft on a pro-rata basis, which has varied depending on the amount of political activity-- as opposed to official government activity-- that has been conducted during the trip.

For instance, according to a statement by Stephanie Bass of the Jim Hunt Committee, as reported in the Raleigh Times on January 5, 1984, Governor Hunt flew to Miami on June 10, 1983, to serve as a keynote speaker for the National Association of ABC Boards and to attend a political fundraiser. The state was reimbursed $87 for "the cost of holding the state plane 'a couple

1410 Hillsborough Street ★ Post Office Box 12905 ★ Raleigh, North Carolina 27605

8504052234

of extra hours' while Hunt attended the fund raiser." The same January 5 article reported that Governor Hunt made a pro-rated payment for a trip he took to Washington in a state airplane on June 30. In addition, a March 10, 1984 article in the Raleigh News & Observer attributes (without quotation marks) the following statement to R. Brent Hackney, Governor Hunt's Deputy Press Secretary: "Hunt's campaign reimburses the state for use of the plane when a trip is political, Hackney said. If part of a trip is official business and part political, the campaign repays an amount corresponding to the percentage of the trip that was political."

Many of the trips reported in the press appear to have consisted of a single stop, others may or may not have been one-stop affairs, and yet the Jim Hunt Committee has allocated the expenses on a pro-rata basis for purposes of both reimbursement and reporting in its FEC reports. It is my understanding that this violates 2 U.S.C. § 438 (a) (8) and 11 C.F.R. § 106.3.

According to North Carolina Department of Commerce Aircraft Trip Reports filed in connection with the Jim Hunt Committee's use of state aircraft (copies attached), it appears that the state is being reimbursed for the use of its Beechcraft E-90 twin engine propjet at the rate of $300 per hour and its Bell Helicopter 222 at the rate of $235 per hour. It has been reported that commercial rates for a comparable airplane are $850 per hour. The actual rate may be more; according to the attached article from the Landmark newspaper, the cost to the state for the airplane used by the Jim Hunt Committee is greater than the $300 per hour Governor Hunt is charging his re-election committee because, in part, (according to Mr. Leo Tilly of the North Carolina Department of Commerce) the state is not charging the Hunt Committee "depreciation or replacement costs of the plane", and the Hunt for Senate Committee reportedly is not reimbursing the state for its use of pilots and clerical staff in connection with its use of state aircraft. It appears that the Hunt for Senate Committee is reporting expenditures and reimbursing the state on the basis of rates far below the rate for comparable commercial conveyance, in violation of 2 U.S.C. § 438(a)(8) and 11 C.F.R. § 106.3. In addition, the difference between the rate paid by the Hunt for Senate Committee and the rate for comparable commercial conveyance constitutes an unreported in-kind contribution by the state to Governor Hunt's Campaign Committee, in violation of 2 U.S.C. § 434 and 11 C.F.R. § 104.3.

8504322

Based on the above, I would also request that the FEC investigate whether these facts constitute a violation of the contribution limitations of 2 U.S.C. § 441a.

I look forward to your attention to my request, and await your timely response.

Sincerely,

David T. Flaherty
Chairman, Republican Party
of North Carolina
1410 Hillsborough Street
Post Office Box 12905
Raleigh, North Carolina 27605

Subscribed and sworn to before me this 25th day of April, 1984.

Lee Britt
Notary Public

My commission expires: 8/11/85

LEE BRITT
NOTARY
PUBLIC
WAKE COUNTY, N.C.

8504052233 6

Flaherty: Mansion Used For Politics

DMH 1-5-84

RALEIGH (AP) — State Republican Party Chairman David Flaherty charged Wednesday that Gov. Jim Hunt improperly used the Governor's Mansion and state airplanes for political purposes, but Democrats have denied the allegations.

Flaherty said in a news conference the GOP had been told a group of Hunt financial supporters met Wednesday in the mansion for a fund-raiser in Hunt's expected bid for the U.S. Senate. Flaherty said it was "just another example in Jim Hunt's political history of using taxpayers' money for political purposes."

Stephanie Bass, spokeswoman for Hunt's exploratory committee, said that the meeting was not a fund-raiser and that the campaign paid for all expenses.

"IT WAS a private meeting with about 65 business leaders from across the state that are personal friends of the governor," she said in a telephone interview. "They are interested in helping the campaign."

Flaherty said a GOP worker earlier called the governor's office and asked "if a fund-raiser was being held today or tomorrow." Flaherty said the worker was told the fund-raiser would be Wednesday at the Governor's Mansion.

The GOP leader also cited a Federal Elections Commission spending report he said showed the committee was giving itself "a preferred rate" in reimbursing for the use of state equipment.

THE SPENDING report, which Flaherty said was filed Aug. 2, says the governor's office was reimbursed in June for three trips Hunt made using a state plane. The report said the campaign committee paid the state $87 for a trip Hunt made to a Miami fund-raiser on a state plane.

The committee also reimbursed the state $65 for a flight to a New York fund-raiser, and $80 for a flight to a dinner in Washington.

"If the use of the plane is any measure of how they repay, then I have to have some real questions," Flaherty said.

"Commercial trips, roundtrip to New York, cost $198 and to Florida the cost is $422."

Flaherty said the rental fee for a plane similar to the one used by Hunt was $1,200 an hour.

"THEIR COST isn't the real cost, it's the preferred rate they're charging themselves," Flaherty said.

He said he had "very real questions" about whether the Hunt campaign had violated FEC regulations.

He said the reimbursement cost, by law, should reflect the true cost.

Ms. Bass, however, said the $87 was for the cost of holding a state plane "a couple of extra hours" while the governor attended a fund-raiser.

"He was already there [in Miami] on state business being keynote speaker for the National Association of ABC Boards," she said. "If only a small portion of a trip is political, a proportion of the cost is prorated."

THE $65 reimbursement was the price of a shuttle Hunt took from Washington, D.C., to New York City, Ms. Bass said.

She added that Hunt often uses commercial flights or charters planes at his campaign committee's expense for purely political trips.

"It's incorrect to give the impression that he uses a state plane to go to this political stuff all the time," Ms. Bass said.

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

DC-AT-1

NO. 24603 S

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 12ZNC

DATE 6-21-22-83

FROM RDU

CREW Brooks/Bond

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE APCH.
1	FLM	105	4	420	1123	1154	.5			.5	.6	B3 VFR
2	DCA	278	5	1390	1437	1603	1.5		.5	1.5	1.6	FB ILS
3	RDU	200	6	1200	1632	1730	1.0		.3	1.0	1.1	B3 VFR
4												
5												
6												
7												
		583		3010			3.0		.8	3.0	3.3	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. TWD	3582.5	75.5	75.5	98		
THIS DATE	3.0	3.0	3.0	3	FLT.	191
TOTALS	3585.5	78.5	78.5	101	BLK.	171

VOR RECEIVERS CHE
ON

20% Political

198.00

1	2	3	4	5	
6/21	6/22 ③	6/22 ④			
Gov. + 3	Gov. + 4	Gov. + 5			
Governor	Governor	Governor			
Security	Security	Security			# 3
Phil Carlton	Phil Carlton	Mrs. Hunt			
Harry Pierce	Harry Pierce	Rachal			4
		Harry Pierce			# 9
	Gov's Office				

Mailed

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

No. 24616 S

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC DATE 8 18 82

FROM RDU CREW Brown / Brooks

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE APCH.
1	CLT	117	3	336	1775	1801	.6			.6	.7	E VFR
2	RDU	117	3	336	2228	2304		.6		.6	.7	B "
3												
4												
5												
6												
7												
8		234		672			.6	.6		1.2	1.4	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS FLT.	SPEEDS BLK.
BWT. FWD.	3613.7	106.7	106.7	134	187	
THIS DATE	1.2	1.2	1.2	2		
TOTALS	3614.9	107.9	107.9	136	160	

VOR RECEIVERS CHK ON _____

REMARKS:

100% Political

$420.00

1	2	3	4	5	
Gov. [illegible]					
Governor	Governor				
Security	Security				
Betty McCain	Betty McCain				
					$300.00
					x 1.4
					$420.00
	Gov. Office				

Political

8504 DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

4195

A/C # 18 NC
A/C Type Beech 58

AIRCRAFT TRIP REPORT

Date 16 Aug 82

From Hangar Crew Thompson / Grant

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst.
1	Dobbs	4			16:09	16:14	.1		
2	Greensboro	68	2	136	16:26	16:53	.5		
3	High Point	10	2	64	20:05	20:14	.2		
4	Dobbs	68	2	136	20:16	20:50		.6	
5	Hangar	4			20:54	20:59		.1	
6									
7									
8									
9									
10									
	TOTAL THIS DATE	151	6	286			.8	.7	1.5
	BWT. FWD.	38110		181701					
	TOTALS	38261		181981					

50% Federal

$200.00

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
BWT. FWD	1018.6	1018.6	1018.6	1663	1430	FLT.	
THIS DATE	1.5	1.5	1.3	3	2		
TOTALS	1020.1	1020.1	1020.1	1668		BLK.	

REMARKS

FOR RECEIVERS CHECKED PER FAR 91.29
ON 13 Aug 82 ACCURATE

1	2	3	4	5
	Gov. Hunt Jr	Gov. Hunt Jr	Gov. Hunt Jr	
	Governor	Governor	Governor	
	Security	Security	Security	
6	7	8	$200.00	10
			x 2.0	
	Gov's Ofc.		$400.00	
			½ Federal	$200.00

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

AIRCRAFT TRIP REPORT

Date 11-1-82

Crew Brantley & Curtis

To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst.	Total	Block Time	PIC	Type App.
1	5	0		1034	1039	.1			.1	.2	JB	VFR
2	59	5	295	1042	1120	.6			.6	.7	JB	VFR
3	134	4	564	1412	1518	1.1			1.1	1.2	JB	VFR
4	120	4	564	1552	1655	1.0			1.0	1.1	JB	VFR
5	59	3	177	1657	1725	.5			.5	.6	JB	VFR
6	5	0		1727	1740		.2		.2	.2	JB	VFR
7												
8												
9												
10												
TOTALS THIS DATE	407		1600			3.3	.2		3.5	4.0		
BWT FWD	1592	X	62197									
TOTALS	1657	X	63797									

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
BWT FWD	806.2	806.2	806.2	1111	1116/1111	FLT.	
THIS DATE	3.5	3.5	3.5	6	~~5~~/~~5~~		
TOTALS	809.7	809.7	809.7	1117	1119/1114	BLK.	

1	2	3	4
0	Crew	+ 3	+ 5
0	Governor Jim Hunt	Governor's Secretary	Governor's Secretary
	Secretary Jim Hunt	John Bennett Jim Ruce	John Bennett Jim Ruce
		8	9

525% political

$420.00

$300.00

P. O. BOX 25249, RALEIGH, N. C. 27611

AIRCRAFT TRIP REPORT

DATE 10-31-83

CREW BROWN / BROOKS

		MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE APCH.
1	[illegible]	85	5	425	1103	1157	.9			.9	1.0	B VFR
2	[illegible]	66	4	264	1422	1445	.4			.4	.5	F "
3	[illegible]	66	5	330	1721	1741	.3			.3	.4	B "
4	[illegible]	105	4	420	2215	2306	.8	.8		.8	.9	F "
5												
6												
7							1.6					
		302	-	1259			2.4	.8		2.4	2.8	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	RIGHT	LANDINGS	SPEEDS FLT.	BLK.
BWT TWO	666.7	158.9	158.9	184		
THIS DATE	2.4	2.4	2.4	4	209	
TOTALS	668.7	161.3	161.3	188	179	

REMARKS:

VOR RECEIVERS CHECKED PER FAR 91.25

ON _____ ACCURATE

2	3	4	5
Govt + 3	Govt + 4	Govt + 3	
Honeycutt	Honeycutt	Honeycutt	
Security	Security	Security	
Judge Clark	Judge Clark	Comm. Graham	
Wayne McDuff	Wayne McDuff	Judge Clark	
	(Staff Govt + 3)		
	Majority Vote for Duff		300.
			x 2
			$ 600.00

21.6% potential

$ 181.29

Salisbury St

8 5 0 4 0 5 2 2 3 4 5

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 2761

NO. 2

AIRCRAFT NO. N22NC

AIRCRAFT TRIP REPORT

FROM RDU

CREW Gunter + Bo

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT
1	DCA	200	4	800	0959	1059	1.0	
2	SOP	258	2	516	1731	1837	.8	.5
3	RDU	58	2	116	2950	2209		.3
4								
5								
6								
7								
		516		1432			1.8	.8

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS
BWT. FWD.	3656.7	148.7	148.7	169	FLT. 199
THIS DATE	2.6	2.6	2.6	3	
TOTALS	3659.3	151.3	151.3	172	SLK. 178

1	2	3	4
Gov. +3	→ +1	→ +1	
Governor	Lt. Gov.	→	
Senate			
Daniels			
Daniels			
			$300.00
			x 2.9
			$870.00
	Gov. Office		
			$870.00

20.3% published

$ 180.00

8504052234

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

DC-AT-1 No. 2 [illegible] S

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC DATE [illegible]

FROM [illegible]DU CREW Brown/Parker

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK
1	[illegible]Y	122	3	384	1016	1053	.6				
2	ANL	[illegible]	3	180	1220	1243	.4				
3	RDU	105	3	555	1145	1243	1.0				
4											
5											
6											
7											
		373		1119			2.0				

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS
BWT. FWD.	3659.3	151.3	151.3	172
THIS DATE	2.0	2.0	2.0	3
TOTALS	3661.3	153.3	153.3	175

SPEEDS: FLT. 160 BLK. 162 VOR RECEIVER CK ON

1	2	3	4	5
10/22	10/22	10/23		
Gov. #2	"	"		
Governor				
Security →		→		
Mrs. Ward →	→			
			$300.00	
			x 2.3	
			$690.00	
	Gov's Office		5%	
			$195.00	

All night expenses for plane $105.00

We could [illegible] for [illegible]

8 5 0 4 2 5 2 3 4 5

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

No. 4231

A/C
A/C Type

AIRCRAFT TRIP REPORT

Date 10-29-83

From

Crew

To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst.	Total	Block Time	PIC	Type App.
1									0.1	0.2	JB	LPUIS
2									0.6	0.7	/	LPUIS
3									0.5	0.6	/	JBUIS
4									0.1	0.2	✓	JBUIS
5												
6												
7												
8												
9												
10												
TOTAL THIS DATE	116					1.3			1.3	1.7		
FWT FWD												
TOTALS												

AIRCRAFT & ENGINE TIME

AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
					FLT	
					BLK	

100 % fuel

4 PAX 1.00

2	3	4
Gov		Politicians
Governor	Governor	
Senate	Senate	
Parker	Gov Parker	
McCain	Betty McCain	200.00
		1.7
		340.00

9

Other

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

No. 4229

A/C #
A/C Type

AIRCRAFT TRIP REPORT

Date 27 Oct 83

From

Crew

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst	Total	Block Time	PIC	Type App.
1	Dobbs						.1			.1	.2	W	U
2							.7			.7	.8		U
3								.5		.5	.6		U
4	ILM							.1		.1	.2		U
5	Dobbs							.9		.9	1.0		U
6								.1		.1	.1		
7													
8													
9													
10													
	TOTAL THIS DATE							1.6		2.4	2.9		
	BWT FWD												
	TOTALS												

W W P S

E/R Ck

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
BWT FWD						FLT.	
THIS DATE							
TOTALS						BLK.	

REMARKS

43 To pol.

$250.00

1	2	3	
			Political
	General	Foreign	Official
	Service	Service	
6	Tony Eaton	Tony Eaton	9

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

NO. 5

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 172 NC

FROM RDU

CREW BROOKS / BRANTLY

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST	TOTAL	PIC	SIC
1	BUY	35	3	105	1642	1657	.2					
2	[redacted]	23	3	69	1816	1826	.2					
3	RDU	58	3	174	2253	2314		.3				
4												
5												
6												
7												
		116		348			.5	.3		.8		

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS
BWT. FWD.	3661.3	153.3	153.3	175	FLT. 115
THIS DATE	.8	.8	.8	3	VOR RECD ON
TOTALS	3662.1	154.1	154.1	177	BLK. 105

1	2	3	4	5
LOU HART	✓			
+2	✓			
Governor				
Secretary				
Tony Lathrop				
				$300.00
				x 1
				$300.00
	Gov's Office			

.286 Ad

#9429

8 5 0 4 0 5 2 3 4 3

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

NO. S

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC

DATE

FROM RDU

CREW Brooks/Brown

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST	TOTAL	BLOCK	P1
1	CLT	112	5	560	1019	1053	.6					
2	RDU	112	5	560	2229	2300		.5				
3												
4												
5												
6												
7												
		224		1120			.6	.5				

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS
BWT, FWD.	3662.4	154.1	154.1	177	FLT 201
THIS DATE	1.1	1.1	1.1	2	
TOTALS	3663.5	155.2	155.2	179	BLK

REMARKS

24% to general

$92.85

1	2	3	4
Governor			
Governor			
Security			
Leslie Burger			
Ben Raffle			
Don Hilbert			
			$300.00
			x 13
	Gov's Office		$390.00

LANDMARK

PO Box 2362, Chapel Hill, NC 27515-2362 933-8975

11-1-83
Hunt - airplane

Taxpayers Contribute To Governor Jim Hunt's Campaign

Without their knowledge the taxpayers of North Carolina are very heavy contributors to the campaign in Governor Jim Hunt's bid to unseat Senator Jesse Helms. On Tuesday August 9th the Governor was vacationing at Georgetown S.C. a state plane was dispatched from Raleigh at 4:45 p.m. and flew to Gerogetown and picked up our governor. He was flown to Asheville to make a political speech at the North Carolina Sheriff's Association Annual Meeting. The plane returned to Raleigh at 2:20 the following morning after flying the governor back to his vacation in the sun of South Carolina.

According to Leo Tilley of the Commerce Department who is responsible for the state air force the cost to the state was $1,100. The state charges $300 per hour to the department that uses the particular plane. On Friday I called routinely Raleigh-Durham Aviation, Inc. told them I would like to get the price of the same type plane to fly me to Georgetown S.C. and then to Asheville with the same amount of waiting time and fly me back to Georgetown and then to Raleigh. I was told that the trip would cost me $3,100 and the [redacted] made me wonder about the difference so I asked Leo Tilley to try to explain the difference and he said they did not consider the depreciation or replacement cost of the plane in their fee or the maintence, which on an airplane is very expensive. All they consider is the actual out of pocket expenses for the trip apparently.

I used to own my own plane and am very familiar with the cost of proper maintenance. Mr Tilley explained this by saying they just ask for one time appropriation for the replacement of a plane and the major overhauls, etc. guess when you dip into the bottomless tax barrel that does not count. It was obvious that the cost per hour charged to the governor in no way reflected

(Continued on page 2)

the true cost to the taxpayer. Anyone who did not dig would be deceived if they accepted the cost figure furnished by the Commerce Department. In fact this is a clever way to conceal the truth of the costs of the perks of power routinely given to powerful politicians. At the price charged by the little flight services they are not getting rich. If they did not get a little cargo and some sort of subsidies they would not survive. State politicians are not so bothered by cost as the private sector. They have no recessions or economic ups and downs when it comes to their perks of power.

According to Mr. Tilley state officials are not allowed to use the plane for personal reasons. He admitted that the governor did it regularly but reimbursed the state at the low figure charged and subsidized by the Wee People of this state. It appears there is a special rule for the governor. When it comes to his convenience and political trips Saint James in not so pious. I asked the governor's lawyer and confidant Jack Cozort about this trip and termed the speech a political speech, he begged to differ and said it was on state business. I am printing the entire speech in this article and if that is not a political speech I am a Chinese Aviator. While I had Cousin Jack Cozort on the line I asked about the Governor's trip to the west coast a few weeks back and he said that was state business, it was the Governor's Conference. I reminded him the governor had made a side trip to another area of California, Hollywood I believe to make a fund raising appearance set up by his now defunct money raising machine headed by Richardson Preyer, sometime congressman, teacher at Carolina, fund raiser and Hunt's answer to Old man Tom Ellis. Jack said they had not as yet he thought prorated the charges that were personal and those that were state business for the governor so that he could pay his part but assured me they would. I also reminded Jack Cozort the Governor's lawyer that the governor returned for his combination personal and state visit to the west coast and made another political speech in the state and I thought he went back to the west coast and later to New England before returning to the Old North State to see how things were going in North Carolina in his absence. Jack said that was wrong and he had returned to North Carolina and went to New England from here. Old Saint James the Pious is surely a gad about. It must be nice to be able to charge anything to the state you want to and have state employees to plan political trips for you and decide at your leisure without being answerable to anyone what part of the trip was personal and what part state business and pay even that wherever it suits your fancy. Over at UNC a Dean and Vice-Chancellor [illegible] for charging a little tile to the state worth a little over $300. The man almost was indicted for it. Here again his Royal Highness is not bound by the same rules as we mere mortals. to be able to draw on the Treasury of North Carolina is the ultimate credit card. American Express Gold Card can not hold a candle to it.

I asked Lt. Governor Jimmy Green if he was even notified when the governor planned to leave the state for extended periods of time or made aware of his plans to do so and he said he had not been. I know Saint James lives a charmed life but planes have been known to crash and accidents have been known to happen even to the blessed on this earth and the governor had some responsibility to the citizens of this state to insure that in case of accident or his incapacitation someone would be ready and able to step in upon a moments notice. The Governor and the Lt. Governor both should not be out of state at any one time. What would happen if that pipe with the cracks in it at the Brunswick County Plant of CP&L Nuclear Plant ruptured and we had a melt down, with the Governor making a fund raising speech in Hollywood and if the Lt. Governor happened to be on vacation because of no notice of the governor's absence, who would look after us in the mean time?

I know that His Royal Highness Saint James the Pious feels he can govern better by phone than anyone else in person but sometimes the phone company has a strike and it is hard to get an operator. This is another example of how the ambition of the governor has a top priority and the affairs of the state be damned. I think the legislature should pass a law requiring the governor to notify the Lt. Governor of planned trips and let the Lt. Governor take the reins of state the moment the governor leaves the state of North Carolina. That way we would have someone in charge at all times in case of emergency. There is no excuse for doing otherwise. We all know that public officials have to travel beyond the state at times on business and pleasure but that is why we have a Lt. Governor. He is there to assure a smooth transition in case he is needed. Many reasons are possible to prevent the governor from returning in case of need in North Carolina. Weather, war, earthquake or simple power failure could knock out the computers that handle air traffic making flying unsafe for the governor. It is almost criminal that no contingency measures have been taken.

We elect a governor, give him all the regal trappings and perks of power. We give him body servants, a mansion, chauffeur, plane, furnish him security and an enormous staff of high paid people. I always thought it was a full time job for the full four year term. No where did I read or hear that it was full time for a couple of years but two years before a senate race it got to be a part time job. The governor requires his appointed heads of departments to resign when they are politicing but he is a privileged characted. The rules do not apply to his Royal Highness here either. Our governor has about as much in common with the Wee People in this state as an amoeba had with Albert Einstein. He has and is using the backs of the people of North Carolina to reach his higher ambitions for national office.

I will cover the "Jim Hunt for Senate Special Session of the Legislature" in another article in this paper.

REMARKS BY GOVERNOR JIM HUNT

N.C. Sheriffs' Association Annual Meeting
Grove Park Inn, Asheville

I am delighted to be here tonight, in the safest room in North Carolina.

I am also standing in close proximity to the greatest concentration of political power in this state.

I'm only kidding. I know folks like Ottis Jones and Raymond Friedman and Tom Morrisey don't have time for politics, but they would have a fair amount of clout if they ever decided to get involved in that sort of thing.

The main reason I'm glad to be here is that I am among friends -- the people who have always been there on those many occasions that I have asked for your help.

You were there when we were working to get a speedy trial law and fair sentencing law.

You were right beside me when we were working for mandatory jail terms for armed robbers. You were there when we were pushing legislation to require long prison sentences for drug smugglers, and when were getting a law to put the head shops out of business.

You supported our successful efforts to pay the medical expenses of rape victims.

You were there, years ago, when Community Watch was only a good idea. We worked together on what has turned out to be one of the most successful grassroots campaigns in this state's history. Ely as a result of Community Watch, the statewide crime rate in your jurisdictions dropped by almost 4 percent last year.

Thanks to your dedicated efforts to protect our people, North Carolina is becoming a safer place to live and work and raise a family.

Here's the proof:

The total crime rate in North Carolina increased in 1982 by only 1.6 percent. In suburban counties, rape was down 8 percent, robbery was down 8 percent, burglary was down 5 percent. In rural counties, rape was down 10 percent. Robbery was down 1 percent. Buglaries were down by 6 percent.

N to 3-10-84
8 5 0 4 0 5 2 2 3 5 0

Hunt staff strives to be on up and up

With Gov. James B. Hunt Jr. facing the toughest fight of his career in his campaign to unseat Sen. Jesse A. Helms, Hunt's staff members are living by the Boy Scout motto: "Be prepared."

Thus it happened recently that a memo from SBI Director Haywood R. Starling to Connie Mitchell, Hunt's special assistant for schedules, floated into public view.

The Feb. 16 memo concerns Hunt's use of the state plane, which he takes on political trips as well as official state business.

When Hunt ran for re-election in 1980 and when he attended political events while in office, the question of the plane's use was raised several times, either by news organizations or someone on the opposition team.

See DOME, page 10A

Hunt - airplane

Continued from page 1A

The SBI, which has the duty of protecting the governor, has had a policy since 1977 that the use of the state plane was strongly preferred, said R Brent Hackney, Hunt's deputy press secretary. The agreement has been understood but not widely disseminated.

This year, as discussions progressed over Hunt's impending schedule and security, his staff asked the SBI to put the policy in writing.

"It is the belief of this bureau that the governor's greatest risk potential for injury occurs while traveling," Starling wrote.

"Controlling travel arrangements provides security and safety along with flexibility necessary to meet the objectives of safe travel and timely schedules," he said. "Security concerns with regard to flight personnel are eliminated when state aircraft are used.

"Security is for the position of governor rather than the individual holding the office.

"Given the above beliefs, as director of the SBI and ultimately responsible for governor's security, I strongly recommend using only state aircraft for all the governor's travel," Starling wrote. "This recommendation does not consider the purpose of the travel since it does not alter the responsibilities and principles of security."

Hunt's campaign reimburses the state for use of the plane when a trip is political, Hackney said. If part of a trip is official business and part political, the campaign repays an amount corresponding to the percentage of the trip that was political.

The political portion of a trip by the governor is measured by the time he spends politicking. For example, if Hunt stumped on one day of a four-day trip, his campaign would reimburse the state 25 percent of the cost of using the plane.

In 1983, before Hunt officially entered the Senate race and the latest period for which figures were available, his campaign reimbursed the state $3,103.19 for aircraft travel, said Lynne G. Garrison, Hunt's assistant press secretary. The governor's office paid the state $61,938.39 in 1983 for air travel, Ms. Garrison said.

Asked who decides how the purpose will be designated, Hackney said it was the governor's staff. "If we have a situation where we have to ask ourselves whether it's political or governmental, we bill it as political," he said

The costs cover operational use of the plane, which falls under the dominion of the state Department of Commerce. Included are supply costs such as fuel, lubricants, pilots' incidental expenses, repairs to equipment and landing fees if applicable.

Basic costs such as pilots' salaries and clerical expenses are not included because they are incurred whether the plane is being used or not, Hackney said.

Besides the Beechcraft E90 twin-engine prop jet, Hunt has a large helicopter and a smaller helicopter at his disposal.

Fees for the use of the plane generally run about $300 an hour for the twin-engine, $235 an hour for the larger helicopter and $195 an hour for the smaller helicopter, Hackney said.

Alford to leave hospital

State Sen. Dallas L. Alford Jr., D-Nash, was scheduled to be released today from Duke Medical Center, which he entered Feb. 27 after complaining of pain in his left leg.

While he was in the hospital, Alford told Dome Friday, his doctors discovered a spot on his left lung and removed the lung's lower lobe March 1.

"I hated to miss the session," Alford said, referring to the Legislature's special session on redistricting Wednesday and Thursday.

He said he would re-enter the hospital this fall for surgery to remove blockage of an artery to his left leg.

Alford, 75, of Rocky Mount, said the surgery would not interfere with his campaign for an 11th Senate term.

N to 3-10-84
8 5 0 4 0 5 2 2 3 5 1

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See DOME, page 10A

Continued from page 1A

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David Flaherty
Post Office Box 12905
Raleigh, North Carolina 27605

8504052235 2

Mrs. Lee Ann Elliott, Chairman
Federal Election Committee
1325 K Street, N.W.
Washington, D.C. 20463

REGISTERED MAIL

R 196 478 252

GCC# 2286

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
'84 APR 27 P12: 54

CHAIRMAN
David T. Flaherty
VICE CHAIRMAN
Audrey McBane
SECRETARY
Karol Goebel
TREASURER
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FINANCE CHAIRMAN
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919-828-6423
919-828-1839
1-800-662-8849

THE REPUBLICAN PARTY

North Carolina's Conservative Voice

April 20, 1984

MUR 1686

Mrs. Lee Ann Elliott, Chairman
Federal Election Committee
1325 K Street, N.W.
Washington, D. C. 20463

Dear Chairman Elliott:

I am writing to ask you to investigate the following facts regarding what I believe are violations of the Federal Election Campaign Act.

The Jim Hunt Committee is the principal campaign committee of Governor Jim Hunt, a candidate for the North Carolina Democratic Party's nomination for United States Senator. I believe that until recently this Committee has been operating under the name of the Jim Hunt Exploratory Committee. For purposes of this letter, all references to the Hunt for Senate Committee should be deemed to be references to the Jim Hunt Exploratory Committee as well.

As the attached newspaper articles illustrate, for the past year Governor Hunt has been campaigning across the state of North Carolina, as well as into states other than North Carolina, and using a state helicopter or a state airplane for these political trips. Statements attributed to spokespersons for Governor Hunt indicate that the Hunt for Senate Committee has reimbursed the state for these uses of state aircraft on a pro-rata basis, which has varied depending on the amount of political activity-- as opposed to official government activity-- that has been conducted during the trip.

For instance, according to a statement by Stephanie Bass of the Jim Hunt Committee, as reported in the Raleigh Times on January 5, 1984, Governor Hunt flew to Miami on June 10, 1983, to serve as a keynote speaker for the National Association of ABC Boards and to attend a political fundraiser. The state was reimbursed $87 for "the cost of holding the state plane 'a couple

1410 Hillsborough Street • Post Office Box 12905 • Raleigh, North Carolina 27605

of extra hours' while Hunt attended the fund raiser." The same January 5 article reported that Governor Hunt made a pro-rated payment for a trip he took to Washington in a state airplane on June 30. In addition, a March 10, 1984 article in the Raleigh News & Observer attributes (without quotation marks) the following statement to R. Brent Hackney, Governor Hunt's Deputy Press Secretary: "Hunt's campaign reimburses the state for use of the plane when a trip is political, Hackney said. If part of a trip is official business and part political, the campaign repays an amount corresponding to the percentage of the trip that was political."

Many of the trips reported in the press appear to have consisted of a single stop, others may or may not have been one-stop affairs, and yet the Jim Hunt Committee has allocated the expenses on a pro-rata basis for purposes of both reimbursement and reporting in its FEC reports. It is my understanding that this violates 2 U.S.C. § 438 (a) (8) and 11 C.F.R. § 106.3.

According to North Carolina Department of Commerce Aircraft Trip Reports filed in connection with the Jim Hunt Committee's use of state aircraft (copies attached), it appears that the state is being reimbursed for the use of its Beechcraft E-90 twin engine propjet at the rate of $300 per hour and its Bell Helicopter 222 at the rate of $235 per hour. It has been reported that commercial rates for a comparable airplane are $850 per hour. The actual rate may be more; according to the attached article from the Landmark newspaper, the cost to the state for the airplane used by the Jim Hunt Committee is greater than the $300 per hour Governor Hunt is charging his re-election committee because, in part, (according to Mr. Leo Tilly of the North Carolina Department of Commerce) the state is not charging the Hunt Committee "depreciation or replacement costs of the plane", and the Hunt for Senate Committee reportedly is not reimbursing the state for its use of pilots and clerical staff in connection with its use of state aircraft. It appears that the Hunt for Senate Committee is reporting expenditures and reimbursing the state on the basis of rates far below the rate for comparable commercial conveyance, in violation of 2 U.S.C. § 438(a)(8) and 11 C.F.R. § 106.3. In addition, the difference between the rate paid by the Hunt for Senate Committee and the rate for comparable commercial conveyance constitutes an unreported in-kind contribution by the state to Governor Hunt's Campaign Committee, in violation of 2 U.S.C. § 434 and 11 C.F.R. § 104.3.

8504023 4

Based on the above, I would also request that the FEC investigate whether these facts constitute a violation of the contribution limitations of 2 U.S.C. § 44la.

I look forward to your attention to my request, and await your timely response.

Sincerely,

David T. Flaherty

David T. Flaherty
Chairman, Republican Party
of North Carolina
1410 Hillsborough Street
Post Office Box 12905
Raleigh, North Carolina 27605

Subscribed and sworn to before me this 25th day of April, 1984.

Lee Britt
Notary Public

My commission expires: 8/11/85

LEE BRITT
NOTARY PUBLIC
WAKE COUNTY, N.C.

8504052235

Flaherty: Mansion Used For Politics

DMH 1-5-84

RALEIGH (AP) — State Republican Party Chairman David Flaherty charged Wednesday that Gov. Jim Hunt improperly used the Governor's Mansion and state airplanes for political purposes, but Democrats have denied the allegations.

Flaherty said in a news conference the GOP had been told a group of Hunt financial supporters met Wednesday in the mansion for a fund-raiser in Hunt's expected bid for the U.S. Senate. Flaherty said it was "just another example in Jim Hunt's political history of using taxpayers' money for political purposes ...."

Stephanie Bass, spokeswoman for Hunt's exploratory committee, said that the meeting was not a fund-raiser and that the campaign paid for all expenses.

"IT WAS a private meeting with about 65 business leaders from across the state that are personal friends of the governor," she said in a telephone interview. "They are interested in helping the campaign."

Flaherty said a GOP worker earlier called the governor's office and asked "if a fund-raiser was being held today or tomorrow." Flaherty said the worker was told the fund-raiser would be Wednesday at the Governor's Mansion.

The GOP leader also cited a Federal Elections Commission spending report he said showed the committee was giving itself "a preferred rate" in reimbursing for the use of state equipment.

THE SPENDING report, which Flaherty said was filed Aug. 2, says the governor's office was reimbursed in June for three trips Hunt made using a state plane. The report said the campaign committee paid the state $87 for a trip Hunt made to a Miami fund-raiser on a state plane.

The committee also reimbursed the state $65 for a flight to a New York fund-raiser, and $80 for a flight to a dinner in Washington.

"If the use of the plane is any measure of how they repay, then I have to have some real questions," Flaherty said.

"Commercial trips, roundtrip to New York, cost $188 and to Florida the cost is $422."

Flaherty said the rental fee for a plane similar to the one used by Hunt was $1,200 an hour.

"THEIR COST isn't the real cost, it's the preferred rate they're charging themselves," Flaherty said.

He said he had "very real questions" about whether the Hunt campaign had violated FEC regulations.

He said the reimbursement cost, by law, should reflect the true cost.

Ms. Bass, however, said the $87 was for the cost of holding a state plane "a couple of extra hours" while the governor attended a fund-raiser.

"He was already there [in Miami] on state business being keynote speaker for the National Association of ABC Boards," she said. "If only a small portion of a trip is political, a proportion of the cost is prorated."

THE $65 reimbursement was the price of a shuttle Hunt took from Washington, D.C., to New York City, Ms. Bass said.

She added that Hunt often uses commercial flights or charters planes at his campaign committee's expense for purely political trips.

"It's incorrect to give the impression that he uses a state plane to go to this political stuff all the time," Ms. Bass said.

8504052235

8504052357

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

DC-AT-1

No. 24603 S

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC

DATE 6-21Y-22-83

FROM RDU

CREW Brooks/Bond

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE APCH.
1	ILM	105	4	420	1173	1154	.5			.5	.6	B3 VFR
2	DCA	278	5	1390	1137	1605	1.5		.5	1.5	1.6	FB ILS
3	RDU	200	6	1200	1632	1730	1.0		.3	1.0	1.1	3B VFR
4												
5												
6												
7												
		583		3010			3.0		.8	3.0	3.3	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. FWD.	3582.5	75.5	75.5	98	FLT.	191
THIS DATE	3.0	3.0	3.0	3		
TOTALS	3585.5	78.5	78.5	101	BLK.	171

VOR RECEIVERS CHECKED ON _____

20% Political

198.00

1	2	3	4	5	
Gov't	Gov't	Gov't			
Generator	Generator	Generator			
Security	Security	Security			#3
Phil Cotton	Phil Cotton	Mrs. Hunt			
Gary Pearce	Gary Pearce	Rachael			
		Gary Pearce			#99
	Gov't Office				

Mother

DEPARTMENT OF COMMERCE
P. O. BOX 27244 RALEIGH, N. C. 27611

No. 24616 S

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC DATE 9-15-82

FROM RDU CREW Brown / Brooks

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE APCH.
1	CLT	112	3	336	1725	1801	.6			.6	.7	ILS VFR
2	RDU	112	3	336	2228	2304		.6		.6	.7	ILS "
3												
4												
5												
6												
7												
		224		672			.6	.6		1.2	1.4	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. FWD.	3613.7	106.7	106.7	134174	FLT.	157
THIS DATE	1.2	1.2	1.2	2		
TOTALS	3614.9	107.9	107.9	136-176	BLK.	160

VOR RECEIVERS CHE
ON

REMARKS:

100% Political

1	2	3	4	5
Lowe's	Lowe's			
Concessions	General			
Security	Security			
Betty McCain	Betty McCain			
	Lowe's Pic			

$300.00
x 1.4
$420.00

Political

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

No. 4195

A/C # 10 AIC
A/C Type 541 550

AIRCRAFT TRIP REPORT

Date 16 Aug 83

From Hangar Crew Thomas / Bandy

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst.
1	Dobbs	4			16:09	16:14	.1		
2	Greensboro	68	2	136	16:26	16:53	.5		
3	High Point	10	2	64	20:05	20:14	.2		
4	Dobbs	68	2	136	20:16	20:50	.6	.6	
5	Hangar	4			20:54	20:59		.1	
6									
7									
8									
9									
10									
	TOTAL THIS DATE	151	6	286			.8	.7	
	BWT. FWD.	38110		181701					
	TOTALS	38261		181987					

50% political

$200.00

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
BWT. FWD	1018.6	1018.6	1018.6	1663	[illegible]/1430	FLT.	
THIS DATE	1.5	1.5	1.5	3	3/3		
TOTALS	1020.1	1020.1	1020.1	1668	[illegible]/[illegible]	BLK.	

REMARKS

FOR RECEIVERS CHECKED PER FAR 91.29
ON 13 Aug 83 ACCURATE

1	2	3		5
	Gov. Hunt / Lt	Gov. Hunt / Lt	Gov. Hunt / Lt	
	Governor	Governor	Governor	
	Security	Security	Security	
6	7	8	$200.00	10
			x 2.0	
	Gov's Office		$400.00	

½ Political $200.00

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

AIRCRAFT TRIP REPORT

Type 172 N 8 5 3 0 5 2 3 6 0
222

Date 11-1-82

From HANGAR Crew Brady Hg + Governor

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst.	Total	Block Time	PIC	Type App.
1	605	57	10		1034	1059	.1			.2	.2	JB	VFR
2	550	59	5	295	1042	1120	.6			.6	.7	JB	VFR
3	HVI	141	4	564	1412	1518	1.1			1.1	1.2	JB	VFR
4	550	141	4	564	1552	1655	1.0			1.0	1.1	JB	VFR
5	86	59	3	177	1657	1725	.5			.5	.6	JB	VFR
6	HVN9	57	0		1727	1740		.2		.2	.2	JB	VFR
7													
8													
9													
10													
	TOTAL THIS DATE	411		1600			3.3	.2		3.5	4.0		
	BWT. FWD.	15925	X	102197									
	TOTALS	16336 15927	X	103797 102197									

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
BWT. FWD	806.2	806.2	806.2	1111	1111/1111	FLT.	
THIS DATE	3.5	3.5	3.5	6	1117/1117		
TOTALS	809.7	809.7	809.7	1117	1119/1119	BLK.	

RE
FO
ON

525 00 political

420.00

1	2	3	4
0	Gov + 4	+ 3	15
0	Governor Jim Patterson	Governor, Secretary	Governor Jim Patterson
	Secretary Joe Grimsley	John Garrett, Jim Race	Secretary John Garrett Jim Race
6	7	8	9
GOV'S OFF			# 300.00
80			

AIRCRAFT TRIP REPORT

DATE 10-31-82

NO. 1711

CREW 8 5 3 4 9 7 3 2 3 5 1

NO. RDU

	FROM / TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST.	TOTAL	BLOCK TIME	TYPE APCH.
1	AVL	185	5	925	1103	1157	.9			.9	1.0	13 VFR
2	BNA	66	4	264	1422	1445	.4			.4	.5	F "
3	AVL	66	5	330	1721	1741	.3			.3	.4	13 "
4	RDU	185	4	740	2215	2306	.5	.8		.8	.9	F "
5												
6												
7							1.6					
		502	—	2259			2.1	.8		2.1	2.8	

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	RIGHT	LANDINGS
FWD.	3666.1	158.9	158.9	181
THIS DATE	2.4	2.4	2.4	4
TOTALS	3668.5	161.3	161.3	185

SPEEDS

FLT. 209

BLK. 179

REMARKS

VOR RECEIVERS CHECKED PER FAR 91.25

ON _____ ACCURATE _____

1	2	3	4	5
Gov't	Gov't	Gov't	Gov't	
Foreman	Foreman	Foreman	Foreman	
Security	Security	Security	Security	
Comm. Ingram	Judge Clark	Judge Clark	Comm. Graham	
Comm. Brooks	Wayne McDevitt	Wayne McDevitt	Judge Clark	
Sec. Hinsley	(Gov't + 3)	(Gov't + 3)		
		Verified by Wayne McDevitt		$300.
				X 2
				$600.

21.6% potential

$ 181.29

8504055

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

No. 24689

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 12ZNC

FROM RDU

CREW Gundy + Bradley

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST	PIC TOTAL	PIC BLOCK
1	DCA	200	4	800	0959	1059	1.0		1.3	1.3	1.2
2	SOP	258	2	516	1726	1837	.8	.5	.5	1.3	
3	RDU	58	2	116	2150	2259		.3	.2	.5	.5
4											
5											
6											
7											
		516		1432			1.8	.8	2.0	3.1	1.7

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS
BWT. FWD.	3656.7	148.7	148.7	169
THIS DATE	2.6	2.6	2.6	3
TOTALS	3659.3	151.3	151.3	172

SPEEDS: FLT. 199 VOR ON BLK. 178

28.37 political

$180.00

1	2	3	4	5
GOV. + S	Pol	→ + /		
Honeinar	Personal	→		
Security				
Family				
Family				
				$300.00
				$219.00
				$800.00
	Lunch Stop			
				$388.00

8 5 0 4 0 DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

No. 24640 S

DC-AT-1

AIRCRAFT NO. 122NC

AIRCRAFT TRIP REPORT

DATE 10-22-23

FROM RDU

CREW Brown / Parker

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST	TOTAL	BLOCK TIME	SPECIAL
1	ZBV	172	3	384	1016	1053	.6		3	.6		
2	AVL	180	3	180	1220	1243	1.4		3	1.4		
3	RDU	185	3	555	1445	1243	1.0		3	1.0		
4												
5												
6												
7												
		373		1119			2.0		3	2.0		

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. FWD.	3659.3	151.3	151.3	172		
THIS DATE	2.0	2.0	2.0	3	FLT.	186
TOTALS	3661.3	153.3	153.3	175	BLK.	162

VOR RECEIVER CHECK ON

all night expenses, etc.
Plane
$105.00

1	2	3	4	5		
10/22	10/22	10/23				
Gov. Fees						
General Security Mail Clerk	→	→				
				We owe this to you		
			$300.00		$30.00	01/24
			x 2.3			
			$690.00			
	Gov's Offices		2.30	Overnight Parking		
			$795.00		Paid	

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

No. 4231

AIRCRAFT TRIP REPORT

A/C
A/C Type

Date 10-29-03

From

Crew

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst	Total	Block Time	PIC	Type App.
1										0.1	0.2	SB	LPUis
2										0.6	0.7	/	LPUis
3										0.5	0.6	/	SB Uis
4										0.1	0.2	✓	SB Uis
5													
6													
7													
8													
9													
10													
	TOTAL THIS DATE	116					1.3			1.3	1.7		
	BWT. FWD	4450	X		X	X	X	X	X	X	X	X	X
	TOTALS	4451	X		X	X	X	X	X	X	X	X	X

100% fuel

4 X 100

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	RIGHT	LANDINGS	CYCLES	SPEEDS	
	1035.5					FLT	
	1.3	1.3	1.3	1	1		
	2086.8					BLK	

2	3	4
		Political

9

$200.00

$3-0.00

DEPARTMENT OF COMMERCE
P.O. BOX 25249, RALEIGH, N.C. 27611

No 4229

A/C #
A/C Type

AIRCRAFT TRIP REPORT

Date 27 Oct 83

From

Crew

	To	Miles	PAX	PAX Miles	Off	On	Day	Night	Inst	Total	Block Time	PIC	Type App.
1	Dobbs						.1			.1	.2		
2							.7			.7	.8		
3								.5		.5	.6		
4	ILM							.1		.1	.2		
5	Dobbs							.9		.9	1.0		
6								.1		.1	.1		
7													
8													
9													
10													
	TOTAL THIS DATE							1.6		2.4	2.9		
	BWT FWD												
	TOTALS												

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	CYCLES	SPEEDS	
BWT FWD						FLT.	
THIS DATE							
TOTALS						BLK.	

REMARKS

43 % fuel

$250 00

1	2	3	
			Political
	Secret	Secret	Official
	Secret	Secret	
6	Tony Rabig	Tony Rabig	9

DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611

NO. 24641

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 172NG

DATE 3-8-15

FROM RDU

CREW BROOKS / BRANTLY

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INST	TOTAL	BLOCK	TYP	CAPCH
1	BUY	35	3	105	1642	1657	.3			.3	.4		
2	GSO	23	3	69	1816	1826	.2			.2	.2		
3	RDU	58	3	174	2253	2314		.3		.3	.3		
4													
5													
6													
7													
		116		348			.5	.3		.8	.9		

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS	SPEEDS	
BWT. FWD.	3661.3	153.3	153.3	175	FLT.	115
THIS DATE	.8	.8	.8	3	VOR RECD	
TOTALS	3662.1	154.1	154.1	177	BLK.	105
					DON	

1	2	3	4	5
CONTRACT	✓			
+ 2	✓			
Governor's Secretary Tony Lathrop				
				$500.00
				X 1/2
				$250.00
	Gov's Office			@ 9429 Pilot Travel

1,216 AL

9429

GT

B 5 0 4 0 5 DEPARTMENT OF COMMERCE
P. O. BOX 25249, RALEIGH, N. C. 27611 No. 24842 S

AIRCRAFT TRIP REPORT

AIRCRAFT NO. 122NC DATE 1/24-7

FROM FDU CREW Brooks / Brown

	TO	MILES	PAX	PAX MILES	OFF	ON	DAY	NIGHT	INSTR	TOTAL	BLOCK TIME	TYPE APCH
1	CLT	112	5	560	1019	1053	.6					
2	FDU	112	5	560	2229	2300		.5				
3												
4												
5												
6												
7												
		224		1120			.6	.5				

AIRCRAFT & ENGINE TIME

	AIRCRAFT TOTAL TIME	ENGINE SINCE OVERHAUL LEFT	ENGINE SINCE OVERHAUL RIGHT	LANDINGS
BWT. FWD.	3662.1	154.1	154.1	177
THIS DATE	1.1	1.1	1.1	2
TOTALS	3663.2	155.2	155.2	179

SPEEDS: FLT 204 JOR ON; BLR 172

REMARKS

24 % political

$92.85

1	2	3	4	5
Gov. & Lt. Governor Security Leslie Boatwright Ben Ruffin Don Hobart	Gov's Office			$300.00 x .65 $390.00

LANDMARK

P.O. Box 2362, Chapel Hill, NC 27515-2362 933-8975

11-1-83
Hunt-airplane

Taxpayers Contribute To Governor Jim Hunt's Campaign

Without their knowledge the taxpayers of North Carolina are very heavy contributors to the campaign in Governor Jim Hunt's bid to unseat Senator Jesse Helms. On Tuesday August 9th the Governor was vacationing at Georgetown S.C.. a state plane was dispatched from Raleigh at 4:45 p.m. and flew to Gerogetown and picked up our governor. He was flown to Asheville to make a political speech at the North Carolina Sheriff's Association Annual Meeting. The plane returned to Raleigh at 2:30 the following morning after flying the governor back to his vacation in the sun of South Carolina.

According to Leo Tilley of the Commerce Department who is responsible for the state air force the cost to the state was $1,100. The state charges $300 per hour to the department that uses the particular plane. On Friday I called routinely Raleigh-Durham Aviation, Inc. told them I would like to get the price of the same type plane to fly me to Georgetown S.C. and then to Asheville with the same amount of waiting time and fly me back to Georgetown and then to Raleigh. I was told that the trip would cost me $3,100 and that the cost was $850 per hour. This made me wonder about the difference so I asked Leo Tilley to try to explain the difference and he said they did not consider the depreciation or replacement cost of the plane in their fee or the maintence, which on an airplane is very expensive. All they consider is the actual out of pocket expenses for the trip apparently.

I used to own my own plane and am very familiar with the cost of proper maintenance. Mr Tilley explained this by saying they just ask for one time appropriation for the replacement of a plane and the major overhauls, etc. guess when you dip into the bottomless tax barrel that does not count. It was obvious that the cost per hour charged to the governor in no way reflected

(Continued on page 2)

the true cost to the taxpayer. Anyone who did not dig would be deceived if they accepted the cost figure furnished by the Commerce Department. In fact this is a clever way to conceal the truth of the costs of the perks of power routinely given to powerful politicians. At the price charged by the little flight services they are not getting rich. If they did not get a little cargo and some sort of subsidies they would not survive. State politicians are not so bothered by cost as the private sector. They have no recessions or economic ups and downs when it comes to their perks of power.

According to Mr. Tilley state officials are not allowed to use the plane for personal reasons. He admitted that the governor did it regularly but reimbursed the state at the low figure charged and subsidized by the Wee People of this state. It appears there is a special rule for the governor. When it comes to his convenience and political trips Saint James in not so pious. I asked the governor's lawyer and confidant Jack Cozort about this trip and termed the speech a political speech, he begged to differ and said it was on state business. I am printing the entire speech in this article and if that is not a political speech I am a Chinese Aviator. While I had Cousin Jack Cozort on the line I asked about the Governor's trip to the west coast a few weeks back and he said that was state business, it was the Governor's Conference. I reminded him the governor had made a side trip to another area of California, Hollywood I believe to make a fund raising appearance set up by his now defunct money raising machine headed by Ed Turlington Brewer, sometime congressional candidate of Carolina, fund raiser and [illegible] to Old man Tom Ellis. Jack [illegible] [illegible] [illegible]

Hunt staff strives to be on up and up

With Gov. James B. Hunt Jr. facing the toughest fight of his career in his campaign to unseat Sen. Jesse A. Helms, Hunt's staff members are living by the Boy Scout motto: "Be prepared."

Thus it happened recently that a memo from SBI Director Haywood R. Starling to Connie Mitchell, Hunt's special assistant for schedules, floated into public view.

The Feb. 16 memo concerns Hunt's use of the state plane, which he takes on political trips as well as official state business.

When Hunt ran for re-election in 1980 and when he attended political events while in office, the question of the plane's use was raised several times, either by news organizations or someone on the opposition team.

See DOME, page 10A

Hunt - airplane

Under the dome

Continued from page 1A

The SBI, which has the duty of protecting the governor, has had a policy since 1977 that the use of the state plane was strongly preferred, said R Brent Hackney, Hunt's deputy press secretary. The agreement has been understood but not widely disseminated.

This year, as discussions progressed over Hunt's impending schedule and security, his staff asked the SBI to put the policy in writing.

"It is the belief of this bureau that the governor's greatest risk potential for injury occurs while traveling," Starling wrote.

"Controlling travel arrangements provides security and safety along with flexibility necessary to meet the objectives of safe travel and timely schedules," he said. "Security concerns with regard to flight personnel are eliminated when state aircraft are used.

"Security is for the position of governor rather than the individual holding the office.

"Given the above beliefs, as director of the SBI and ultimately responsible for governor's security, I strongly recommend using only state aircraft for all the governor's travel," Starling wrote. "This recommendation does not consider the purpose of the travel since it does not alter the responsibilities and principles of security."

Hunt's campaign reimburses the state for use of the plane when a trip is political, Hackney said. If part of a trip is official business and part political, the campaign repays an amount corresponding to the percentage of the trip that was political.

The political portion of a trip by the governor is measured by the time he spends politicking. For example, if Hunt stumped on one day of a four-day trip, his campaign would reimburse the state 25 percent of the cost of using the plane.

In 1983, before Hunt officially entered the Senate race and the latest period for which figures were available, his campaign reimbursed the state $3,103.19 for aircraft travel, said Lynne G. Garrison, Hunt's assistant press secretary. The governor's office paid the state $61,938.39 in 1983 for air travel, Ms. Garrison said.

Asked who decides how the purpose will be designated, Hackney said it was the governor's staff. "If we have a situation where we have to ask ourselves whether it's political or governmental, we bill it as political," he said

The costs cover operational use of the plane, which falls under the dominion of the state Department of Commerce. Included are supply costs such as fuel, lubricants, pilots' incidental expenses, repairs to equipment and landing fees if applicable.

Basic costs such as pilots' salaries and clerical expenses are not included because they are incurred whether the plane is being used or not, Hackney said.

Besides the Beechcraft E90 twin-engine prop jet, Hunt has a large helicopter and a smaller helicopter at his disposal.

Fees for the use of the plane generally run about $300 an hour for the twin-engine, $235 an hour for the larger helicopter and $195 an hour for the smaller helicopter, Hackney said.

Alford to leave hospital

State Sen. Dallas L. Alford Jr., D-Nash, was scheduled to be released today from Duke Medical Center, which he entered Feb. 27 after complaining of pain in his left leg.

While he was in the hospital, Alford told Dome Friday, his doctors discovered a spot on his left lung and removed the lung's lower lobe March 1.

"I hated to miss the session," Alford said, referring to the Legislature's special session on redistricting Wednesday and Thursday.

He said he would re-enter the hospital this fall for surgery to remove blockage of an artery to his left leg.

Alford, 75, of Rocky Mount, said the surgery would not interfere with his campaign for an 11th Senate term.

NTO 3-8-84

8 5 0 4 0 5 2 2 3 7 0

Under the dome

Hunt staff strives to be on up and up

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See DOME, page 10A

Under the dome

Continued from page 1A

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Hunt's campaign reimburses the state for use of the plane when a trip is political, Hackney said. If part of a trip is official business and part political, the campaign repays an amount corresponding to the percentage of the trip that was political.

The political portion of a trip by the governor is measured by the time he spends politicking. For example, if Hunt stumped on one day of a four-day trip, his campaign would reimburse the state 25 percent of the cost of using the plane.

In 1983, before Hunt officially entered the Senate race and the latest period for which figures were available, his campaign reimbursed the state $3,103.19 for aircraft travel, said Lynne G. Garrison, Hunt's assistant press secretary. The governor's office paid the state $61,938.39 in 1983 for air travel, Ms. Garrison said.

Asked who decides how the purpose will be designated, Hackney said it was the governor's staff. "If we have a situation where we have to ask ourselves whether it's political or governmental, we bill it as political," he said

The costs cover operational use of the plane, which falls under the dominion of the state Department of Commerce. Included are supply costs such as fuel, lubricants, pilots' incidental expenses, repairs to equipment and landing fees if applicable.

Basic costs such as pilots' salaries and clerical expenses are not included because they are incurred whether the plane is being used or not, Hackney said.

Besides the Beechcraft E90 twin-engine prop jet, Hunt has a large helicopter and a smaller helicopter at his disposal.

Fees for the use of the plane generally run about $300 an hour for the twin-engine, $235 an hour for the larger helicopter and $195 an hour for the smaller helicopter, Hackney said.

Alford to leave hospital

State Sen. Dallas L. Alford Jr., D-Nash, was scheduled to be released today from Duke Medical Center, which he entered Feb. 27 after complaining of pain in his left leg.

While he was in the hospital, Alford told Dome Friday, his doctors discovered a spot on his left lung and removed the lung's lower lobe March 1.

"I hated to miss the session," Alford said, referring to the Legislature's special session on redistricting Wednesday and Thursday.

He said he would re-enter the bospital this fall for surgery to remove blockage of an artery to his left leg.

Alford, 75, of Rocky Mount, said the surgery would not interfere with his campaign for an 11th Senate term.

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