



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2295

Date Filmed 2/13/87 Camera No. --- 2

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FEDERAL ELECTION COMMISSION

routing slips, 12 day report,

connect sheets

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

Charles Wyder

date

Feb. 6, 1987

FEC 9-21-77

12/19/87

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 10, 1986

Philip Lewis, Treasurer
Drummond Co. Inc. Political Action Committee
P. O. Box 1549
Jasper, AL 35502

RE: MUR 2295
Drummond Co., Inc. Political
Action Committee and Philip
Lewis, as treasurer

Dear Mr. Lewis:

On December 2, 1986, the Federal Election Commission determined that there is reason to believe the Drummond Co., Inc. Political Action Committee and you, as treasurer, violated 11 C.F.R. § 102.5(a)(1)(i), a provision of the Commission's regulations. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file.

The file in this matter will be made part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within 10 days.

The Commission reminds you that a transfer of funds from your organization's state account to its federal account nevertheless appears to be a violation of 11 C.F.R. § 102.5(a)(1)(i). You should take immediate steps to insure that this activity does not occur in the future.

If you have any questions, please contact Charles Snyder, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Joan D. Aikens

Joan D. Aikens
Chairman

Enclosure
General Counsel's Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Philip Lewis, Treasurer
Drummond Co. Inc. Political Action Committee
P. O. Box 1549
Jasper, AL 35502

RE: MUR 2295
Drummond Co., Inc. Political
Action Committee and Philip
Lewis, as treasurer

Dear Mr. Lewis:

On December 2, 1986, the Federal Election Commission determined that there is reason to believe the Drummond Co., Inc. Political Action Committee and you, as treasurer, violated 11 C.F.R. § 102.5(a)(1)(i), a provision of the Commission's regulations. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

However, after considering the circumstances of this matter, the Commission has determined to take no further action and close its file.

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If you have any questions, please contact Charles Snyder, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Joan D. Aikens
Chairman

Enclosure
General Counsel's Factual and Legal Analysis

Ad 12/8

THW
12/8/86

FEDERAL ELECTION COMMISSION
GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO.
STAFF MEMBER & TEL. NO.
Snyder (202) 376-8200

RESPONDENT: Drummond Co., Inc. Political Action Committee
and Philip Lewis, as treasurer

SUMMARY OF ALLEGATIONS

The Reports Analysis Division ("RAD") referred this Matter to the Office of General Counsel on the grounds that the Drummond Company, Inc. Political Action Committee ("DPAC") reported receiving a \$19,139.10 transfer of funds from its non-federal account, Management for Better Government Political Action Committee ("MBGPAC").

Effective December 31, 1985, the Alabama By-Products Corporation ("AB") merged with the Drummond Company ("DCo"). Previously, AB had established a separate segregated fund ("ABPAC") for financing political activity in connection with federal elections. For its part, DCo had also established a political fund, MBGPAC, for the purpose of financing activity in connection with state elections within Alabama only. When the merger of the two companies occurred, MBGPAC was discontinued, while ABPAC survived, renamed DPAC. All MBGPAC funds, some \$19,139.10, were transferred to DPAC on January 1, 1986. According to William B. Long, General Counsel of DCo, all funds held by MBGPAC as of December 31, 1985, "pursuant to the terms of the merger have been earmarked and shall only be contributed in State elections within the State of Alabama."

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Between February 24, 1986 and June 20, 1986, DPAC disbursed \$19,850 to candidates for various Alabama state offices, apparently disposing thereby of all funds received from MBGPAC. These contributions were documented by the respondent at RAD's request. RAD also requested from DPAC reports filed by MBGPAC disclosing to Alabama election officials the source of its funds, but this information has not yet been supplied.

FACTUAL BASIS AND LEGAL ANALYSIS

Once AB and DCo merged on December 31, 1985, the two PAC's, MBGPAC and DPAC (formerly ABPAC), constituted funds maintained by the same organization, the former for financing activity in connection with state political activity, the latter in connection with federal political activity. Under the Commission's regulations, the organization could either have established a separate federal account which could only accept funds subject to all the prohibitions and limitations of the Federal Election Campaign Act (the "Act"), 11 C.F.R. § 102.5(a)(1)(i), or "a political committee which shall receive only contributions subject to the prohibitions and limitations of the Act, regardless of whether such contributions are for use in connection with federal or non-federal elections." 11 C.F.R. § 102.5(a)(1)(ii). On December 31, 1985, when the merger took place and both DPAC and MBGPAC were in existence, the organization had in effect chosen the first option by maintaining separate accounts for federal and state political activity. The

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Drummond Co., Inc. Political)
Action Committee)

Philip Lewis, as treasurer)

RAD Referral 86L-21

(MUR 2295)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of December 2, 1986, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions with respect to RAD Referral 86L-21:

1. Open a Matter Under Review.
2. Find reason to believe that the Drummond Co., Inc. Political Action Committee and Philip Lewis, as treasurer, violated 11 C.F.R. § 102.5(a)(1)(i).
3. Close the file.
4. Direct the Office of General Counsel to send an appropriate letter and an amended Legal and Factual Analysis.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

12-4-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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following day, MBGPAC funds were placed into DPAC's account. This transfer, therefore, violated the requirement of the regulation that states:

only funds subject to the prohibitions and limitations of the Act shall be deposited in such federal account.... No transfer may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections.

11 C.F.R. § 102.5(a)(1)(i).

In summary, it appears that respondents violated 11 C.F.R. § 102.5(a)(1)(i) by accepting a transfer from an account maintained by the same organization for use in connection with non-federal elections.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/CHERYL A. FLEMING *CMH*

DATE: NOVEMBER 24, 1986

SUBJECT: OBJECTION TO RAD REF. 86L-21:
FIRST GENERAL COUNSEL'S REPORT
SIGNED NOVEMBER 20, 1986

The above-captioned document was circulated to the
Commission on Friday, November 21, 1986 at 2:00 P.M.

Objections have been received from the Commissioners
as indicated by the name(s) checked:

Commissioner Aikens	_____
Commissioner Elliott	_____ X _____
Commissioner Josefiak	_____
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Thomas	_____

This matter will be placed on the Executive Session
agenda for Tuesday, December 2, 1986.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
FROM: Office of General Counsel *Red*
DATE: November 21, 1986
SUBJECT: RAD Referral 86L-21 - First General Counsel's Report

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

CIRCULATIONS

48 Hour Tally Vote	[x]
Sensitive	[x]
Non-Sensitive	[]
24 Hour No Objection	[]
Sensitive	[]
Non-Sensitive	[]
Information	[]
Sensitive	[]
Non-Sensitive	[]

Other []

DISTRIBUTION

Compliance	[X]
Audit Matters	[]
Litigation	[]
Closed MUR Letters	[]
Status Sheets	[]
Advisory Opinions	[]

Other (see distribution below) []

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FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION:

RAD #86L-21
STAFF MEMBER:

Snyder

86 NOV 21 AIO: 3

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENT'S NAME: Drummond Co., Inc. Political Action Committee
and Philip Lewis, as treasurer

RELEVANT STATUTE: 2 U.S.C. §§ 441a(f), 441b(a), 11 C.F.R.
§ 102.5(a)

INTERNAL REPORTS CHECKED: Respondent's Reports

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

The Reports Analysis Division ("RAD") referred this Matter to the Office of General Counsel on the grounds that the Drummond Company, Inc. Political Action Committee ("DPAC") reported receiving a \$19,139.10 transfer of funds from its non-federal account, Management for Better Government Political Action Committee ("MBGPAC").

SUMMARY OF ALLEGATIONS

Effective December 31, 1985, the Alabama By-Products Corporation ("AB") merged with the Drummond Company ("DCo"). Previously, AB had established a separate segregated fund ("ABPAC") for financing political activity in connection with federal elections. For its part, DCo had also established a political fund, MBGPAC, for the purpose of financing activity in connection with state elections within Alabama only. When the merger of the two companies occurred, MBGPAC was discontinued, while ABPAC survived, renamed DPAC. All MBGPAC funds, some

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\$19,139.10, were transferred to DPAC on January 1, 1986.

According to William B. Long, General Counsel of DCo, all funds held by MBGPAC as of December 31, 1985, "pursuant to the terms of the merger have been earmarked and shall only be contributed in State elections within the State of Alabama." (Attachment pg.

1). Between February 24, 1986 and June 20, 1986, DPAC disbursed \$19,850 to candidates for various Alabama state offices, apparently disposing thereby of all funds received from MBGPAC. These contributions were documented by the respondent at RAD's request. RAD also requested from DPAC reports filed by MBGPAC disclosing to Alabama election officials the source of its funds, but this information has not yet been supplied.

FACTUAL AND LEGAL ANALYSIS

Once AB and DCo merged on December 31, 1985, the two PAC's, MBGPAC and DPAC (formerly ABPAC), constituted accounts maintained by the same organization, the former for financing activity in connection with state political activity, the latter in connection with federal political activity. Under the Commission's regulations, the organization could either have established a separate federal account which could only accept funds subject to all the prohibitions and limitations of the Federal Election Campaign Act (the "Act"), 11 C.F.R.

§ 102.5(a)(1)(i), or "a political committee which shall receive only contributions subject to the prohibitions and limitations of the Act, regardless of whether such contributions are for use in

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connection with federal or non-federal elections." 11 C.F.R. § 102.5(a)(1)(ii). On December 31, 1985, when the merger took place and both DPAC and MBGPAC were in existence, the organization had in effect chosen the first option by maintaining separate accounts for federal and state political activity. The following day, MBGPAC funds were placed into DPAC's account. This transfer, therefore, violated the requirement of the regulation that states:

only funds subject to the prohibitions and limitations of the Act shall be deposited in such federal account.... No transfers may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections.

11 C.F.R. § 102.5(a)(1)(i).

The funds MBGPAC received, moreover, may have contained funds prohibited by the Act, in view of the fact that Alabama law permits most corporations to contribute up to \$500 to any candidate, political committee, or party, and permits unlimited individual, labor union, and political committee contributions to candidates and committees. The Act prohibits contributions by labor unions or by any corporation whatever. 2 U.S.C. § 441b. Since respondents have not complied with RAD's request that they document the source of MBGPAC funds, this Office recommends that the Commission find reason to believe that respondents also violated 2 U.S.C. § 441b.

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In summary, it appears that respondents violated 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 441b by accepting a transfer from an account maintained by the same organization for use in connection with non-federal elections, including funds not permissible under the Act.

RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that the Drummond Co., Inc. Political Action Committee and Philip Lewis, as treasurer, violated 2 U.S.C. § 441b and 11 C.F.R. § 102.5(a)(1)(i).
3. Approve and send the attached letter and General Counsel's Legal and Factual Analysis.

Charles N. Steele
General Counsel

Date

11/20/82

BY:

Lawrence M. Noble
Deputy General Counsel

Attachments

1. Referral
2. General Counsel's Legal and Factual Analysis
3. Proposed letter

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Attachment 1

86L-21



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

3 Sept 1986

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA (15)
STAFF DIRECTOR

FROM: JOHN D. GIBSON (9)
ASSISTANT STAFF DIRECTOR
REPORTS ANALYSIS DIVISION

SUBJECT: REFERRAL OF DRUMMOND COMPANY INC. POLITICAL ACTION
COMMITTEE (DPAC) (FKA ALABAMA BY-PRODUCTS
POLITICAL ACTION COMMITTEE)

This is a referral of the Drummond Company Inc. Political Action Committee (DPAC) (FKA Alabama By-Products Political Action Committee) ("DPAC") for receiving a \$19,139.10 transfer of funds from its non-federal account, Management for Better Government Political Action Committee. According to the RAD Review and Referral Procedures for Unauthorized Committees (Standard 5), this matter requires further examination by your office.

If you have any questions regarding this matter, please contact Joseph Rawson at 376-2480.

Attachment

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REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 3 Sept. 1986

ANALYST: Joseph Rawson

I. COMMITTEE:

Drummond Company Inc. Political Action
Committee (DPAC) (FKA Alabama By-
Products Political Action Committee)
(C00160630)
Philip Lewis, Treasurer
(April 4, 1986 - Present)
James Strickland, Treasurer
(January 1, 1986 - April 3, 1986)
Joanie Gable, Treasurer
(October 7, 1985-December 31, 1985)
(Alabama By-Products Political Action
Committee)
Tom Johnson, Treasurer
(January 1, 1985 - October 6, 1985)
(Alabama By-Products Political Action
Committee)
P.O. Box 1549
Jasper, AL 35502-1549

II. RELEVANT STATUTE:

2 U.S.C. §441a(f)
2 U.S.C. §441b(a)
11 CFR 102.5(a)(1)(i)

III. BACKGROUND:

Receipt of Funds from a Non-Federal Account

The Drummond Company Inc. Political Action Committee (DPAC) (FKA Alabama By-Products Political Action Committee) ("DPAC") disclosed receipts totalling \$19,139.10 from its non-federal account, Management for Better Government Political Action Committee, ("MBGPAC") on the 1986 April Quarterly Report.

On January 21, 1986, the Commission received a letter as an amendment to the Statement of Organization for the Alabama By-Products Corporation Political Action Committee ("ABPAC") (Attachment 2). The letter stated that, effective December 31, 1985, Alabama By-Products Corporation merged with Drummond Company, Inc. ("Drummond Co.") and ABPAC had merged with a non-federal committee of the Drummond Co.

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**DRUMMOND COMPANY INC. POLITICAL
ACTION COMMITTEE (DPAC) (FKA
ALABAMA BY-PRODUCTS POLITICAL
ACTION COMMITTEE)
REPORTS ANALYSIS OGC REFERRAL
PAGE 2**

(MBGPAC). As a result of the merger, ABPAC's name "...has now been changed to Drummond Company, Inc. Political Action Committee (DPAC)." The letter further indicated that the funds from the non-federal committee "...have been earmarked and shall only be contributed in State elections within the State of Alabama."

The transfer of funds from MBGPAC was noted on DPAC's 1986 April Quarterly Report as having been received on January 1, 1986 (Attachment 3). A Request for Additional Information ("RFAI") was sent to DPAC on June 11, 1986 asking DPAC to clarify whether the transfer was made from an account maintained for non-federal activity and DPAC was advised that if so, such activity is prohibited by 11 CFR 102.5. It was recommended that the full amount of the transfer should be returned to the non-federal account (Attachment 4).

Mr. Philip Lewis, the treasurer of DPAC, called the Reports Analysis Division ("RAD") analyst on July 3, 1986 to discuss the questions raised by the RFAI (Attachment 5). Mr. Lewis explained that due to the merger of the two companies, the two political committees were merged. The RAD analyst advised Mr. Lewis that such a transfer from a non-federal account was prohibited by 11 CFR 102.5 and that all such funds should be transferred-out of the federal account. Mr. Lewis responded by saying that all of the funds which had been transferred-in from the non-federal account had already been spent in connection with Alabama state elections. The RAD analyst asked Mr. Lewis to respond in writing, providing the Commission with a list of all contributions made to state candidates along with the amount and date of each contribution. This would help to clarify the public record by showing that the entire amount of prohibited funds had indeed gone only to state candidates.

On that same day, a Second Notice was sent to DPAC for failing to submit a written response (Attachment 6).

On July 7, 1986 a response was received from DPAC (Attachment 7). The response provided a listing of all contributions made to State candidates by DPAC. These contributions were made over a five month period from February 1986 through June 1986 and amounted to slightly more than was transferred-in from the non-federal account (\$19,850.00). There was no statement, however, regarding the source or permissibility of the funds which had originally been in the MBGPAC account.

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DRUMMOND COMPANY INC. POLITICAL
ACTION COMMITTEE (DPAC) (FKA
ALABAMA BY-PRODUCTS POLITICAL
ACTION COMMITTEE)
REPORTS ANALYSIS OGC REFERRAL
PAGE 3

On August 4 and 5, 1986 the RAD analyst attempted to contact Mr. Lewis but could not reach him (Attachment 8). On August 7, 1986 the RAD analyst spoke with Mr. Lewis and asked that he provide the Commission with information regarding the permissibility of the funds transferred from MBGPAC. Mr. Lewis responded that since MBGPAC had been required to file with the State of Alabama, he would send the Commission copies of the reports which would disclose the source of the funds received by MBGPAC.

As of this date, no response has been received from DPAC.

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None.

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NON-PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
DRUMMOND COMPANY INC POLITICAL ACTION COMMITTEE (DPAC) (FKA ALABAMA BY-PRODUCTS PAC) CONNECTED ORGANIZATION: DRUMMOND COMPANY INC				NON-PARTY QUALIFIED	ID #C00160630	
1985	STATEMENT OF ORGANIZATION - AMENDMENT			6NOV85	3	85FEC/390/4792
	MID-YEAR REPORT	4,368	2,600	1JAN85 -30JUN85	7	85FEC/382/0541
	YEAR-END	4,122	2,250	1JUL85 -31DEC85	7	86FEC/400/3041
1986	STATEMENT OF ORGANIZATION - AMENDMENT			21JAN86	2	86FEC/396/0457
	STATEMENT OF ORGANIZATION - AMENDMENT			24FEB86	3	86FEC/403/2935
	STATEMENT OF ORGANIZATION - AMENDMENT			14APR86	3	86FEC/408/1886
	APRIL QUARTERLY	22,923	8,055	1JAN86 -31MAR86	7	86FEC/411/3348
	APRIL QUARTERLY - AMENDMENT	-	-	1JAN86 -31MAR86	4	86FEC/420/4235
	REQUEST FOR ADDITIONAL INFORMATION			1JAN86 -31MAR86	3	86FEC/416/36
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN86 -31MAR86	4	86FEC/418/45
	JULY QUARTERLY	2,369	19,928	1APR86 -30JUN86	9	86FEC/420/13
	TOTAL	33,782	0		52	TOTAL PAGES

All reports listed have been reviewed.

Ending Cash on Hand as of 6/30/86: \$3,480.48

Debts and Obligations owed to the Committee: \$0.00

Debts and Obligations owed by the Committee: \$0.00

P.O. Box 1549
Jasper, Alabama 35802-1549
Telephone: 205 287-4901
Telex: 281327
281304

1 ALLI V: THE FEC

06 JAN 21 48:08

Attachment 2

**DRUMMOND
COMPANY,
INC.**

January 9, 1986

Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20461

Re: Alabama By-Products Corporation Political Action Committee
FEC ID# C00160638

Gentlemen:

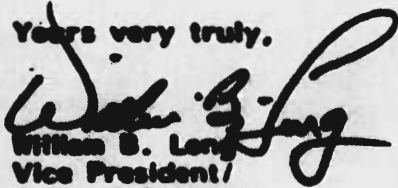
Please be advised that effective December 31, 1985, Alabama By-Products Corporation, the affiliated organization of the above mentioned PAC, merged with Drummond Company, Inc. Drummond Company, Inc. also had a Political Action Committee, Management for Better Government Political Action Committee, said Committee being organized for and participating only in connection with contributions to State elections within the State of Alabama.

Effective December 31, 1985, the two Committees or SSF's were merged together with the Alabama By-Products Corporation Political Action Committee being the survivor, whose name has now been changed to Drummond Company, Inc. Political Action Committee (DPAC).

All funds held by the Management for Better Government Political Action Committee as of December 31, 1985, pursuant to the terms of the merger have been earmarked and shall only be contributed in State elections within the State of Alabama.

Should you have any questions concerning this, please contact the undersigned.

Yours very truly,


William B. Long
Vice President/
General Counsel

WBL/peg

3687040334959

Attachment 3

SCHEDULE A

ITEMIZED RECEIPTS

Use separate schedules for each category of the Detailed Summary Page

 PAGE 1 OF 1
 FOR LINE NUMBER 12

Any information received from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

1986 April Quarterly Report

Drummond Company, Inc., Political Action Committee (DPAC)

A. Full Name, Mailing Address and ZIP Code

 Management for Better Government PAC
 P.O. Box 1549
 Jasper, AL 35502-1549

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

1/1/86

19,139.10

Receipt For: ☐ Primary ☐ General☒ Other (specify):

Aggregate Year-to-Date > 8 19,139.10

B. Full Name, Mailing Address and ZIP Code

 Cash Balance into DPAC due to
 Merger of Committees

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For: ☐ Primary ☐ General☐ Other (specify):

Aggregate Year-to-Date > 8

C. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For: ☐ Primary ☐ General☐ Other (specify):

Aggregate Year-to-Date > 8

D. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For: ☐ Primary ☐ General☐ Other (specify):

Aggregate Year-to-Date > 8

E. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For: ☐ Primary ☐ General☐ Other (specify):

Aggregate Year-to-Date > 8

F. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For: ☐ Primary ☐ General☐ Other (specify):

Aggregate Year-to-Date > 8

G. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For: ☐ Primary ☐ General☐ Other (specify):

Aggregate Year-to-Date > 8

SUBTOTAL of Receipts This Page (optional)

TOTAL This Page (page the line number only)

19,139.10

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

JUN 11 1986

Philip N. Lewis, Treasurer
Drummond Company, Inc. Political
Action Committee (DPAC)
P.O. Box 1549
Jasper, AL 35502-1549

Identification Number: C00160630

Reference: April Quarterly Report (1/1/86-3/31/86)

Dear Mr. Lewis:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Schedule A of your report discloses a receipt of \$19,139.10 from the Management for Better Government Political Action Committee (pertinent portion attached). Please clarify whether this transfer is from an account maintained by your committee for non-Federal activity. If so, be advised that such transfer is prohibited by 11 CFR 102.5(a)(1)(i) and the full amount of the transfer should be returned to the non-Federal account. Please inform the Commission immediately in writing and provide a photocopy of your check for the transfer-out. In addition, the transfer-out should be disclosed on a supporting Schedule B for Line 27 of your next report.

If, however, this transaction represents an "internal transfer" of funds from one Federal account to another, and the source(s) of such funds has been identified in previous reports of receipts and disbursements, please note that such transfers should not be itemized as doing so inflates total receipts and cash on hand. If this is the case, please amend your report accordingly.

Although the Commission may take further legal action regarding the acceptance of funds from a non-Federal account, your prompt transfer-out of the funds in question, or clarification of the transaction, will be taken into consideration.

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Attachment 4
page 2 of 2

An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2480.

Sincerely,

Joseph Rawson

Joseph Rawson
Reports Analyst
Reports Analysis Division

87040334962

TELECON

Attachment 5

ANALYST: Joseph Rawson

CONVERSATION WITH: Philip Lewis, Treasurer

COMMITTEE: Drummond Company Political Action Committee (C00160637)

DATE: July 3, 1986

SUBJECT(S): Receipt of Funds from a Non-Federal Account

Mr. Lewis contacted the Commission to discuss the Request for Additional Information which he had received. He explained the merger of Alabama By-Products Corporation with Drummond Company and the resulting merger of Drummond Company's non-Federal account (Management for Better Government PAC) with the Alabama By-Products PAC.

I advised him that such a transfer of funds from a non-Federal account was prohibited and all the funds should be transferred to an account not used to influence Federal elections. He responded that all of the funds which were transferred into the Federal account had already been spent in connection with Alabama State elections. I advised him that such a transfer was still impermissible but that he could clarify the matter by responding to the Commission in writing by sending a list of all contributions made to State candidates as well as the amount and date of each contribution.

87040534963



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Attachment 6

RQ-3

July 3, 1986

Philip N. Lewis, Treasurer
Drummond Company, Inc. Political
Action Committee (DPAC)
P.O. Box 1549
Jasper, AL 35502-1549

Identification Number: C00160630

Reference: April Quarterly Report (1/1/86-3/31/86)

Dear Mr. Lewis:

This letter is to inform you that as of July 2, 1986, the Commission has not received your response to our request for additional information, dated June 11, 1986. That notice requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). A copy of our original request is enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Joseph Rawson on our toll-free number (800) 424-9530 or our local number (202) 376-2480.

Sincerely,

John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosure

87040634964

Attachment 7
page 1 of 3

RECEIVED THE FEC

86 JUL 14 11:21

Drummond Company, Inc. Political Action Committee (DPAC)
P.O. Box 1549
Jasper, AL 35502-1549

July 2, 1986

Federal Election Commission
1325 K Street Northwest
Washington, D.C. 20465

ATTN: Mr. Joseph Ranson

Dear Mr. Ranson:

I am responding in connection with our conversation this morning and regarding your letter dated June 11, 1986. Effective December 31, 1985 in connection with a merger of Alabama By-Products Corporation (ABC) and Drummond Company, Inc. (Drummond), the state PAC of Drummond was merged into the federal PAC of ABC. As of December 31, 1985, the Drummond PAC had funds on deposit of \$19,139.10 which was shown on Line 12 of page 2 on the DPAC April 15, 1986 quarterly report.

As provided in the Plan of Merger for the PAC's, these funds were to be used only for candidates for state or local offices. Attached is a listing of contributions to state candidates by DPAC detailing that such amount has been disbursed for non-federal candidates.

I trust this information will satisfy your requirements and I will be pleased to provide any further information you may require.

Yours truly,

Philip Lewis
Philip Lewis
Treasurer

961342042334035

LISTING OF CONTRIBUTIONS TO STATE CANDIDATES

<u>DATE</u>	<u>CANDIDATES</u>	<u>OFFICE SOUGHT</u>	<u>AMOUNT</u>
02/24/86	Bill Baxley Campaign P.O. Box 59473 Birmingham, AL 35259	Governor	500.00
03/03/86	John Teague Campaign 9 Cliff Road Childersburg, AL 35044	LT. Governor	500.00
03/03/86	Carl Brakefield Campaign Box 8 Carbon Hill, AL 35549	State House of Rep.	500.00
03/18/86	Gary Aldridge Campaign Rt. 4 Box 383-A Hartselle, AL 35640	Public Serv. Comm.	2,000.00
03/21/86	Charles Bishop Campaign Rt. 5 Box 2328 Jasper, AL 35501	State Senate	1,000.00
04/03/86	Bobby Crowe Campaign P.O. Box 3187 Jasper, AL 35501	State Senate	500.00
04/11/86	Don Siegleman Campaign P.O. Box 230147 Montgomery, AL 36123-0147	Secretary of State	2,500.00
04-11-86	Fob James Campaign P.O. Box 1617 Gulf Shores, AL 36542	Governor	1,000.00
04-15-86	Bettye Collins Campaign 2301 Center Point Road Birmingham, AL 35215	State Senate	1,000.00
05/15/86	Rick Manly Campaign P.O. Drawer U Demopolis, AL 36732	State Senate	1,000.00
05/15/86	Bo Lee Campaign P.O. Box 942 Carbon Hill, AL 35549	State House of Rep.	500.00
05/20/86	Billie Eakin Campaign P.O. Box 2810 Snead's City, AL 36867	State Senate	1,000.00
05/27/86	Charles Martin Campaign P.O. Box 2538 Decatur, AL 35602	Public Serv. Comm.	2,000.00

8,710,402,349,56

LISTING OF CONTRIBUTIONS TO STATE CANDIDATES

DATE	CANDIDATE	OFFICE SOUGHT	AMOUNT
05/27/86	Tommy Combs Campaign P.O. Box 30 Jasper, AL 35501	State House of Rep.	230.00
05/27/86	John Madison Campaign P.O. Box 1467 Jasper, AL 35501	District Judge	150.00
06/09/86	Tommy Combs Campaign P.O. Box 30 Jasper, AL 35501	State House of Rep.	1,250.00
06/12/86	John Teague Campaign 9 Cliff Road Childersburg, AL 35044	LT. Governor	1,000.00
06/17/86	Tommy Combs Campaign P.O. Box 30 Jasper, AL 35501	State House of Rep.	500.00
06/18/86	Ed Frazier Campaign North 88 Highway 195 Jasper, AL 35501	State House of Rep.	1,000.00
06/20/86	Tommy Combs Campaign P.O. Box 30 Jasper, AL 35501	State House of Rep.	1,700.00
Total:			12,850.00

8.70,403.4967

TELECON

Attachment 8

ANALYST: Joseph Rawson

CONVERSATION WITH: Secretary at Drummond Company

COMMITTEE: Drummond Company Political Action Committee (C00160630)

DATE: August 4 & 5, 1986

SUBJECT(S): Permissibility of non-Federal Funds

I attempted to contact Mr. Lewis, the Treasurer of Drummond Co PAC in order to ask him if he could provide clarification as to if the funds received by the non-Federal account were permissible.

The Secretary responded to all three attempts to contact him that he was not in the office but he would call me back as soon as he got in.

87040334968

TELECON

Attachment

ANALYST: Joseph Rawson

CONVERSATION WITH: Mr. Philip Lewis

COMMITTEE: Drummond Company Inc Political Action Committee (COU14)630

DATE: August 7, 1986

SUBJECT(S): Permissibility of non-Federal Funds

I told Mr. Lewis that the Commission required further information regarding the prohibited transfer noted in the 1986 April Quarterly Report. I asked him if he could provide the Commission with any records which might show the permissibility of the funds under Federal law which were in the non-Federal account.

Mr. Lewis replied that the funds were solicited only from members of the corporation and since they were required to file records of receipts and disbursements with the State of Alabama, he would send the Commission copies of those records and hopefully they would show the permissibility of the funds under FECA.

87040334969

attest

**FEDERAL ELECTION COMMISSION
GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS**

MUR NO.
STAFF MEMBER & TEL. NO.
Snyder (202) 376-8200

RESPONDENT: Drummond Co., Inc. Political Action Committee
and Philip Lewis, as treasurer

SUMMARY OF ALLEGATIONS

The Reports Analysis Division ("RAD") referred this Matter to the Office of General Counsel on the grounds that the Drummond Company, Inc. Political Action Committee ("DPAC") reported receiving a \$19,139.10 transfer of funds from its non-federal account, Management for Better Government Political Action Committee ("MBGPAC").

Effective December 31, 1985, the Alabama By-Products Corporation ("AB") merged with the Drummond Company ("DCo"). Previously, AB had established a separate segregated fund ("ABPAC") for financing political activity in connection with federal elections. For its part, DCo had also established a political fund, MBGPAC, for the purpose of financing activity in connection with state elections within Alabama only. When the merger of the two companies occurred, MBGPAC was discontinued, while ABPAC survived, renamed DPAC. All MBGPAC funds, some \$19,139.10, were transferred to DPAC on January 1, 1986. According to William B. Long, General Counsel of DCo, all funds held by MBGPAC as of December 31, 1985, "pursuant to the terms of the merger have been earmarked and shall only be contributed in State elections within the State of Alabama."

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Between February 24, 1986 and June 20, 1986, DPAC disbursed \$19,850 to candidates for various Alabama state offices, apparently disposing thereby of all funds received from MBGPAC. These contributions were documented by the respondent at RAD's request. RAD also requested from DPAC reports filed by MBGPAC disclosing to Alabama election officials the source of its funds, but this information has not yet been supplied.

FACTUAL BASIS AND LEGAL ANALYSIS

Once AB and DCo merged on December 31, 1985, the two PAC's, MBGPAC and DPAC (formerly ABPAC), constituted funds maintained by the same organization, the former for financing activity in connection with state political activity, the latter in connection with federal political activity. Under the Commission's regulations, the organization could either have established a separate federal account which could only accept funds subject to all the prohibitions and limitations of the Federal Election Campaign Act (the "Act"), 11 C.F.R. § 102.5(a)(1)(i), or "a political committee which shall receive only contributions subject to the prohibitions and limitations of the Act, regardless of whether such contributions are for use in connection with federal or non-federal elections." 11 C.F.R. § 102.5(a)(1)(ii). On December 31, 1985, when the merger took place and both DPAC and MBGPAC were in existence, the organization had in effect chosen the first option by maintaining separate accounts for federal and state political activity. The

8704034971

following day, MBGPAC funds were placed into DPAC's account. This transfer, therefore, violated the requirement of the regulation that states:

only funds subject to the prohibitions and limitations of the Act shall be deposited in such federal account.... No transfer may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections.

11 C.F.R. § 102.5(a)(1)(i).

The funds MBGPAC received, moreover, may have contained funds prohibited by the Act, in view of the fact that Alabama law permits most corporations to contribute up to \$500 to any candidate, political committee, or party, and permits unlimited individual, labor union, and political committee contributions to candidates and committees. The Act prohibits contributions by labor unions or by any corporation whatever. 2 U.S.C. § 441b. Since respondents have not complied with RAD's request that they document the source of MBGPAC funds, this Office recommends that the Commission find reason to believe that respondents also violated 2 U.S.C. § 441b.

In summary, it appears that respondents violated 11 C.F.R. § 102.5(a)(1)(i) and 2 U.S.C. § 441b by accepting a transfer from an account maintained by the same organization for use in connection with non-federal elections, including funds not permissible under the Act.

87040534972



Attachment 1

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Philip Lewis, Treasurer
Drummond Co. Inc. Political Action Committee
P. O. Box 1549
Jasper, AL 35502

RE: MUR
Drummond Co., Inc. Political
Action Committee and Philip
Lewis, as treasurer

Dear Mr. Lewis:

On , 1986, the Federal Election Commission determined that there is reason to believe the Drummond Co., Inc. Political Action Committee and you, as treasurer, violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended (the Act), and 11 C.F.R. § 102.5(a)(1)(i), a provision of the Commission's regulations. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you and the committee. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of General Counsel may recommend that pre-probable conciliation not be entered into at this time so that it may complete its investigation of the matter.

8704034973

Letter to Philip Lewis
Page 2

Further, requests for pre-probable conciliation will not be entertained after briefs on probable cause have been mailed to the respondents.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

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.

The investigation now being conducted will be 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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Charles Snyder, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Joan D. Aikens
Chairman

Enclosures

General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

8704034974



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

3 Sept 1986

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: JOHN D. GIBSON
ASSISTANT STAFF DIRECTOR
REPORTS ANALYSIS DIVISION

SUBJECT: REFERRAL OF DRUMMOND COMPANY INC. POLITICAL ACTION
COMMITTEE (DPAC) (FKA ALABAMA BY-PRODUCTS
POLITICAL ACTION COMMITTEE)

This is a referral of the Drummond Company Inc. Political Action Committee (DPAC) (FKA Alabama By-Products Political Action Committee) ("DPAC") for receiving a \$19,139.10 transfer of funds from its non-federal account, Management for Better Government Political Action Committee. According to the RAD Review and Referral Procedures for Unauthorized Committees (Standard 5), this matter requires further examination by your office.

If you have any questions regarding this matter, please contact Joseph Rawson at 376-2480.

Attachment

87040534975

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 3 Sept. 1986

ANALYST: Joseph Rawson

I. COMMITTEE:

Drummond Company Inc. Political Action
Committee (DPAC) (FKA Alabama By-
Products Political Action Committee)
(C00160630)
Philip Lewis, Treasurer
(April 4, 1986 - Present)
James Strickland, Treasurer
(January 1, 1986 - April 3, 1986)
Joanie Gable, Treasurer
(October 7, 1985-December 31, 1985)
(Alabama By-Products Political Action
Committee)
Tom Johnson, Treasurer
(January 1, 1985 - October 6, 1985)
(Alabama By-Products Political Action
Committee)
P.O. Box 1549
Jasper, AL 35502-1549

II. RELEVANT STATUTE:

2 U.S.C. §441a(f)
2 U.S.C. §441b(a)
11 CFR 102.5(a)(1)(i)

III. BACKGROUND:

Receipt of Funds from a Non-Federal Account

The Drummond Company Inc. Political Action Committee (DPAC) (FKA Alabama By-Products Political Action Committee) ("DPAC") disclosed receipts totalling \$19,139.10 from its non-federal account, Management for Better Government Political Action Committee, ("MBGPAC") on the 1986 April Quarterly Report.

On January 21, 1986, the Commission received a letter as an amendment to the Statement of Organization for the Alabama By-Products Corporation Political Action Committee ("ABPAC") (Attachment 2). The letter stated that, effective December 31, 1985, Alabama By-Products Corporation merged with Drummond Company, Inc. ("Drummond Co.") and ABPAC had merged with a non-federal committee of the Drummond Co.

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DRUMMOND COMPANY INC. POLITICAL
ACTION COMMITTEE (DPAC) (FKA
ALABAMA BY-PRODUCTS POLITICAL
ACTION COMMITTEE)
REPORTS ANALYSIS OGC REFERRAL
PAGE 2

(MBGPAC). As a result of the merger, ABFAC's name "...has now been changed to Drummond Company, Inc. Political Action Committee (DPAC)." The letter further indicated that the funds from the non-federal committee "...have been earmarked and shall only be contributed in State elections within the State of Alabama."

The transfer of funds from MBGPAC was noted on DPAC's 1986 April Quarterly Report as having been received on January 1, 1986 (Attachment 3). A Request for Additional Information ("RFAI") was sent to DPAC on June 11, 1986 asking DPAC to clarify whether the transfer was made from an account maintained for non-federal activity and DPAC was advised that if so, such activity is prohibited by 11 CFR 102.5. It was recommended that the full amount of the transfer should be returned to the non-federal account (Attachment 4).

Mr. Philip Lewis, the treasurer of DPAC, called the Reports Analysis Division ("RAD") analyst on July 3, 1986 to discuss the questions raised by the RFAI (Attachment 5). Mr. Lewis explained that due to the merger of the two companies, the two political committees were merged. The RAD analyst advised Mr. Lewis that such a transfer from a non-federal account was prohibited by 11 CFR 102.5 and that all such funds should be transferred-out of the federal account. Mr. Lewis responded by saying that all of the funds which had been transferred-in from the non-federal account had already been spent in connection with Alabama state elections. The RAD analyst asked Mr. Lewis to respond in writing, providing the Commission with a list of all contributions made to state candidates along with the amount and date of each contribution. This would help to clarify the public record by showing that the entire amount of prohibited funds had indeed gone only to state candidates.

On that same day, a Second Notice was sent to DPAC for failing to submit a written response (Attachment 6).

On July 7, 1986 a response was received from DPAC (Attachment 7). The response provided a listing of all contributions made to State candidates by DPAC. These contributions were made over a five month period from February 1986 through June 1986 and amounted to slightly more than was transferred-in from the non-federal account (\$19,850.00). There was no statement, however, regarding the source or permissibility of the funds which had originally been in the MBGPAC account.

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**DRUMMOND COMPANY INC. POLITICAL
ACTION COMMITTEE (DPAC) (FKA
ALABAMA BY-PRODUCTS POLITICAL
ACTION COMMITTEE)
REPORTS ANALYSIS OGC REFERRAL
PAGE 3**

On August 4 and 5, 1986 the RAD analyst attempted to contact Mr. Lewis but could not reach him (Attachment 8). On August 7, 1986 the RAD analyst spoke with Mr. Lewis and asked that he provide the Commission with information regarding the permissibility of the funds transferred from MBGPAC. Mr. Lewis responded that since MBGPAC had been required to file with the State of Alabama, he would send the Commission copies of the reports which would disclose the source of the funds received by MBGPAC.

As of this date, no response has been received from DPAC.

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None.

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NON-PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
DRUMMOND COMPANY INC POLITICAL ACTION COMMITTEE (DPAC) (EKA ALABAMA BY-PRODUCTS PAC)						
CONNECTED ORGANIZATION:	DRUMMOND COMPANY INC					
	1985 STATEMENT OF ORGANIZATION - AMENDMENT			6NOV85	3	85FEC/390/4792
	MID-YEAR REPORT	4,368	2,600	1JAN85 -30JUN85	7	85FEC/382/0541
	YEAR-END	4,122	2,250	1JUL85 -31DEC85	7	86FEC/400/3041
	1986 STATEMENT OF ORGANIZATION - AMENDMENT			21JAN86	2	86FEC/396/0457
	STATEMENT OF ORGANIZATION - AMENDMENT			24FEB86	3	86FEC/403/3935
	STATEMENT OF ORGANIZATION - AMENDMENT			14APR86	3	86FEC/408/1886
	APRIL QUARTERLY	22,923	8,055	1JAN86 -31MAR86	7	86FEC/411/3348
	APRIL QUARTERLY - AMENDMENT	-	-	1JAN86 -31MAR86	4	86FEC/420/42
	REQUEST FOR ADDITIONAL INFORMATION			1JAN86 -31MAR86	3	86FEC/416/36
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN86 -31MAR86	4	86FEC/418/4540
	JULY QUARTERLY	2,369	19,928	1APR86 -30JUN86	9	86FEC/420/1305
	TOTAL	33,782	0	22,833	0	52 TOTAL PAGES

All reports listed have been reviewed.

Ending Cash on Hand as of 6/30/86: \$3,480.48

Debts and Obligations owed to the Committee: \$0.00

Debts and Obligations owed by the Committee: \$0.00

P.O. Box 1848
Jasper, Alabama 35801-1848

Telephone: 205 257-6801
Telex: 281327
281304

1 ALLI VI: THE FEC

86 JAN 21 4 05 PM '86

Attachment 2

**DRUMMOND
COMPANY,
INC.**

January 9, 1986

Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20543

Re: Alabama By-Products Corporation Political Action Committee
PEC ID# C00160630

Gentlemen:

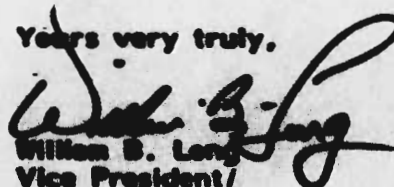
Please be advised that effective December 31, 1985, Alabama By-Products Corporation, the affiliated organization of the above mentioned PAC, merged with Drummond Company, Inc. Drummond Company, Inc. also had a Political Action Committee, Management for Better Government Political Action Committee, said Committee being organized for and participating only in connection with contributions to State elections within the State of Alabama.

Effective December 31, 1985, the two Committees or SSF's were merged together with the Alabama By-Products Corporation Political Action Committee being the survivor, whose name has now been changed to Drummond Company, Inc. Political Action Committee (DPAC).

All funds held by the Management for Better Government Political Action Committee as of December 31, 1985, pursuant to the terms of the merger have been earmarked and shall only be contributed in State elections within the State of Alabama.

Should you have any questions concerning this, please contact the undersigned.

Yours very truly,



William B. Long
Vice President/
General Counsel

WBL/peg

87040534980
3603390137

SCHEDULE A

**Attachment 3
ITEMIZED RECEIPTS**

Use separate schedule for each category of the Detailed Summary Page

PAGE 1 OF 1
FOR LINE NUMBER 12

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

1986 April Quarterly Report

Drummond Company, Inc., Political Action Committee (DPAC)

A. Full Name, Mailing Address and ZIP Code

Management for Better Government PAC
P.O. Box 1549
Jasper, AL 35502-1549

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

1/1/86

19,139.10

Receipt For:

☐ Primary

☐ General

☒ Other (specify):

Aggregate Year-to-Date > 8 19,139.10

B. Full Name, Mailing Address and ZIP Code

**Cash Balance into DPAC due to Merger of Committees

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For:

☐ Primary

☐ General

☐ Other (specify):

Aggregate Year-to-Date > 8

C. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For:

☐ Primary

☐ General

☐ Other (specify):

Aggregate Year-to-Date > 8

D. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For:

☐ Primary

☐ General

☐ Other (specify):

Aggregate Year-to-Date > 8

E. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For:

☐ Primary

☐ General

☐ Other (specify):

Aggregate Year-to-Date > 8

F. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For:

☐ Primary

☐ General

☐ Other (specify):

Aggregate Year-to-Date > 8

G. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Each Receipt this Period

Occupation

Receipt For:

☐ Primary

☐ General

☐ Other (specify):

Aggregate Year-to-Date > 8

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (page this line number only)

19,139.10



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Attachment 4
page 1 of 2

RQ-2

JUN 11 1986

Philip N. Lewis, Treasurer
Drummond Company, Inc. Political
Action Committee (DPAC)
P.O. Box 1549
Jasper, AL 35502-1549

Identification Number: C00160630

Reference: April Quarterly Report (1/1/86-3/31/86)

Dear Mr. Lewis:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Schedule A of your report discloses a receipt of \$19,139.10 from the Management for Better Government Political Action Committee (pertinent portion attached). Please clarify whether this transfer is from an account maintained by your committee for non-Federal activity. If so, be advised that such transfer is prohibited by 11 CFR 102.5(a)(1)(i) and the full amount of the transfer should be returned to the non-Federal account. Please inform the Commission immediately in writing and provide a photocopy of your check for the transfer-out. In addition, the transfer-out should be disclosed on a supporting Schedule B for Line 27 of your next report.

If, however, this transaction represents an "internal transfer" of funds from one Federal account to another, and the source(s) of such funds has been identified in previous reports of receipts and disbursements, please note that such transfers should not be itemized as doing so inflates total receipts and cash on hand. If this is the case, please amend your report accordingly.

Although the Commission may take further legal action regarding the acceptance of funds from a non-Federal account, your prompt transfer-out of the funds in question, or clarification of the transaction, will be taken into consideration.

97040634992

Attachment 4
page 2 of 2

An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2480.

Sincerely,

Joseph Rawson

Joseph Rawson
Reports Analyst
Reports Analysis Division

87040334983

TELECON

Attachment 5

ANALYST: Joseph Rawson

CONVERSATION WITH: Philip Lewis, Treasurer

COMMITTEE: Drummond Company Political Action Committee (C00160637)

DATE: July 3, 1986

SUBJECT(S): Receipt of Funds from a Non-Federal Account

Mr. Lewis contacted the Commission to discuss the Request for Additional Information which he had received. He explained the merger of Alabama By-Products Corporation with Drummond Company and the resulting merger of Drummond Company's non-Federal account (Management for Better Government PAC) with the Alabama By-Products PAC.

I advised him that such a transfer of funds from a non-Federal account was prohibited and all the funds should be transferred to an account not used to influence Federal elections. He responded that all of the funds which were transferred into the Federal account had already been spent in connection with Alabama State elections. I advised him that such a transfer was still impermissible but that he could clarify the matter by responding to the Commission in writing by sending a list of all contributions made to State candidates as well as the amount and date of each contribution.

87040534994



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Attachment 6

RQ-3

July 3, 1986

Philip N. Lewis, Treasurer
Drummond Company, Inc. Political
Action Committee (DPAC)
P.O. Box 1549
Jasper, AL 35502-1549

Identification Number: C00160630

Reference: April Quarterly Report (1/1/86-3/31/86)

Dear Mr. Lewis:

This letter is to inform you that as of July 2, 1986, the Commission has not received your response to our request for additional information, dated June 11, 1986. That notice requested information essential to full public disclosure of your Federal election financial activity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). A copy of our original request is enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Joseph Rawson on our toll-free number (800) 424-9530 or our local number (202) 376-2480.

Sincerely,

A handwritten signature in black ink, reading "John D. Gibson", is written over the typed name and title.

John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosure

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Attachment 7
page 1 of 3

RECEIVED THE FEC

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Drummond Company, Inc. Political Action Committee (DPAC)
P.O. Box 1549
Jasper, Al 35502-1549

July 3, 1986

Federal Election Commission
1325 K Street Northwest
Washington, D.C. 20463

ATTN: Mr. Joseph Rawson

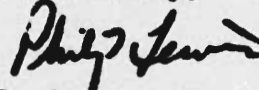
Dear Mr. Rawson:

I am responding in connection with our conversation this morning and regarding your letter dated June 11, 1986. Effective December 31, 1985 in connection with a merger of Alabama By-Products Corporation (ABC) and Drummond Company, Inc. (Drummond), the state PAC of Drummond was merged into the federal PAC of ABC. As of December 31, 1985, the Drummond PAC had funds on deposit of \$19,139.10 which was shown on Line 12 of page 2 on the DPAC April 15, 1986 quarterly report.

As provided in the Plan of Merger for the PAC's, these funds were to be used only for candidates for state or local offices. Attached is a listing of contributions to state candidates by DPAC detailing that such amount has been disbursed for non-federal candidates.

I trust this information will satisfy your requirements and I will be pleased to provide any further information you may require.

Yours truly,



Philip Lewis
Treasurer

96134204233

LISTING OF CONTRIBUTIONS TO STATE CANDIDATES

<u>DATE</u>	<u>CANDIDATE</u>	<u>OFFICE SOUGHT</u>	<u>AMOUNT</u>
02/24/86	Bill Baxley Campaign P.O. Box 59473 Birmingham, AL 35259	Governor	500.00
03/03/86	John Teague Campaign 9 Cliff Road Childersburg, AL 35044	LT. Governor	500.00
03/03/86	Carl Brakefield Campaign Box 8 Carbon Hill, AL 35549	State House of Rep.	500.00
03/18/86	Gary Aldridge Campaign Rt. 4 Box 383-A Hartselle, AL 35640	Public Serv. Comm.	2,000.00
03/21/86	Charles Bishop Campaign Rt. 5 Box 2328 Jasper, AL 35501	State Senate	1,000.00
04/03/86	Bobby Crowe Campaign P.O. Box 3187 Jasper, AL 35501	State Senate	500.00
04/11/86	Don Siegleman Campaign P.O. Box 230147 Montgomery, AL 36123-0147	Secretary of State	2,500.00
04-11-86	Fob James Campaign P.O. Box 1617 514 Shores, AL 36542	Governor	1,000.00
04-15-86	Bettye Collins Campaign 2301 Center Point Road Birmingham, AL 35215	State Senate	1,000.00
05/15/86	Rick Manly Campaign P.O. Drawer U Demopolis, AL 36732	State Senate	1,000.00
05/15/86	Bo Lee Campaign P.O. Box 942 Carbon Hill, AL 35549	State House of Rep.	500.00
05/20/86	Bill. Eels Campaign P.O. Box 2810 Meadow City, AL 36867	State Senate	1,000.00
05/27/86	Charles Martin Campaign P.O. Box 2538 Decatur, AL 35602	Public Serv. Comm.	2,000.00

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LISTING OF CONTRIBUTIONS TO STATE CANDIDATES

<u>DATE</u>	<u>CANDIDATE</u>	<u>OFFICE SOUGHT</u>	<u>AMOUNT</u>
05/27/86	Tommy Combs Campaign P.O. Box 30 Jasper, AL 35501	State House of Rep.	250.00
05/27/86	John Madison Campaign P.O. Box 1467 Jasper, AL 35501	District Judge	150.00
06/09/86	Tommy Combs Campaign P.O. Box 30 Jasper, AL 35501	State House of Rep.	1,250.00
06/12/86	John Teague Campaign 9 Cliff Road Childersburg, AL 35044	LT. Governor	1,000.00
06/17/86	Tommy Combs Campaign P.O. Box 30 Jasper, AL 35501	State House of Rep.	500.00
06/18/86	Ed Frazier Campaign North 88 Highway 195 Jasper, AL 35501	State House of Rep.	1,000.00
06/20/86	Tommy Combs Campaign P.O. Box 30 Jasper, AL 35501	State House of Rep.	1,700.00
Total:			<u>19,850.00</u>

TELECON

Attachment 8

ANALYST: Joseph Rawson

CONVERSATION WITH: Secretary at Drummond Company

COMMITTEE: Drummond Company Political Action Committee (C00160630)

DATE: August 4 & 5, 1986

SUBJECT(S): Permissibility of non-Federal Funds

I attempted to contact Mr. Lewis, the Treasurer of Drummond Co PAC in order to ask him if he could provide clarification as to if the funds received by the non-Federal account were permissible.

The Secretary responded to all three attempts to contact him that he was not in the office but he would call me back as soon as he got in.

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TELECON

Attachment 9

ANALYST: Joseph Rawson

CONVERSATION WITH: Mr. Philip Lewis

COMMITTEE: Drummond Company Inc Political Action Committee (C0016630)

DATE: August 7, 1986

SUBJECT(S): Permissibility of non-Federal Funds

I told Mr. Lewis that the Commission required further information regarding the prohibited transfer noted in the 1986 April Quarterly Report. I asked him if he could provide the Commission with any records which might show the permissibility of the funds under Federal law which were in the non-Federal account.

Mr. Lewis replied that the funds were solicited only from members of the corporation and since they were required to file records of receipts and disbursements with the State of Alabama, he would send the Commission copies of those records and hopefully they would show the permissibility of the funds under FECA.

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FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2295

Date Filmed 4/13/87 Camera No. --- 2

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