



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3951

DATE FILMED 5-11-97 CAMERA NO. 4

CAMERAMAN JM N

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WILSON WILLIAMS, MOLBERG & MITCHELL

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CARMEN S. MITCHELL *

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PERSONAL INJURY TRIAL SPECIALIST
TEXAS BOARD OF LEGAL SPECIALIZATION

MAR 23

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JOHN B. WILSON
OF COUNSEL

cc: 628

March 22, 1994

MUR 3951

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

Re: Complaint against
Edward Carl Harrison
Ed Harrison for Congress Committee
Michael Neill, as Treasurer
E. C. Harrison Properties, Inc.

Dear Mr. Noble:

This letter constitutes a formal complaint against Edward Carl Harrison, a candidate for the 24th Congressional District of Texas; his principal campaign committee, the Ed Harrison for Congress Committee (the "Committee"); Michael Neill, as Treasurer; and E. C. Harrison Properties, Inc.¹

Public record information strongly indicates that Mr. Harrison's corporation and Mr. Harrison, acting on behalf of his corporation, arranged to fund his campaign with corporate treasury funds in violation of the Federal Election Campaign Act, 2 U.S.C. §§ 431 *et. seq.* ("FECA"). Specifically, a corporate loan, whether direct or indirect to a federal campaign, is a *per se* violation of the Act. The record further indicates that Mr. Harrison has failed to accurately report his campaign activities.

E. C. Harrison Properties, Inc., a Texas Corporation, organized by Mr. Harrison in 1984, currently does business under the name of Harrison Homes. Mr. Harrison is the president and owner of E. C. Harrison Properties, Inc.

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These violations seriously compromise a campaign now in progress -- Mr. Harrison's campaign for the 24th Congressional District. The imminence of the harm to the electoral process requires immediate Commission investigation and action. Indeed, the Commission recently announced enforcement standards which, as applied, would place covert corporate spending practices, such as Mr. Harrison's, front and center among agency enforcement priorities.

Factual Background: Corporate Funding of Campaign

In May 1993, Mr. Harrison filed his Statement of Candidacy and Statement of Organization to run in the 24th Congressional District of Texas. See Exhibit 1. The Committee's Year-End Report discloses that Mr. Harrison made numerous loans to his campaign, including two loans totaling \$56,590, on August 31, 1993, and another \$50,000 loan on September 14, 1993. These loans totaled \$110,368. See Exhibit 2. During the same period, Mr. Harrison took a large personal loan from his corporation and received compensation that was \$40,000 greater than the previous year's salary.

On December 30, 1993, Mr. Harrison filed his Ethics in Government Act Report. See Exhibit 3. Information in this report shows that Mr. Harrison made personal loans to his campaign in excess of \$100,000. During this same time period, his corporation, E. C. Harrison Properties, Inc., paid him \$94,300 in salary, commissions and bonuses, which was \$40,000 more in compensation than he had received in the previous year (1992), when Mr. Harrison received no salary payments at all from E. C. Harrison Properties, Inc.

Also, during the time period covered by the report, Mr. Harrison authorized a personal loan from E. C. Harrison Properties, Inc., to himself for an amount between \$15,000 and \$50,000. If this loan was for the \$15,000 amount, then the loan, plus the extra \$40,000 in compensation from his corporation would total \$55,000. If this loan was at the top range (\$50,000), then the loan, plus the \$40,000 in extra corporate compensation, would total \$90,000, approximately the amount Mr. Harrison loaned to his campaign.

Further, it is of interest that one particular loan that Mr. Harrison made to his campaign on September 14, 1993, was for exactly \$50,000, the maximum amount E. C. Harrison Properties, Inc., may have loaned to Mr. Harrison himself.

An additional fact of note emerges from the public record. The corporation extended credit and made these unusually high payments to Mr. Harrison during a year when E. C. Harrison Properties, Inc. had outstanding liabilities of over \$250,000, including seven debts with Duncanville National Bank and First Continental Bank. See Exhibit 4.

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The involvement of Mr. Harrison's corporation in his campaign has been pervasive. Mr. Harrison used his corporate post office box for campaign purposes. It appeared on his campaign brochures and his Committee's Statement of Organization filed with the FEC. See Exhibit 5. Mr. Harrison treated his corporate offices as campaign space facilities. Mr. Harrison acknowledged his misuse of corporate facilities in a letter dated July 1, 1993. Yet, his committee has not reimbursed the corporation for such use. See Exhibit 6. Therefore, the Committee's violation for use of corporate facilities without timely reimbursement continues.

Illegal Transfer of Corporate Funds to Campaign

1. Campaign Loans and Excess Compensation

a. The Law

Section 441b(a) of the FECA makes it unlawful for a corporation to make, directly or indirectly, contributions in connection with any federal election. The statute also prohibits corporate officers from consenting to such violations. It is also illegal for a political committee to "knowingly" accept such corporate contributions. *Id.* The Act also prohibits contributions made in the name of another. 2 U.S.C. § 441f, and as applied, has prohibited a corporation from making contributions "in the name of employees" using corporate funds and their own names to effect the contribution for corporate purposes.

A corporation may not use bonuses or other forms of compensation as a method of reimbursing employees for their political contributions. 11 C.F.R. § 114.5(c)(b)(1). The Commission has traditionally viewed matters involving corporate reimbursements of political contributions as raising the most serious violations of the statute. In an analogous case involving substantially smaller amounts of money, the Commission imposed among the highest civil penalties ever for these types of knowing and willful violations. Matter Under Review 2893. Moreover, in prohibiting corporate contributions and expenditures the Act imposes liability on both corporate officers and the corporation itself. 2 U.S.C. § 441b(a). Specifically, this provision makes it unlawful for a corporation to make a contributions *and* for its officers to consent to such contributions. General Counsel's Report, Matter Under Review 2893.

b. Mr. Harrison's Violation of the Law

E. C. Harrison Properties, Inc. is a closely held corporation with only three employees. See Exhibit 7. Mr. Harrison, as President, would have sole authority to set his salary, bonuses, and to authorize the corporation to extend personal loans.

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Lawrence E. Nobel, Esq.

March 22, 1994

Page 4

In 1992, Mr. Harrison paid himself only \$55,133 in commissions and bonuses and no salary from E. C. Harrison Properties, Inc. See Exhibit 8. In 1993, E. C. Harrison Properties, Inc. paid him \$40,000 in salary, in addition to commissions and bonuses. Moreover, in 1993 Mr. Harrison took a personal loan in an amount between \$15,000 and \$50,000. See Exhibit 3, 8. Thus, in 1993, Mr. Harrison received between \$55,000 and \$90,000 (\$40,000 salary plus the loan) more from his corporation than in 1992. The high range of this amount (\$90,000) is very close to the amount Mr. Harrison loaned to his campaign (\$110,000). And this occurred during a year when he, by all accounts, was spending a significant amount of time on the campaign trail and away from his business. See Exhibit 9.

Thus, if this loan and salary increase, as it appears, are nothing more than a disguised corporate transfer to the Harrison campaign, the Committee violated section 441b by knowingly receiving corporate contributions.

2. Failure to Reimburse for Illegal Use of Corporate Address and Telephone Number

a. The Law

Regulations of the Commission address in detail the use of corporate facilities and resources for campaign purposes. 11 C.F.R. § 114.9. Stockholders and employees volunteering for a campaign may only make "occasional, isolated or incidental use" of such facilities. 11 C.F.R. § 114.9(a). The regulations provide, in particular, that where stockholders or employees involved in campaigns make more than "occasional, isolated or incidental use" of corporate facilities,

. . . [they are] required to reimburse the corporation within a commercially reasonable time for the normal and usual rental charge, as defined in 11 C.F.R. 100.7(a)(1)(iii)(B), for the use of such facilities.

11 C.F.R. § 114.9(a)(2) (emphasis added). Here, the corporation has not charged the campaign and the campaign has not paid for this use.

b. Mr. Harrison's Violation of the Law

The Committee's use of E. C. Harrison Properties, Inc.'s corporate address and phone number for campaign purposes, as reflected on its brochures and the corporate letterhead,

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violates these regulations. Mr. Harrison acknowledges his Committee's use of his corporation's facilities. Nevertheless, the corporation was never reimbursed for these uses.² Nor has Mr. Harrison disclosed the extent of his Committee's use of corporate facilities. Nothing short of a thorough investigation by the FEC is adequate to make such a determination.

While prospective supporters were encouraged to contact Mr. Harrison at his corporation's headquarters to obtain more information about the campaign, the Committee's reports do not disclose *any* payments for rent, the post office box or telephone services to E. C. Harrison Properties, Inc. Therefore, it appears that the corporation's space, telephone and secretarial services were used free of charge.³ Provision of these services to the campaign constitutes an illegal corporate contribution in violation of sections 441b and 441f. We request that the Commission conduct an investigation to determine the full extent to which Mr. Harrison used his corporation for campaign purposes. Thereafter, Mr. Harrison should be required to make appropriate reimbursements to his corporation even though a commercially reasonable time has clearly passed.

Failure to Properly Report Campaign Loans

I. The Law

Loans made by a candidate to his campaign must be reported continuously until repaid. 11 C.F.R. § 104.3(d).

² In his letter of July 1, 1993, Mr. Harrison attempts to distinguish between the testing-the-waters period and the period after he filed as a candidate. Testing-the-waters activity, however, is subject to the same regulations and, once Mr. Harrison became a candidate, the same reporting rules. Thus, Mr. Harrison should have made and reported reimbursements to his corporation. The only disbursement to Harrison Homes by the Committee was for printing on June 12, 1993.

³ Mr. Harrison has also used precisely the same lettering for both his corporate billboards and signs and the bumper stickers for his campaign. See Exhibit 10. Given the campaign's use of corporate facilities, this similarity raises the issue of whether Mr. Harrison may have received a reduced rate for printing his campaign materials by using the corporation's design.

The Committee improperly reported Mr. Harrison's loans, failing to include a Schedule C on its report to fully disclose the source and conditions of the loans. In addition, the loan of \$1,900 Mr. Harrison made to the Committee on June 4, 1993, is not continuously reported and does not appear as outstanding or repaid on his Year-End Report. Further, in his FEC filing covering the period of January 1, 1994, through February 16, 1994, Mr. Harrison failed to continuously report the earlier loans to his campaign totaling \$110,386 or the loan of June 4, 1993, for \$1,900. See Exhibit 11. Section 104.3(d) of the regulations requires such loans to be continuously reported until the loans are repaid. Mr. Harrison should be required to clarify the public record about precisely when these loans were made and under what terms and conditions.

Conclusion

On December 13, 1993, the Commission announced a new program for enforcement prioritization. Commissioner Thomas announced at that time the General Counsel had formulated, and the Commission had adopted, various factors for prioritizing cases which included:

Whether there was a potential finding of knowing and willful intent to violate the law;

The apparent impact of a violation on the election process;

The amount of money involved;

The age and timing of the violation; and

Whether a particular area of law that needs attention is involved.

In virtually every respect, these factors support aggressive Commission attention to this case. The violation has been identified in mid-campaign. Its threat to the integrity of that campaign is real and immediate. Mr. Harrison is using corporate funds *now* to influence a federal election currently in progress. In this respect, there is no question of "impact" on the election process and both the "age and timing" of the violation fall within the related factors for prioritization adopted by the Commission. The Commission will necessarily have to consider the presence of "knowing and willful intent."

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Lawrence E. Nobel, Esq.

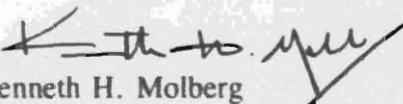
March 22, 1994

Page 7

Mr. Harrison is making direct use of corporate resources in a variety of ways and hardly any provision of the law is better known generally than the one prohibiting the use of corporate funds in connection with Federal elections. There has been, since Watergate, hardly any significant outstanding confusion that the law contains this prohibition. For this reason, too, the Commission has always treated corporate spending violations as "a particular area of the law that needs attention." Finally, we are not speaking in this complaint of small amounts of money but rather substantial potential diversions of corporate resources in the form of cash loaned and facilities used.

For all the foregoing reasons, we request the Commission to conduct a thorough investigation of these matters to determine whether Mr. Harrison, the Committee, and Mr. Harrison's corporation have violated the FECA and pursuant regulations by illegally diverting corporate funds and other illegal contributions to support Mr. Harrison's campaign. Complainant further requests that the Commission assess all appropriate penalties for knowing and willful violations raised by this complaint with respect to Mr. Harrison's, the Committee's and E. C. Harrison Properties, Inc.'s activities, in accordance with 2 U.S.C. § 437g.

Sincerely,


Kenneth H. Molberg

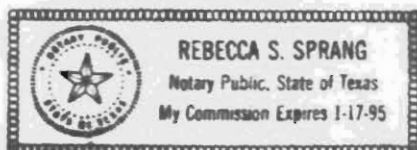
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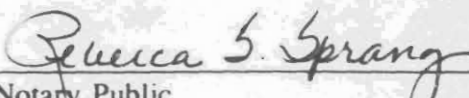
STATE OF TEXAS

COUNTY OF DALLAS

On this 22nd day of March 1994, before me, the undersigned Notary Public, personally appeared Kenneth H. Molberg, who executed the foregoing instrument.

IN WITNESS WHEREOF, I hereunto sign my hand and official seal.




Notary Public

THIS IS THE BEGINNING OF MUR #

3951

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MARCH 25, 1994

Kenneth H. Molberg
Wilson, Williams, Molberg
& Mitchell
2214 Main Street
Dallas, Texas 75201-4324

Dear Mr. Molberg:

This is to acknowledge receipt on March 23, 1994, of your letter dated March 22, 1994. The Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations require that the contents of a complaint meet certain specific requirements. One of these requirements is that a complaint be sworn to and signed in the presence of a notary public and notarized. Your letter was not properly sworn to.

In order to file a legally sufficient complaint, you must swear before a notary that the contents of your complaint are true to the best of your knowledge and the notary must represent as part of the jurat that such swearing occurred. The preferred form is "Subscribed and sworn to before me on this _____ day of _____, 19__." A statement by the notary that the complaint was sworn to and subscribed before her also will be sufficient. We regret the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. § 437g.

Enclosed is a Commission brochure entitled "Filing a Complaint." I hope this material will be helpful to you should you wish to file a legally sufficient complaint with the Commission.

If you have any questions concerning this matter, please contact me at (202) 219-3410.

Sincerely,

A handwritten signature in cursive script, appearing to read "Retha Dixon", is written over the typed name.

Retha Dixon
Docket Chief

Enclosure

cc: Edward Carl Harrison
Ed Harrison for Congress Committee
E.C. Harrison Properties, Inc.

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WILSON, WILLIAMS, MOLBERG & MITCHELL

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Attorneys and Counselors

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KENNETH H. MOLBERG
CARMEN S. MITCHELL *

BOARD CERTIFIED —
PERSONAL INJURY TRIAL SPECIALIST
TEXAS BOARD OF LEGAL SPECIALIZATION

JOHN B. WILSON
OF COUNSEL

March 29, 1994

Ms. Retha Dixon
Docket Chief
Federal Election Commission
999 E. Street, N.W.
Washington, D.C. 20463

Re: Complaint against
Edward Carl Harrison
Ed Harrison for Congress Committee
Michael Neill, as Treasurer
E. C. Harrison Properties, Inc.

Dear Ms. Dixon:

Pursuant to your letter of March 25, 1994, enclosed please find a supplemental statement to the March 22, 1994, Complaint regarding the above-referenced matter.

Thank you for your assistance. Should you have any questions and/or need additional information, please do not hesitate to contact me.

Sincerely,


Kenneth H. Molberg

KHM/bss

Enclosures

94 MAR 29 11:12:20

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WILSON, WILLIAMS, MOLBERG & MITCHELL

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Attorneys and Counselors

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ROGER G. WILLIAMS *
KENNETH H. MOLBERG
CARVER S. MITCHELL *

* BOARD CERTIFIED -
PERSONAL INJURY TRIAL SPECIALIST
TEXAS BOARD OF LEGAL SPECIALIZATION

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March 22, 1994

MUR 3951

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

Re: Complaint against
Edward Carl Harrison
Ed Harrison for Congress Committee
Michael Neill, as Treasurer
E. C. Harrison Properties, Inc.

Dear Mr. Noble:

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Lawrence E. Nobel, Esq.

March 22, 1994

Page 2

These violations seriously compromise a campaign now in progress -- Mr. Harrison's campaign for the 24th Congressional District. The imminence of the harm to the electoral process requires immediate Commission investigation and action. Indeed, the Commission recently announced enforcement standards which, as applied, would place covert corporate spending practices, such as Mr. Harrison's, front and center among agency enforcement priorities.

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Also, during the time period covered by the report, Mr. Harrison authorized a personal loan from E. C. Harrison Properties, Inc., to himself for an amount between \$15,000 and \$50,000. If this loan was for the \$15,000 amount, then the loan, plus the extra \$40,000 in compensation from his corporation would total \$55,000. If this loan was at the top range (\$50,000), then the loan, plus the \$40,000 in extra corporate compensation, would total \$90,000, approximately the amount Mr. Harrison loaned to his campaign.

Further, it is of interest that one particular loan that Mr. Harrison made to his campaign on September 14, 1993, was for exactly \$50,000, the maximum amount E. C. Harrison Properties, Inc., may have loaned to Mr. Harrison himself.

An additional fact of note emerges from the public record. The corporation extended credit and made these unusually high payments to Mr. Harrison during a year when E. C. Harrison Properties, Inc. had outstanding liabilities of over \$250,000, including seven debts with Duncanville National Bank and First Continental Bank. See Exhibit 4.

The involvement of Mr. Harrison's corporation in his campaign has been pervasive. Mr. Harrison used his corporate post office box for campaign purposes. It appeared on his campaign brochures and his Committee's Statement of Organization filed with the FEC. See Exhibit 5. Mr. Harrison treated his corporate offices as campaign space facilities. Mr. Harrison acknowledged his misuse of corporate facilities in a letter dated July 1, 1993. Yet, his committee has not reimbursed the corporation for such use. See Exhibit 6. Therefore, the Committee's violation for use of corporate facilities without timely reimbursement continues.

Illegal Transfer of Corporate Funds to Campaign

1. Campaign Loans and Excess Compensation

a. The Law

Section 441b(a) of the FECA makes it unlawful for a corporation to make, directly or indirectly, contributions in connection with any federal election. The statute also prohibits corporate officers from consenting to such violations. It is also illegal for a political committee to "knowingly" accept such corporate contributions. *Id.* The Act also prohibits contributions made in the name of another. 2 U.S.C. § 441f, and as applied, has prohibited a corporation from making contributions "in the name of employees" using corporate funds and their own names to effect the contribution for corporate purposes.

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b. Mr. Harrison's Violation of the Law

E. C. Harrison Properties, Inc. is a closely held corporation with only three employees. See Exhibit 7. Mr. Harrison, as President, would have sole authority to set his salary, bonuses, and to authorize the corporation to extend personal loans.

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In 1992, Mr. Harrison paid himself only \$55,133 in commissions and bonuses and no salary from E. C. Harrison Properties, Inc. See Exhibit 8. In 1993, E. C. Harrison Properties, Inc. paid him \$40,000 in salary, in addition to commissions and bonuses. Moreover, in 1993 Mr. Harrison took a personal loan in an amount between \$15,000 and \$50,000. See Exhibit 3, 8. Thus, in 1993, Mr. Harrison received between \$55,000 and \$90,000 (\$40,000 salary plus the loan) more from his corporation than in 1992. The high range of this amount (\$90,000) is very close to the amount Mr. Harrison loaned to his campaign (\$110,000). And this occurred during a year when he, by all accounts, was spending a significant amount of time on the campaign trail and away from his business. See Exhibit 9.

Thus, if this loan and salary increase, as it appears, are nothing more than a disguised corporate transfer to the Harrison campaign, the Committee violated section 441b by knowingly receiving corporate contributions.

2. **Failure to Reimburse for Illegal Use of Corporate Address and Telephone Number**

a. **The Law**

Regulations of the Commission address in detail the use of corporate facilities and resources for campaign purposes. 11 C.F.R. § 114.9. Stockholders and employees volunteering for a campaign may only make "occasional, isolated or incidental use" of such facilities. 11 C.F.R. § 114.9(a). The regulations provide, in particular, that where stockholders or employees involved in campaigns make more than "occasional, isolated or incidental use" of corporate facilities,

... [they are] required to reimburse the corporation within a commercially reasonable time for the normal and usual rental charge, as defined in 11 C.F.R. 100.7(a)(1)(iii)(B), for the use of such facilities.

11 C.F.R. § 114.9(a)(2) (emphasis added). Here, the corporation has not charged the campaign and the campaign has not paid for this use.

b. **Mr. Harrison's Violation of the Law**

The Committee's use of E. C. Harrison Properties, Inc.'s corporate address and phone number for campaign purposes, as reflected on its brochures and the corporate letterhead,

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Lawrence E. Nobel, Esq.

March 22, 1994

Page 5

violates these regulations. Mr. Harrison acknowledges his Committee's use of his corporation's facilities. Nevertheless, the corporation was never reimbursed for these uses.² Nor has Mr. Harrison disclosed the extent of his Committee's use of corporate facilities. Nothing short of a thorough investigation by the FEC is adequate to make such a determination.

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11 C.F.R. § 104.3(d).

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³ Mr. Harrison has also used precisely the same lettering for both his corporate billboards and signs and the bumper stickers for his campaign. See Exhibit 10. Given the campaign's use of corporate facilities, this similarity raises the issue of whether Mr. Harrison may have received a reduced rate for printing his campaign materials by using the corporation's design.

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The Committee improperly reported Mr. Harrison's loans, failing to include a Schedule C on its report to fully disclose the source and conditions of the loans. In addition, the loan of \$1,900 Mr. Harrison made to the Committee on June 4, 1993, is not continuously reported and does not appear as outstanding or repaid on his Year-End Report. Further, in his FEC filing covering the period of January 1, 1994, through February 16, 1994, Mr. Harrison failed to continuously report the earlier loans to his campaign totaling \$110,386 or the loan of June 4, 1993, for \$1,900. See Exhibit 11. Section 104.3(d) of the regulations requires such loans to be continuously reported until the loans are repaid. Mr. Harrison should be required to clarify the public record about precisely when these loans were made and under what terms and conditions.

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Whether there was a potential finding of knowing and willful intent to violate the law;

The apparent impact of a violation on the election process;

The amount of money involved;

The age and timing of the violation; and

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In virtually every respect, these factors support aggressive Commission attention to this case. The violation has been identified in mid-campaign. Its threat to the integrity of that campaign is real and immediate. Mr. Harrison is using corporate funds *now* to influence a federal election currently in progress. In this respect, there is no question of "impact" on the election process and both the "age and timing" of the violation fall within the related factors for prioritization adopted by the Commission. The Commission will necessarily have to consider the presence of "knowing and willful intent."

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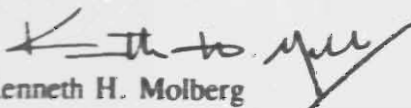
March 22, 1994

Page 7

Mr. Harrison is making direct use of corporate resources in a variety of ways and hardly any provision of the law is better known generally than the one prohibiting the use of corporate funds in connection with Federal elections. There has been, since Watergate, hardly any significant outstanding confusion that the law contains this prohibition. For this reason, too, the Commission has always treated corporate spending violations as "a particular area of the law that needs attention." Finally, we are not speaking in this complaint of small amounts of money but rather substantial potential diversions of corporate resources in the form of cash loaned and facilities used.

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Sincerely,


Kenneth H. Molberg

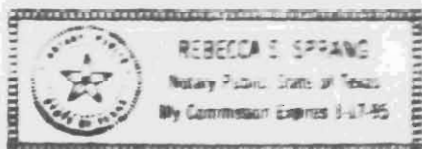
KHM/bss

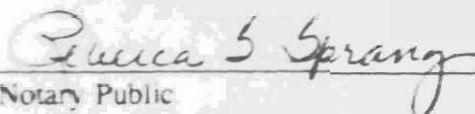
STATE OF TEXAS

COUNTY OF DALLAS

On this 22nd day of March 1994, before me, the undersigned Notary Public, personally appeared Kenneth H. Molberg, who executed the foregoing instrument.

IN WITNESS WHEREOF, I hereunto sign my hand and official seal.




Notary Public

STATE OF TEXAS

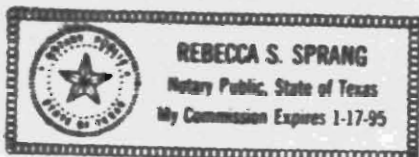
COUNTY OF DALLAS

§
§
§

Before me, the undersigned authority, on this 20th day of March 1994, personally appeared Kenneth H. Molberg, and upon oath stated to me that the allegations of fact contained in the Complaint of March 22, 1994, are true to the best of his knowledge, and subscribed same before me.

Kenneth H. Molberg
Kenneth H. Molberg

SUBSCRIBED AND SWORN TO BEFORE ME on this 20th day of March 1994.



Rebecca S. Sprang
Notary Public State of Texas

97043780020

REGULAR MAIL

MAY 15 1993

STATEMENT OF CANDIDACY

(see reverse side for instructions)

393 MAY 19 AM 7:38

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

1. (a) Name of Candidate (in full) Edward C. Harrison		
(b) Address (number and street) 1314 Indian Creek		
(c) City, State, and ZIP Code DeSoto, TX 75115		
2. Party Affiliation Republican	4. Office Sought U.S. House	5. State & District of Candidate Texas 24th

TX24035

NEW

DESIGNATION OF PRINCIPAL CAMPAIGN COMMITTEE

6. I hereby designate the following named political committee as my Principal Campaign Committee for the **1994** election(s).
(year of election)

NOTE: This designation should be filed with the appropriate office listed below.

(a) Name of Committee (in full) Ed Harrison for Congress Campaign
(b) Address (number and street) P.O. Box 381383
(c) City, State and ZIP Code Duncanville, TX 75138

DESIGNATION OF OTHER AUTHORIZED COMMITTEES

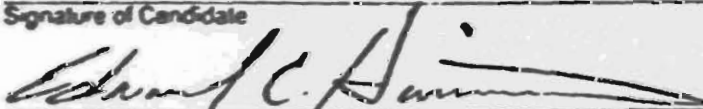
(including Joint Fundraising Representatives)

7. I hereby authorize the following named committee, which is NOT my principal campaign committee, to receive and expend funds on behalf of my candidacy.

NOTE: This designation should be filed with the principal campaign committee.

(a) Name of Committee (in full)
(b) Address (number and street)
(c) City, State and ZIP Code

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

Signature of Candidate 	Date May 6, 1993
---	----------------------------

NOTE: Submission of false, untruthful, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g.

CANDIDATES FOR THE OFFICE OF:

President mail to:	U.S. Senate mail to:	U.S. House of Representatives mail to:	For further information contact:
Federal Election Commission 999 E Street, N.W. Washington, DC 20463	Secretary of the Senate Office of Public Records 232 Hart Senate Office Bldg. Washington, DC 20510-7116	Clerk of the House of Representatives Office of Records and Registration 1036 Longworth Office Bldg. Washington, DC 20515-6612	Federal Election Commission Toll-free 800/424-9530 Local 202/219-3420

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FEC FORM 2
(revised 4/87)

9304379952

MAY 15 1993

(See reverse side for instructions)

33 MAY 19 AM 7:30

1. (a) NAME OF COMMITTEE IN FULL

Ed Harrison for Congress Campaign

☐ (Check if name is changed)

(b) Number and Street Address

P.O. Box 381383

☐ (Check if address is changed)

(c) City, State and ZIP Code

Duncanville, TX 75138

2. DATE

MAY 16 01853

155760

3. For official use only: (a) YES ☐ (b) NO ☒

4. TYPE OF COMMITTEE (Check one)



(a) This committee is a principal campaign committee. (Complete the candidate information below.)



(b) This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of Candidate Ed Harrison	Candidate Party Affiliation Republican	Office Sought U.S. House	State/District Texas, 24th
---	--	------------------------------------	--------------------------------------

(c) This committee supports/opposes only one candidate _____ and is NOT an authorized committee.
(Name of candidate)(d) This committee is a _____ committee of the _____ Party.
(National, State or subordinate) (Democratic, Republican, etc.)

(e) This committee is a separate segregated fund.



(f) This committee supports/opposes more than one Federal candidate and is NOT a separate segregated fund or a party committee.

Name of Any Connected Organization or Affiliated Committee	Mailing Address and ZIP Code	Relationship

Type of Connected Organization

☐ Corporation ☐ Corporation w/o Capital Stock ☐ Labor Organization ☐ Membership Organization ☐ Trade Association ☐ Cooperative

7. Custodian of Records: Identify by name, address (phone number - optional) and position of the person in possession of committee books and records.

Full Name	Mailing Address	Title or Position
Karen Nealy	1417 Prinrose	Asst. Treasurer

8. Treasurer: List the name and address (phone number - optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name	Mailing Address	Title or Position
Nike Neill	201 Pearly Top Glenn Heights, TX 75115	Treasurer
Karen Nealy	(See Above)	Asst. Treasurer

9. Banks or Other Depositories: List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.	Mailing Address and ZIP Code
Western Bank	219 E. Camp Wisdom Duncanville, TX 75116

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

TYPE OR PRINT NAME OF TREASURER

Mike Neill

SIGNATURE OF TREASURER

Mike Neill

DATE

May 6, 1993

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g. ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.

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For further information contact:
Federal Election Commission
Toll-free 800-424-9530
Local 202-376-3120FEC FORM 1
(revised 4/87)

970437800238

REGULAR MAIL REPORT OF RECEIPTS AND DISBURSEMENTS

JAN 31 1994

For An Authorized Committee
(Summary Page)

FEB -4 1994

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

2

155780

USE FEC MAILING LABEL

OR
TYPE OR PRINT

1. NAME OF COMMITTEE (in full)

Ed Harrison for Congress Campaign

ADDRESS (number and street) ☒ Check if different than previously reported.

215 E. Freeman Suite 100

CITY, STATE and ZIP CODE

STATE/DISTRICT

Duncanville, Texas 75116

Tx, 24th

2. FEC IDENTIFICATION NUMBER

C 00201543

3. IS THIS REPORT AN AMENDMENT?

☐ YES

☒ NO

4. TYPE OF REPORT

☐ April 15 Quarterly Report

☐ Twelfth day report preceding

(Type of Election)

☐ July 15 Quarterly Report

election on _____ in the State of _____

☐ October 15 Quarterly Report

☐ Thirtieth day report following the General Election on

☒ January 31 Year End Report

_____ in the State of _____

☐ July 31 Mid-Year Report (Non-election Year Only)

☐ Termination Report

This report contains activity for

☒ Primary Election

☐ General Election

☐ Special Election

☐ Runoff Election

SUMMARY

5. Covering Period	COLUMN A This Period	COLUMN B Calendar Year-to-Date
July 1, 1993 through Dec. 31, 1993		
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e))	\$ 18,180	\$ 20,824
(b) Total Contribution Refunds (from Line 20(d))	\$ 200	\$ 200
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	\$ 17,980	\$ 20,624
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	\$ 37,870	\$ 40,299
(b) Total Offsets to Operating Expenditures (from Line 14)	- - -	- - -
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	\$ 37,870	\$ 40,299
8. Cash on Hand at Close of Reporting Period (from Line 27)	\$ 91,017	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)	- - -	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	\$ 110,268	

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800-424-9530
Local 202-219-3420

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer

Michael Neill

Signature of Treasurer

Michael Neill

Date

1-31-94

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

FEC FORM 3
(revised 4/87)

970437 BINON-NHJ-MO-19

970437 മരിക്കുന്നി. 40. 19

Ed Harrison for Congress Campaign

From, 7-193

To: 12-31-93

COLUMN A
Total This Period

COLUMN B
Calendar Year-To-Date

27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (subtract Line 26 from 25)

\$ 2145

\$ 126,972

\$ 129,087

\$ 38,070

\$ 91,017

SCHEDULE A

ITEMIZE RECEIPTS

separate schedule(s)
for each category of the
Detailed Summary Page

PAGE **1** OF **3**
FOR LINE NUMBER
11(a)(i)

Contributions from Individuals other than Political Committee

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)

Ed Harrison for Congress Campaign

C00291543

A. Full Name, Mailing Address and ZIP Code Michael Fisher 676 Juniper Midlothian, TX 76065 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Regent Jewelry & Loan Occupation Pawn Business Operator Aggregate Year-to-Date > \$ 500	Date (month, day, year) 7-26-93	Amount of Each Receipt this Period \$ 500
B. Full Name, Mailing Address and ZIP Code James Lightner 5905 Steuben Ct. Dallas, TX 75248 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Retired Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 9-29-93	Amount of Each Receipt this Period \$ 1000
C. Full Name, Mailing Address and ZIP Code Ida Lightner 5905 Steuben Ct. Dallas, TX 75248 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Retired Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 9-29-93	Amount of Each Receipt this Period \$ 1000
D. Full Name, Mailing Address and ZIP Code Robert Rader, Jr. 955 W. Valley Ridge DeSoto, TX 75115 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Robert Rader Att'y at Law Occupation Attorney Aggregate Year-to-Date > \$ 300	Date (month, day, year) 10-16-93	Amount of Each Receipt this Period \$ 300
E. Full Name, Mailing Address and ZIP Code T. Boone Pickens 2001 Ross Avenue Dallas, Texas 75201 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Mesa Petroleum Occupation President Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 10-21-93	Amount of Each Receipt this Period \$ 1000
F. Full Name, Mailing Address and ZIP Code Frank Harrison III Two Turtle Creek Village Dallas, Texas 75319 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Beechwood Co. Occupation Pres. Aggregate Year-to-Date > \$ 500	Date (month, day, year) 10-21-93	Amount of Each Receipt this Period \$ 500
G. Full Name, Mailing Address and ZIP Code Andrew Segal 8500 N. Stemmons Dallas, TX 75247 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Galt Corp. Occupation Property Mgt. Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 10-27-93	Amount of Each Receipt this Period \$ 1000

SUBTOTAL of Receipts This Page (optional)

\$ 5,300

TOTAL This Period (last page this line number only)

SCHEDULE A

ITEMIZE RECEIPTS

A separate schedule(s)
for a category of the
Data Summary Page

PAGE **2** OF **5**
FOR LINE NUMBER
11 (a)(i)

Contributions from Individuals other than Political Comm.

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)

Ed Harrison for Congress Campaign

C00281543

A. Full Name, Mailing Address and ZIP Code William McNutt, Jr. P.O. Box 79 Corsicana, Tx 75151 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Collin St. Bakery Occupation President Aggregate Year-to-Date > \$ 500	Date (month, day, year) 10-29-93	Amount of Each Receipt (this Period) \$ 500
B. Full Name, Mailing Address and ZIP Code Louis Beecherl, Jr. 3801 Beverly Dr. Dallas, Texas 75205 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Self Occupation Investor Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 11-4-93	Amount of Each Receipt (this Period) \$ 1000
C. Full Name, Mailing Address and ZIP Code Jan Collmer 5525 Westgrove Dallas, Tx 75248 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Collmer Semi-Conductor Occupation Pres. & owner Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 11-18-93	Amount of Each Receipt (this Period) \$ 1000
D. Full Name, Mailing Address and ZIP Code Mart Nelson 1999 Bryan St. Dallas, Texas 75201 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Blythe-Nelson Mgt. Services Occupation Mgt. Aggregate Year-to-Date > \$ 250	Date (month, day, year) 11-29-93	Amount of Each Receipt (this Period) \$ 250
E. Full Name, Mailing Address and ZIP Code James Blythe 1999 Bryan St. Dallas, Texas 75201 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Blythe-Nelson Mgt. Services Occupation Mgt. Aggregate Year-to-Date > \$ 250	Date (month, day, year) 11-29-93	Amount of Each Receipt (this Period) \$ 250
F. Full Name, Mailing Address and ZIP Code James Cribbs 1000 W. Abrams Arlington, Tx 76013 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Cribbs & McFarland Occupation Attorney Aggregate Year-to-Date > \$ 500	Date (month, day, year) 12-2-93	Amount of Each Receipt (this Period) \$ 500
G. Full Name, Mailing Address and ZIP Code Denise Springer 102 Pebble Ridge Ct. Orilla, Tx 75154 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Orilla Rd. Baptist School Occupation Teacher Aggregate Year-to-Date > \$ 250	Date (month, day, year) 7-25-93	Amount of Each Receipt (this Period) \$ 250

SUBTOTAL of Receipts This Page (optional)

\$ 3,250

TOTAL This Period (last page this line number only)

ITEMIZED RECEIPTS

PAGE 3 OF 13
FOR LINE NUMBER 11(a)(i)

Contributions from Individuals other than Political Committees

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 campaign purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

Ed Harrison for Congress Campaign

CO02P1543

A. Full Name, Mailing Address and ZIP Code Buddy Morahan, Jr. 1346 Marble Canyon DeSoto, Tx 75115 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Buddy Morahan Occupation Lessor Aggregate Year-to-Date > \$ 500	Date (month, day, year) 8-9-93	Amount of Each Receipt this Period \$ 500
B. Full Name, Mailing Address and ZIP Code Michael Roman 14015 Colonel Glenn Little Rock, Arkansas Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Self-Employed Occupation Physician Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 8-17-93	Amount of Each Receipt this Period \$ 1000
C. Full Name, Mailing Address and ZIP Code Nancy Roman 14015 Colonel Glenn Little Rock, Arkansas Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer N/A Occupation Housewife Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 8-17-93	Amount of Each Receipt this Period \$ 1000
D. Full Name, Mailing Address and ZIP Code Dunward Davis 514 N. Hampton Rd. DeSoto, Tx 75115 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Davis Cleaners Occupation Dry Cleaning Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 8-26-93	Amount of Each Receipt this Period \$ 1000
E. Full Name, Mailing Address and ZIP Code Kenneth Pritchett 617 Green Meadow Lane Ovillar, Tx 76065 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Ken Pritchett Homes Occupation Homebuilder Aggregate Year-to-Date > \$ 500	Date (month, day, year) 8-26-93	Amount of Each Receipt this Period \$ 500
F. Full Name, Mailing Address and ZIP Code Cody Hastings Rt 2, Box 342 Boyd, Tx 76023 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Darr Equip. Co. Occupation Salesman Aggregate Year-to-Date > \$ 500	Date (month, day, year) 8-30-93	Amount of Each Receipt this Period \$ 500
G. Full Name, Mailing Address and ZIP Code Julie Sauls 1606 Charleston Pl. Dr. DeRidder, La. 70634 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Self Occupation Housewife Aggregate Year-to-Date > \$ 250	Date (month, day, year) 10-27-93	Amount of Each Receipt this Period \$ 250

SUBTOTAL of Receipts This Page (optional)

4750

TOTAL This Period (last page, this line number only)

*13800

697043 / 18800 Nym. HO. 50

SCHEDULE A

ITEMIZED RECEIPTS

Use separate schedule(s) for category of the Detailed Summary Page

PAGE 1 OF 1
FOR LINE NUMBER 13(a)

Loans made by Candidate

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)

Ed Harrison for Congress Campaign

C002.P1543

A. Full Name, Mailing Address and ZIP Code <i>Ed Harrison</i> <i>1314 Indian Creek</i> <i>DeSoto, TX 75115</i> Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer <i>Harrison Homes</i> Occupation <i>Homebuilder</i> Aggregate Year-to-Date > \$	Date (month, day, year) <i>8-1-93</i> <i>8-31-93</i> <i>8-31-93</i> <i>8-31-93</i>	Amount of Each Receipt this Period <i>\$ 100</i> <i>1,500</i> <i>12,000</i> <i>44,590</i>
B. Full Name, Mailing Address and ZIP Code <i>Same as above</i> Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year) <i>9-14-93</i> <i>12-31-93</i>	Amount of Each Receipt this Period <i>50,000</i> <i>178</i> <i>(Personal Funds)</i>
C. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year) 	Amount of Each Receipt this Period
D. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year) 	Amount of Each Receipt this Period
E. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year) 	Amount of Each Receipt this Period
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year) 	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year) 	Amount of Each Receipt this Period

SUBTOTAL of Receipts This Page (optional)

108,368

TOTAL This Period (last page this line number only)

108,368

97043 NUBON-ANALYS MO-10

CHEDULE B.

ITEMIZED DISBURSEMENTS

Use separate form(s)
for each category of the
Detailed Summary Page

PAGE 1 OF 3
FOR LINE NUMBER 17

Operating Expenditures

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)

Ed Harrison for Congress Campaign

COO281543

A. Full Name, Mailing Address and ZIP Code Neil Curran Communications 434 Parkhurst Dr. Dallas, Tx 75218	Purpose of Disbursement Advertising - Radio Spots Disbursement for: ☒ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 8/31/93 9/13/93 8/18/93	Amount of Each Disbursement This Period 738 3,603 3,150
B. Full Name, Mailing Address and ZIP Code Neil Curran Communications 434 Parkhurst Dr. Dallas, Tx 75218	Purpose of Disbursement Campaign Advisor Fee Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 11-03-93 11-15-93 12-02-93	Amount of Each Disbursement This Period 1500 1500 1500
C. Full Name, Mailing Address and ZIP Code Same as "B"	Purpose of Disbursement Campaign Advisor Fee Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 12-15-93 10-18-93	Amount of Each Disbursement This Period 1500 1500
D. Full Name, Mailing Address and ZIP Code Barry Baron Photography 8617 Lynbrook Drive Bethesda, MD 20814	Purpose of Disbursement Campaign Photography Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 8-19-93	Amount of Each Disbursement This Period 370
E. Full Name, Mailing Address and ZIP Code NREC Communications 320 First Street, S.E. Washington, D.C. 20003	Purpose of Disbursement Campaign Photography Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 8-28-93	Amount of Each Disbursement This Period 233
F. Full Name, Mailing Address and ZIP Code Republican Party of Texas Austin, Texas	Purpose of Disbursement Filing Fee Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 12-2-93	Amount of Each Disbursement This Period 2500
G. Full Name, Mailing Address and ZIP Code Carol Reed Assoc. Inc. 3232 McKinney Ave. Dallas, Texas 75204-2429	Purpose of Disbursement Consulting Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 10-18-93 11-15-93 12-15-93	Amount of Each Disbursement This Period 2000 2000 2000
H. Full Name, Mailing Address and ZIP Code Holiday Inn 711 E. Camp Wisdom Duncanville, Tx 75116	Purpose of Disbursement Room rental & Catering Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 8-26-93 8-13-93	Amount of Each Disbursement This Period 458 75
I. Full Name, Mailing Address and ZIP Code Doug Conaway P.O. Box 0924 DeSoto, Tx 75123-0924	Purpose of Disbursement Maps Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 12-06-93	Amount of Each Disbursement This Period 210

SUBTOTAL of Disbursements This Page (optional)

24,837

TOTAL This Period (last page this line number only)

MODULE B

ITEMIZED DISBURSEMENTS

Use separate sheet for each category of the Detailed Summary Page

PAGE 2 OF 3
FOR LINE NUMBER 17

Operating Expenditures

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)

Ed Harrison for Congress Campaign

COO2 P1543

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Buddy Morahan 515 N. Cedar Ridge Suite 9 Duncanville, Tx 75116	Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	7-23-93 8-28-93 9-27-93 10-12-93	825 825 825 54
B. Full Name, Mailing Address and ZIP Code Same as "A" above	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	10-22-93 12-26-93	525 525
C. Full Name, Mailing Address and ZIP Code Dan Waterman 5310 Kiamesha Way Mesquite, Tx 75150	Consultant Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	11-15-93 12-10-93 12-15-93	320 160 160
D. Full Name, Mailing Address and ZIP Code Joy Gallagher 310 Charlotte St. Duncanville, Tx 75236	Secretarial Services Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	9-13-93	300
E. Full Name, Mailing Address and ZIP Code Southwestern Bell Telephone P.O. Box 9400R Dallas, Tx 75394	Telephone Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	7-17-93 7-20-93 8-03-93 8-16-93	39 27 120 117
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	8-31-93 9-7-93 9-10-93 9-21-93	85 95 100 73
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	9-22-93 10-23-93 10-29-93 11-29-93 12-23-93	20 206 23 138 169
H. Full Name, Mailing Address and ZIP Code Master card (American Airlines) P.O. Box 3013, Tampa, Florida 33630	Travel expenses Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	8-16-93	592
I. Full Name, Mailing Address and ZIP Code Federal Election Commission 999 E. Street NW Washington, D.C. 20463	Voter info. lists Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	8-5-93	566

UBTOTAL of Disbursements This Page (optional)

5379

OTAL This Period (last page this line number only)

Operating Expenditures

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)

Ed Harrison for Congress Campaign C00241543

A. Full Name, Mailing Address and ZIP Code Accent Furniture & Office Supply 408 N Main Duncanville, TX 75116	Purpose of Disbursement Office expense Disbursement for: ☒ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 10-28-93	Amount of Each Disbursement This Period 245
B. Full Name, Mailing Address and ZIP Code Postmaster Cedar Ridge Duncanville, TX 75138	Purpose of Disbursement Postage Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 7-28-93 7-28-93 8-18-93 8-19-93	Amount of Each Disbursement This Period 5 116 116 87
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 9-21-93 10-06-93 12-02-93 12-02-93	Amount of Each Disbursement This Period 203 435 10 150
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 12-16-93	Amount of Each Disbursement This Period 150
E. Full Name, Mailing Address and ZIP Code X-Press Copy 247 N. Hampton Rd. Desoto, TX 75115	Purpose of Disbursement Printing Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 7-27-93 8-05-93 8-28-93 8-31-93	Amount of Each Disbursement This Period 203 80 56 83
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 8-31-93 9-15-93 10-18-93 11-27-93	Amount of Each Disbursement This Period 100 918 1523 158
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 12-20-93	Amount of Each Disbursement This Period 309
H. Full Name, Mailing Address and ZIP Code Kwik Kopy 740 W. Wheatland Duncanville, TX 75116	Purpose of Disbursement Printing Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 12-10-93 9-28-93	Amount of Each Disbursement This Period 222 57
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period

SUBTOTAL of Disbursements This Page (optional)

5226

TOTAL This Period (last page this line number only)

35,442

FINANCIAL DISCLOSURE STATEMENT

Period Covered: January 1, 1993 - December 31, 1993

For use by candidates for the office of
Member and new employees

JAN -5 AM 8:20

Edward Carl Harrison

(Full Name)

P.O. Box 381697 Duncanville, TX 75138

(Mailing Address)

(214) 296-1674

(Daytime Telephone)

OFFICE OF THE CLERK
HOUSE OF REPRESENTATIVES

6

DEC 23 1993

(Office Use Only)

Filer Status	☒ Candidate for the House of Representatives	State: <u>TX</u> District: <u>24</u>	Date of Election: <u>Nov. 94</u>	Check if Amendment ☐
	☐ New officer or employee	Employing Office: _____		

In all sections, please type or print clearly in black ink.

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

Did you or your spouse have "earned" income (e.g., salary or fees) of more than \$200 from any source in the reporting period? If yes, Complete and Attach Schedule I.	Yes ☒ No ☐	Did you hold any reportable positions on or before the date of filing in the current calendar year? If yes, Complete and Attach Schedule IV.	Yes ☐ No ☐
Did you, your spouse, or a dependent child receive "unearned" income of more than \$200 in the reporting period or hold any reportable asset worth more than \$1,000 at the end of the period? If yes, Complete and Attach Schedule II.	Yes ☒ No ☐	Did you have any reportable agreement or arrangement with an outside entity? (New employees only; not candidates.) If yes, Complete and Attach Schedule V.	Yes ☐ No ☒
Did you, your spouse, or a dependent child have any reportable liability (more than \$10,000) during the reporting period? If yes, Complete and Attach Schedule III.	Yes ☒ No ☐	Did you receive compensation of more than \$5,000 from a single source in the two prior years? If yes, Complete and Attach Schedule VI.	Yes ☐ No ☒
Each question in this part must be answered.		Attach the appropriate schedule for each "Yes" response.	

EXCLUSION OF SPOUSE, DEPENDENT, OR TRUST INFORMATION — ANSWER EACH OF THESE QUESTIONS

TRUSTS — Details regarding "Qualified Blind Trusts" approved by the Committee on Standards of Official Conduct and certain other "excepted trusts" need not be disclosed. Have you excluded from this report details of such a trust benefiting you, your spouse, or a dependent child? (See Instructions, page 10.)	Yes ☐ No ☒
EXEMPTION — Have you excluded from this report any other assets, "unearned" income, transactions, or liabilities of a spouse or dependent child because they meet all three tests for exemption? (See Instructions, page 11.)	Yes ☐ No ☒

CERTIFICATION — THIS DOCUMENT MUST BE SIGNED BY THE REPORTING INDIVIDUAL AND DATED

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (5 U.S.C. app. 6, § 101 et seq.). The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions (See 5 U.S.C. app. 6, § 104 and 18 U.S.C. § 1001).	
SIGNATURE OF REPORTING INDIVIDUAL <i>Edward C. Harrison</i>	DATE (Month, Day, Year) December 30, 1993

3

1. List the source, type, and amount of earned income, including honoraria, from any source (other than your current employment by the U.S. Government) totaling \$200 or more during the current year to the filing date and, separately, the preceding calendar year. For a spouse, only the source, not amount of earned income needs to be reported, except for honoraria, for which the source and amount must be reported. See instructions, page 12.

This page may be copied if more space is required.

Continuation Sheet (If needed)[illegible]

9 7 0 4 3 7 8 0 0 3 5

EDWARD L. MALLAM

For further information, see Instructions, pages 14-19.

Information current as of the following date: December 31, 1993 (Must be within 31 days of filing date)

For additional assets and unearned income, use next page

SCHEDULE III—LIABILITIES

Report liabilities of over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence (unless it is rented out); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, child, parent, or sibling of the reporting individual or the reporting individual's spouse. For further information, see instructions, page 21.

B, DC, JT	Creditor	Type of Liability	Category of Amount or Value (X)						
			A \$10,001- \$25,000	B \$25,001- \$50,000	C \$50,001- \$75,000	D \$75,001- \$100,000	E \$100,001- \$250,000	F \$250,001- \$500,000	G Over \$500,000
	Example: First Bank of Wilmington, Delaware	Mortgage on 132 Main Street, Dover, Del.				X			
	E.C. Harrison Properties, Duncanville TX	Personal Loan		X					
	Western Bank, Duncanville TX	Business Loan, Joint Guarantor				X			

SCHEDULE IV—POSITIONS

Report all positions, compensated or uncompensated, held on or before the date of filing during the current calendar year and in the two prior years as an officer, director, trustee of an organization, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States. For further information, see instructions, page 22.

(EXCLUSIONS: Positions held in any religious, social, fraternal, or political entities, and positions solely of an honorary nature need not be shown.)

Position	Name of Organization
President	E. C. Harrison Properties, Inc.
Vice President	Silver Creek Development Co., Inc.
Adjunct Instructor	Dallas Baptist University
Employee	Employee Staffing Services Inc.

Use additional sheets if more space is required.

SCHEDULE IV - POSITIONS (Additional)

Position	Name of Organization
President	Duncaville Home Builders Assoc.
Director	Dallas Assoc. of Home Builders

Business Information Report™

Page 1 of 5

For: DUN & BRADSTREET INC

July 2, 1993
12:36 pm

BUSINESS SUMMARY

HARRISON, E C PROPERTIES, INC
+HARRISON HOMES

DUNS: 17-410-3093

RATING BA2

BOX 381383
DUNCANVILLE TX 75138
419 MORNING DOVE DR
MOVED FROM (3/93) DE SOTO, TX
DUNCANVILLE TX 75137
TEL: 214 709-8130SINGLE-FAMILY
HOUSE CONSTRUCTION
SIC NO.
1521STARTED 1984
PAYMENTS SEE BELOW
SALES \$1,600,000
(PROJ)
WORTH F \$318,990
EMPLOYS 3
HISTORY CLEAR
FINANCING SECURED
FINANCIAL
CONDITION GOOD

CHIEF EXECUTIVE: EDWARD C HARRISON, PRES-V PRES

SPECIAL EVENTS

03/10/93 On Mar 10 1993 Jo Neill, office manager, stated that the business is in the process of moving to a new construction site located at 419 Morning Dove, Duncanville, TX, 75137. Phone number and mailing address will remain the same.

PAYMENTS

REPORTED	PAYING RECORD	HIGH CREDIT	NOW ONES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
03/93	Ppt	10000	-0-	-0-	N10	1 Mo
	Ppt	5000	-0-	-0-	N30	1 Mo
01/93	(003)	100	-0-	-0-	Regular terms	1 Mo

* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

For:

DUN & BRADSTREET INCJuly 2, 1993
12:36 pm**FINANCE**

Our Customer Service Center is Available To Assist You In Reviewing This Account. Please Call (800) 234-3867 To Speak With A Customer Service Representative.

03/10/93

	Interim 5 months Aug 31 1990	Interim 6 months Sep 30 1990	Interim Feb 26 1993
Curr Assets	376,883	334,644	461,294
Curr Liabs	200,818	122,669	267,128
Current Ratio	1.87	2.74	1.72
Working Capital	176,065	212,575	194,166
Other Assets	5,352	5,352	124,824
Worth	181,417	217,927	318,990
Sales	560,870	765,800	65,439
Net Profit (Loss)	36,582	74,162	4,333
Interim statement dated FEB 26 1993:			
Cash	\$ 142,869	Accts Pay	\$ 21,032
Work In Progress	318,425	Notes Pay	241,838
		Deposits By	
		Clients	5,850
		Taxes	(1,592)
Curr Assets	461,294	Curr Liabs	267,128
Fixed Assets	124,824	COMMON STOCK	1,000
		CURRENT PERIOD	
		PROFIT	4,332
		RETAINED EARNINGS	156,641
		PROFIT YTD	157,017

Total Assets	586,118	Total	586,118
--------------	---------	-------	---------

From FEB 01 1993 to FEB 26 1993 sales \$65,439. Operating expenses \$61,106. Operating income \$4,333. Net income \$4,333.

Submitted MAR 10 1993 by Jo Neill, office manager. Prepared from books without audit.

--0--

Notes payable are due to financial institutions for construction loans.

On MAR 10 1993 Jo Neill, office manager, submitted the above figures.

She submitted the following partial estimates dated MAR 10 1993: Projected annual sales are \$ 1,600,000.

97043780039

For: **DUN & BRADSTREET INC**July 2, 1993
12:36 pm**PUBLIC FILINGS**

The following data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

***** UCC FILING(S) *****

COLLATERAL: Specified Negotiable Instruments including proceeds and products - Specified Inventory including proceeds and products - Specified Account(s) including proceeds and products - Specified Chattel paper including proceeds and products - and OTHERS

FILING NO: 92224853 **DATE FILED:** 11/16/1992
TYPE: Original **LATEST INFO RECEIVED:** 01/11/1993
SEC. PARTY: DUNCANVILLE NATIONAL BANK, **FILED WITH:** SECRETARY OF
DUNCANVILLE, TX **STATE/UCC DIVISION,**
DEBTOR: E C HARRISON PROPERTIES INC **TX**

COLLATERAL: Specified Negotiable Instruments including proceeds and products - Specified Inventory including proceeds and products - Specified Account(s) including proceeds and products - Specified Timber including proceeds and products - and OTHERS

FILING NO: 91163854 **DATE FILED:** 08/22/1991
TYPE: Original **LATEST INFO RECEIVED:** 09/18/1991
SEC. PARTY: DUNCANVILLE NATIONAL BANK, **FILED WITH:** SECRETARY OF
DUNCANVILLE, TX **STATE/UCC DIVISION,**
DEBTOR: E C HARRISON PROPERTIES INC **TX**

COLLATERAL: Specified Negotiable Instruments and proceeds - Specified Inventory and proceeds - Specified Account(s) and proceeds - Specified Farm products/crops and proceeds - and OTHERS

FILING NO: 91135009 **DATE FILED:** 07/11/1991
TYPE: Original **LATEST INFO RECEIVED:** 08/08/1991
SEC. PARTY: DUNCANVILLE NATIONAL BANK, **FILED WITH:** SECRETARY OF
DUNCANVILLE, TX **STATE/UCC DIVISION,**
DEBTOR: E C HARRISON PROPERTIES INC **TX**

COLLATERAL: Specified lot 23

FILING NO: 91230543 **DATE FILED:** 12/02/1991
TYPE: Original **LATEST INFO RECEIVED:** 01/02/1992
SEC. PARTY: DUNCANVILLE NATIONAL BANK, **FILED WITH:** SECRETARY OF
DUNCANVILLE, TX **STATE/UCC DIVISION,**
DEBTOR: E C HARRISON PROPERTIES INC **TX**

FILING NO: 89115851
TYPE: Termination
SEC. PARTY: DUNCANVILLE NATIONAL BANK,
DUNCANVILLE, TX
DEBTOR: HARRISON, E C PROPERTIES INC

DATE FILED: 11/16/1990
LATEST INFO RECEIVED: 01/14/1991
ORIG. UCC FILED: 05/22/1989
ORIG. FILING NO: 89115851
FILED WITH: SECRETARY OF
STATE/UCC DIVISION,
TX

For: **DUN & BRADSTREET INC**July 2, 1993
12:36 pm**PUBLIC FILINGS (continued)**

FILING NO: 88160942
TYPE: Termination
SEC. PARTY: FIRST INTERSTATE BANK NA,
BEDFORD, TX
DEBTOR: HARRISON, E C PROPERTIES

DATE FILED: 10/30/1990
LATEST INFO RECEIVED: 12/10/1990
ORIG. UCC FILED: 07/08/1988
ORIG. FILING NO: 88160942
FILED WITH: SECRETARY OF
STATE/UCC DIVISION,
TX

FILING NO: 88059377
TYPE: Termination
SEC. PARTY: FIRST INTERSTATE BANK, BEDFORD,
TX
DEBTOR: HARRISON, E C PROPERTIES

DATE FILED: 10/30/1990
LATEST INFO RECEIVED: 12/10/1990
ORIG. UCC FILED: 03/11/1988
ORIG. FILING NO: 88059377
FILED WITH: SECRETARY OF
STATE/UCC DIVISION,
TX

FILING NO: 88043051
TYPE: Termination
SEC. PARTY: FIRST INTERSTATE BANK NA,
BEDFORD, TX
DEBTOR: HARRISON, E C PROPERTIES

DATE FILED: 10/30/1990
LATEST INFO RECEIVED: 12/10/1990
ORIG. UCC FILED: 02/22/1988
ORIG. FILING NO: 88043051
FILED WITH: SECRETARY OF
STATE/UCC DIVISION,
TX

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

HISTORY

03/10/93

EDWARD C HARRISON, PRES-V PRES
DIRECTOR(S): THE OFFICER(S)

TRISH HARRISON, SEC

CORPORATE AND BUSINESS REGISTRATIONS REPORTED BY THE SECRETARY
OF STATE OR OTHER OFFICIAL SOURCE AS OF 04/29/1993:

BUSINESS TYPE: Corporation -
Profit

DATE INCORPORATED: 11/30/1983
STATE OF INCORP: Texas

For: **DUN & BRADSTREET INC**July 2, 1993
12:36 pm**HISTORY (continued)**

Business started 1984 by Edward C Harrison. Relocated Mar 1993 from De Soto, TX. 100% of capital stock is owned by officers.

EDWARD C HARRISON born 1954. 1975-78 employed by Red Bird Ford, Duncanville, TX. 1979-83 employed by Kreiger Equipment, Dallas, TX. 1984 to present active here.

TRISH HARRISON born 1953. 1974-83 employed by Adrian Construction Co, Dallas, TX. 1984 to present active here.

OPERATION

03/10/93 Contractor of single family housing, specializing in new construction (100%).
Contractor specializing in single family new homes (100%). This business contracts 100% of work to others. Contracts are obtained through bidding 50% and negotiation 50%. Terms are progress payments 33%.
Progress payments are billed bi-weekly. Sells to general public.
Territory : Local.
Nonseasonal.
EMPLOYEES: 3 including officers.
FACILITIES: Owns 600 sq. ft. in one story brick building.
LOCATION: Residential section on side street. Office is located in a model home.
07-02(263 /001) 00000 101 166

-- END OF REPORT --

If you have any questions or suggestions about this report
please call the D&B Customer Service Center at 1(800)234-3867.

Ed Harrison for Congress ⁽⁵⁾

"Time for a new conservative Congressman from the 24th District serving Tarrant, Dallas, Ellis & Navarro Counties"

P.O. BOX 381383 DUNCANVILLE, TEXAS 75138 (214) 709-8130

Ed Harrison stresses need for conservative, pro-business, Texas Congressman

Republican businessman Ed Harrison launched his campaign early for Congressman of Texas District 24, representing parts of Tarrant, Dallas, Ellis, and Navarro Counties.

Harrison knows it will take hard work, good organization and strong financial support to unseat liberal Democrat Martin Frost. Ed and his campaign are prepared to do what it takes to win.

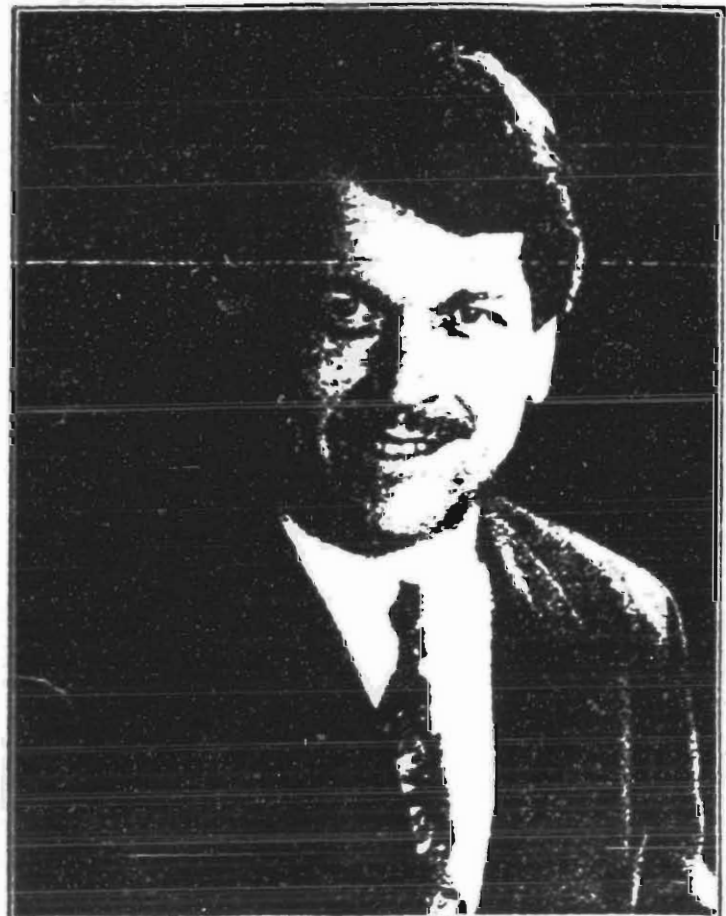
"We have to stop this run-away tax and spend liberal Congress," warns Harrison. "As a businessman I know how to operate within a budget, work with people to create a vision and accomplish positive results. We need to pass the balanced budget amendment and reduce the national debt. If we remove bureaucratic waste, regulations, and unnecessary taxation, we will encourage the private sector, small and large businesses, to become more productive and create more jobs at all levels.

"The government needs to befriend small businesses, not belittle them. We need to get America working again."

- Ed Harrison

The government needs to befriend small businesses, not belittle them. We need to get America working again," challenges Harrison.

"To paraphrase Thomas Jefferson, when government tells business what it can do and when to do it, soon there will



Ed Harrison, prominent businessman and civic leader; owner of Harrison Homes, a successful residential construction and property development firm for over a decade.

be nothing to do," quips Harrison.

The incumbent, Frost, has been rated more anti-business than Ted Kennedy by pro-business forces like the National Federation of Independent Business. At a town hall meeting in Duncanville in 1992, Frost said, "The problem is not the money being spent but rather the lack of money coming in." Frost voted for new taxes, to raise taxes and to permit spending of federal funds for surveys on sexual behavior, but, he voted against a \$21 million cut in tax-funded Congressional junk mail and against term limits for congress. However, Frost does get high ratings from the American Civil Liberties Union.

Frost is part of the liberal, Washington, D.C. establishment. The hard working, conservative people of Texas need to know Frost no longer represents their interests. He doesn't even think like a Texan any more.

What kind of man is Ed Harrison?

Ed, 39, has built and operated a successful business over the past decade. He is President and C.E.O. of E.C. Harrison Properties, Inc. which is headquartered in Duncanville, Texas. He is a member of the Duncanville Chamber of Commerce; the Better Business Bureau; the National Federation of Independent Business (NFIB) and its Council of 100; National Association of Home Builders (NAHB); Texas Association of Builders (TAB); and the Home and Apartment Builders of Metropolitan Dallas (HAB).

Ed served in the United States Navy in the early 1970's as a construction electrician with the Seabees before receiving his honorable discharge.

He received his B.S. degree in history from Dallas Baptist University in 1980. Additionally he earned a Master's degree from Dallas Theological Seminary.



Ed Harrison and his wife Trish with their three children, Brian, Karl, and Kelly.

Ed also serves as an Adjunct Professor at Dallas Baptist University.

Ed is a former Republican Precinct Chairman, working at the grass roots level for President Ronald Reagan

and all Republican candidates. He's also served as a delegate to several state Republican conventions.

Ed Harrison is active in his community and profession. He's a dedicated family man

who cares about people and about our country. He's the kind of man who can make a difference.

A man you can trust.

Join the Ed Harrison Congressional Campaign!

Let's send a conservative, pro-business Congressman to Washington from District 24 to rightly represent the people of Tarrant, Dallas, Ellis and Navarro counties. We're building a solid campaign organization in every community. We can use your help. You can make a difference!

To find out more give Ed a call at (214) 709-8130

Thank you.

PAID FOR BY ED HARRISON

MAY 15 1993

STATEMENT OF ORGANIZATION

(See reverse side for instructions)

MAY 19 AM 7:38

1. (a) NAME OF COMMITTEE IN FULL

Ed Harrison for Congress Campaign

(b) Number and Street Address

P.O. Box 381383

(c) City, State and ZIP Code

Duncanville, TX 75138

2. DATE

MAY 19 1993

3. BY THE CLERK

155780

4. IS THIS COMMITTEE A SEPARATE LEGAL ENTITY?

YES NO

5. TYPE OF COMMITTEE (Check one)

- ☐ (a) This committee is a principal campaign committee. (Complete the candidate information below.)
- ☐ (b) This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)
- | | | | |
|---|--|------------------------------------|--------------------------------------|
| Name of Candidate
Ed Harrison | Candidate Party Affiliation
Republican | Office Sought
U.S. House | State/District
Texas, 24th |
|---|--|------------------------------------|--------------------------------------|
- ☐ (c) This committee supports/opposes only one candidate _____ and is NOT an authorized committee. (name of candidate)
- ☐ (d) This committee is a _____ committee of the _____ Party. (National, State or subordinate) (Democratic, Republican, etc.)
- ☐ (e) This committee is a separate segregated fund.
- ☐ (f) This committee supports/opposes more than one Federal candidate and is NOT a separate segregated fund or a party committee.

Name of Any Connected Organization or Affiliated Committee	Mailing Address and ZIP Code	Relationship

Type of Connected Organization

☐ Corporation ☐ Corporation w/o Capital Stock ☐ Labor Organization ☐ Membership Organization ☐ Trade Association ☐ Cooperative

7. Custodian of Records: Identify by name, address (phone number - optional) and position of the person in possession of committee books and records.

Full Name

Mailing Address

Title or Position

Karen Nealy

1417 Primrose

Asst. Treasurer

8. Treasurer: List the name and address (phone number - optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name

Mailing Address

Title or Position

Mike Neill

201 Pearly Top
Glenn Heights, TX 75115

Treasurer

Karen Nealy

(See Above)

Asst. Treasurer

9. Banks or Other Depositories: List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.

Mailing Address and ZIP Code

Western Bank

219 E. Camp Wilson
Duncanville, TX 75116

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

TYPE OR PRINT NAME OF TREASURER

Mike Neill

SIGNATURE OF TREASURER

Mike Neill

DATE

May 6, 1993

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g. ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.

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For further information contact:
Federal Election Commission
Toll-free 800-424-9530
Local 202-376-3120FEC FORM 1
(revised 4/87)

970437801938

REGULAR MAIL

JUL 06 1993



P.O. Box 381697 • Duncanville, Texas 75138
(214) 230-4656

July 1, 1993

Clerk of the House of Representatives
1036 Longworth House Office Building
Washington, DC 20515-6612

To Whom It May Concern,

While testing the water, prior to filing with the FEC concerning a race for Texas' 24th congressional district, I had some brochures and letterheads made. On these brochures and letterheads I placed my company's mailing address and phone number. Additionally, in filing my candidacy with the FEC I also used my companies address and phone number.

However, since filing with the FEC I have become aware that this is improper and not allowed. Therefore, I have now ordered new brochures and stationery showing the new and separate address and phone number from my company.

I hope to conform to any and all FEC guidelines and I apologise for this error.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ed Harrison". There is a small checkmark above the signature.

Ed Harrison

FEC ID# C00281543

RECEIVED
OFFICE OF CLERK
U.S. HOUSE OF REPRESENTATIVES
JUL 9 9 AM 8 21

9973043780043

Business Information Report™

Page 1 of 5

For: DUN & BRADSTREET INC

July 2, 1993
12:36 pm

BUSINESS SUMMARY

HARRISON, E C PROPERTIES, INC +HARRISON HOMES	DUNS: 17-410-3093	RATING	BA2
BOX 381383 DUNCANVILLE TX 75138 419 MORNING DOVE DR MOVED FROM (3/93) DE SOTO, TX DUNCANVILLE TX 75137 TEL: 214 709-8130	SINGLE-FAMILY HOUSE CONSTRUCTION SIC NO. 1521	STARTED PAYMENTS SALES	1984 SEE BELOW \$1,600,000 (PROJ)
		WORTH F EMPLOYS HISTORY FINANCING FINANCIAL CONDITION	\$318,990 3 CLEAR SECURED GOOD
CHIEF EXECUTIVE: EDWARD C HARRISON, PRES-V PRES			

SPECIAL EVENTS

03/10/93 On Mar 10 1993 Jo Weill, office manager, stated that the business is in the process of moving to a new construction site located at 419 Morning Dove, Duncanville, TX, 75137. Phone number and mailing address will remain the same.

PAYMENTS

REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
03/93	Ppt	10000	-0-	-0-	N10	1 Mo
	Ppt	5000	-0-	-0-	N30	1 Mo
01/93	(003)	100	-0-	-0-	Regular terms	1 Mo

* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

List the source, type, and amount of earned income, including honoraria, from any source (other than your current employment by the U.S. Government) totaling \$200 or more during the current year to the filing date and, separately, the preceding calendar year. For a spouse, only the source, not amount of earned income needs to be reported, except for honoraria, for which the source and amount must be reported. See instructions, page 12.

This page may be copied if more space is required.

 ∞

9

Builder plans to run for District 24 seat

BY MAX N. BAKER
Fox World Star Tribune

ARLINGTON — It may be about 85 degrees outside, but a DeSoto home builder and Republican congressional candidate said yesterday that his North Texas district can't endure any more "Frostbite" from Rep. Martin Frost.

Ed Harrison, 39, announced his candidacy yesterday for the District 24 seat that Frost, a Dallas Democrat, has held for 15 years.

Although the election is more than a year away, Harrison already is on the attack. He said he plans to spend \$500,000 campaigning. He has shelled out \$10,000 for advertising attacking Frost's congressional record, he said.

"For 15 years we have wondered if there is no tax bill that this conservatively dressed liberal will not impose on us," said Harrison, who owns a real estate and homebuilding firm in Duncanville. "This man has never met a tax bill he didn't love."

Harrison said that Frost is vulnerable because of a voting record that includes his recent support of President Clinton's budget plan and \$16 billion economic stimulus plan.

"Martin Frost is Bill Clinton's congressman in Texas," Harrison said. "When the people of his district overwhelmingly pleaded with

him not to vote to raise their taxes, he ignored them."

Frost would not comment on Harrison as an opponent, saying that he must first survive his party's primary. But as far as being labeled as a tax-and-spend liberal, Frost said that is Republican rhetoric to cover up for the borrow-and-spend policies of the Bush and Reagan administrations.

"I believe in running hard. I try to take my job seriously and campaign seriously," Frost said.

Harrison said he decided to run more than six months ago because

"For 15 years we have wondered if there is no tax bill that this conservatively dressed liberal will not impose on us. This man has never met a tax bill he didn't love."

— Ed Harrison
candidate

taking on the well-known congressman will take a big campaign budget. Harrison said his campaign has about \$100,000 in the bank.

His radio spots, which talk about



Martin Frost: Criticized for support of Clinton's plan

Frost's voting record, began playing yesterday on radio WBAP/120 AM during the Rush Limbaugh show.

Harrison is president of the Duncanville Home and Apartment Builders Association. He also is a former Republican precinct chairman.

Frost spent about \$1.5 million over two years for his 1992 campaign and got 60 percent of the vote. Steve Masterton, Frost's 1992 opponent, said he spent about \$109,000 on his primary and general election campaign.

In congressional redistricting stemming from the 1990 Census, Frost's district stretches from near Dallas Love Field west through Grand Prairie and Democratic parts of Arlington and into southeast Fort Worth. Anglo voters make up about 60 percent of the district, Hispanic 21 percent and African-Americans 19 percent.

97043780019

[5 pages into the Metro Section]



1

Local

Harrison will challenge Martin Frost for congressional seat

By MARK GOODSON

News Staff Writer

A DeSoto homebuilder announced plans to challenge long-time Democrat Martin Frost for the District 34 congressional seat, which includes parts of Arlington, by slugging the incumbent for supporting the president's economic proposals.

Republican Ed Harrison, 39, said he plans to spend \$500,000 to oust the 18-year incumbent, campaigning on a platform of lower taxes, spending cuts and a balanced budget.

"I'm a business man, I've built a small business," Harrison said. "I've worked my way up and I appreciate the hard working people



Harrison

of the 34th district. I'm a fiscal conservative, not a spend and tax (give away) artist. I know how to create a business in the private sector, not tax it out of existence."

The Republican primary will be held in March, with the general election scheduled November 1994. The 34th district includes parts of Tarrant, Dallas, Ellis and Tarrant counties, including southern parts of Arlington and Grand Prairie. The constituent makeup of the district is 60 percent white, 31 percent Hispanic and 29 percent African American.

In launching his campaign Wednesday in Arlington, Harrison set out by attacking Frost's support for President Bill Clinton's economic stimulus proposal that was defeated in the senate, and both the initial and final versions of

Clinton's deficit reduction package, signed into law last month.

"Just this year alone we have witnessed him step up to the plate and vote of least three times to unanimously raise our taxes, something I would not do," Harrison said. "By his own admission, the majority of phone calls to his office were opposed to approving this record of making and retroactive tax increases but he approved it anyway."

Frost's record shows allegiance to Clinton over his constituents, he said.

"Martin Frost is Bill Clinton's congressman in Texas," he said. "When the people of his district overwhelmingly pleaded with him not to vote to raise their taxes, he ignored them. But when Clinton asked him to vote for the largest

tax increase in the history of our nation, he happily cooperated."

Harrison said he will bank on his business background in tackling the problems.

"As a businessman, I know how to operate within a budget, work with people to create a vision and accomplish positive results," he said.

Chief among his efforts will be to lobby for a balanced budget amendment, he said.

"We need to pass the balanced budget amendment and reduce the deficit," he said. "If we remove bureaucratic waste, regulations and unnecessary taxation, we will encourage the private sector small and large businesses, to become more productive and create more jobs at all levels."

Harrison is president and chief

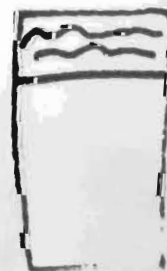
executive officer of H.C. Harrison Properties Inc. which is headquartered in Duncanville, according to his campaign literature. He is a member of the Duncanville Chamber of Commerce, Better Business Bureau, National Federation of Independent Business and served as president of the Duncanville Home and Apartment Builders Association and the National Association of Home Builders, it says.

He served in the Navy in the 1970s as a construction electrician, holds a bachelor's degree in history from Dallas Baptist University and a master's degree, according to the literature. He is a former Republican precinct chairman, working at the grass roots level for former President Ronald Reagan and served as a delegate to several

state Republican conventions.

He and his wife, Lish, have three children, Brian, Karl and Kristley.

Among his endorses, according to the literature, are Arlington State Representative Kent Cravenford, Dallas County Commissioner Jim Jackson, Tarrant County Sheriff David Williams, Tarrant County Sheriff John Gage and Texas Mayor and president of the North Texas Council of Governments, David Doyle.



DeSoto Republican already gearing up to take on Frost



DAVID FLICK
METRO POLITICS

Voters in the 34th Congressional District won't vote for a U.S. representative for more than 14 months, but Ed Harrison is doing his bit to

ments and put \$100,000 of his own money in a campaign treasury.

All this is in pursuit of the defeat of U.S. Rep. Martin Frost, D-Dallas, in the 1994 election.

The early start signifies more than just enthusiasm for the campaign trail. Mr. Harrison's campaign manager, Neil Curran, acknowledges that part of the strategy includes scaring off other Republican challengers in the March primary.

But another reason is purely practical, he said.

"One of the problems in running against Martin Frost in the past is that Republicans have not started early enough," he said.

Mr. Harrison adds: "It's never easy to beat an incumbent. You

need a lot of catching up to do as far as name recognition."

This is all academic, as far as Mr. Frost is concerned.

"I'm not going to comment on anyone until they get the Republican nomination," he said.

Mr. Frost notes that in 1992, the GOP primary in the 34th District drew four candidates. Mr. Harrison's candidacy, he said, is less a function of political savvy than a symptom of a national trend.

"There are people all over the country starting congressional campaigns early. This is a very contentious year," he said.

This opinion is echoed by Debra Rhineman, chairwoman of the Ellis County Republican Party.

"We're seeing that kind of early

start everywhere this year," she said. "It's kind of a trend, but it's amazing."

She attributes the early start to a feeling among Republicans that 1994 may be a vintage political year for them.

"Clinton's had a lousy first year in office. They (the candidates) want to get on board early," she said.

Mr. Curran said Republicans are encouraged by the shape of Mr. Frost's newly redrawn district, which he said voted 59 percent for George Bush in last year's presidential election and 68 percent for Kay Bailey Hutchison in last spring's special Senate race.

But Mr. Frost remains confident. "I'm satisfied with my district; I

feel very comfortable with the level of support there," he said.

Mr. Frost, by the way, is not the only congressional incumbent facing opposition so long before the election.

U.S. Rep. Sam Johnson, R-Dallas, has had someone within his own party campaigning against him since April.

Dave Schum, an insurance agent from Far North Dallas, said he has decided to enter the Republican primary against Mr. Johnson "because congressmen in this district typically don't draw opposition within their own party. I think that's dangerous."

Mr. Schum's campaign organization is much more modest than Mr.

Harrison's. Mr. Schum has raised about \$5,000 and has no campaign headquarters.

His main interest in running, said, is to overhaul the federal income tax code, replacing it with national sales tax.

Mindy Tucker, Mr. Johnson's press secretary, said the congressman "welcomes competition in the upcoming election."

"He's had conversations with this man and is glad the debate that will be on the budget and taxes, a subject near and dear to his heart and important to the residents of the 3rd District."

David Flick is an assistant city editor in charge of local political coverage.

①

Spokane Morning Star Thursday, September 9, 1993

METRO REPORT

NEWS BRIEFS

Developer to challenge Frost for seat in Congress
Mr. G. H. Hanson, a Republican real estate developer and former legislator, announced Wednesday that he will challenge Democratic incumbent Steve Frost in the 2nd U.S. Congressional District. Mr. Hanson, who lives in Spokane and is president of Spokane-based G.H. Hanson Properties Inc., said he will campaign against "this century tax-and-spend liberal Congress." Mr. Hanson is making his first political race in the 2nd District, which includes parts of Dallas' Love Field area and Oak Creek, as well as sections of Tarrant, Ellis and Navarro counties. Mr. Frost, first elected in 1976, lost some of his district during 1990 census redistricting but still carried 60 percent of the vote last year in defeating Republican Steve McManaman.

97043 / 80052

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Harrison launches campaign for Congress

Defolite home builder and real estate developer Ed Harrison formally announced his candidacy for U.S. Congress from the 5th Congressional District.

The district is made up of parts of Dallas, Tarrant and Ellis counties and all of Navarro County.

The Republican primary will be in March and the election in November 1994. Harrison is a Republican.

Harrison called incumbent Congressman Martin Frost "a tax and spend liberal who never met a tax increase he didn't like. Frost continually votes to raise taxes and spending. I won't. The working men and women and small businesses of our area continue to suffer from the dreaded Texas 'trust bite'. Martin Frost is Bill Clinton's Congressman in Texas. It's time for a change. It's time to defeat Congress," said Harrison.

Harrison has already been endorsed by many key elected officials in the area including Dallas County Commissioner Jim Jackson, Tarrant County Sheriff David Williams, Ellis County Sheriff John Gage, Tarrant County Tax Assessor June Gar-



ED HARRISON

tative Kent Grunwaldt and Defolite Mayor and President of the North Texas Council of Governments David Doyle.

97043780053

included in all
the Today editions.

Southwest Life ■ Thursday, September 2, 1993 ■

20



Ed Harrison addresses a reception in Duncanville concerning his candidacy for the U.S. Congress. Harrison, a Republican, plans to challenge longtime Democratic Congressman Martin Frost in the 1994 election next November. Frost has yet to draw any other opposition for the 24th District seat, which includes the cities of the Best Southwest.

Harrison candidacy gets boost from reception of Republican leaders held in Duncanville

A reception was held for Ed Harrison last Thursday at the Duncanville Holiday Inn to encourage him to challenge Martin Frost in next year's congressional election. The event was hosted by a who's-who of Republican leaders in the twenty-fourth congressional district.

It included Dallas County Commissioner Jim Jackson, Tarrant County Sheriff David Waller, Ellis County Commissioner John Page,

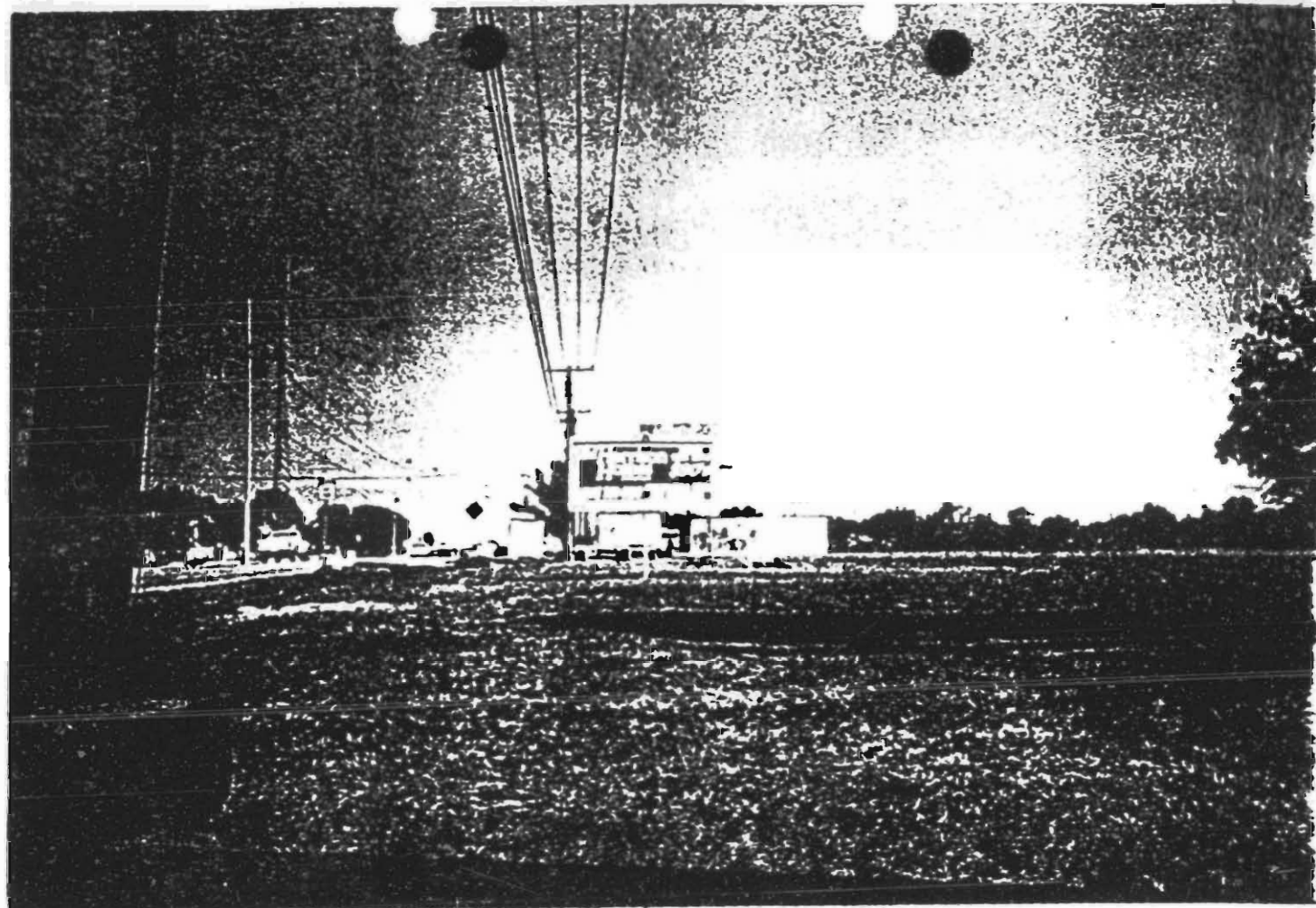
Today Newspapers Chairman Richard Collins as well as Dallas County Clerk Earl Bullock, Dallas County Tax Assessor David Childs, Ellis County Tax Assessor Carol Calvert and Ellis County Commissioners Ron Brown and Connie Doyle.

Dallas County Republican Chairman Bob Drieger, former Dallas City Commissioner Dr. Charles "Doc" Smith, Dallas Republican Executive Committee

member Anita Lawton and Ellis County Republican Chairman Debra Hanneman were also in attendance.

It looked like every major Republican in Dallas, Tarrant and Ellis counties has encouraged Harrison to run, and the objective of the gathering was to unite behind and encourage to challenge Frost.

80055



97043



Ed Harrison *for Congress*

Paid For By Ed Harrison For Congress Campaign

9 7 0 4 3 7 8 0 0 5 6

EB-18 1994

RE: JRT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)RECEIVED
OFFICE OF RECORDS & REGISTRATION

134 FEB 24 PM 3:06

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

GULF MAIL

1. NAME OF COMMITTEE (in full)

Ed Harrison for Congress Campaign
ADDRESS (number and street) [] Check if different than previously reportedP.O. Box 381697
CITY, STATE and ZIP CODE

STATE-DISTRICT

Duncanville, Texas 75138 TX - 24th

2. FEC IDENTIFICATION NUMBER

C00281543

155780

3. IS THIS REPORT AN AMENDMENT?

[] YES

[X] NO

4. TYPE OF REPORT

[] April 15 Quarterly Report

[X] Twelfth day report preceding Primary
(Type of Election)

[] July 15 Quarterly Report

election on March 8th in the State of Texas

[] October 15 Quarterly Report

[] Thirtieth day report following the General Election of

[] January 31 Year End Report

in the State of

[] July 31 Mid Year Report (Non-election Year Only)

[] Termination Report

This report contains
activity for

[X] Primary Election

[] General Election

[] Special Election

[] Runoff Election

SUMMARY

	COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period 1-1-94 through 2-16-94		
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e))	16,861	16,861
(b) Total Contribution Refunds (from Line 20(d))	0	0
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	16,861	16,861
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	20,407	20,407
(b) Total Offsets to Operating Expenditures (from Line 14)		
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	20,407	20,407
8. Cash on Hand at Close of Reporting Period (from Line 27)	87,789	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)		
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	528	

For further information
contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800-424-9530
Local 202 376 3120

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer

Mike R. Neill
Signature of Treasurer

Date

2-18-94

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g

FEC FORM 3
(revised 4/87)

97043780057

DETAILED SUMMARY PAGE

of Receipts and Disbursements

(Page 2, FEC FORM 3)

Name of Committee (in full)		Report Covering the Period	
<u>Ed Harrison for Congress Campaign</u>		From: <u>1-1-94</u>	To: <u>2-16-94</u>
I. RECEIPTS		COLUMN A Total This Period	COLUMN B Calendar Year-To-Date
11. CONTRIBUTIONS (other than loans) FROM			
(a) Individuals/Persons Other Than Political Committees			
(i) Itemized (use Schedule A)		11,750	
(ii) Unitemized		5,034	
(iii) Total of contributions from individuals		16,784	16,784
(b) Political Party Committees		100	100
(c) Other Political Committees (such as PACs)			
(d) The Candidate			
(e) TOTAL CONTRIBUTIONS (other than loans) (add 11(a)(iii), (b), (c) and (d))		16,884	16,884
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES			
13. LOANS			
(a) Made or Guaranteed by the Candidate		202	202
(b) All Other Loans			
(c) TOTAL LOANS (add 13(a) and (b))		202	202
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)			
15. OTHER RECEIPTS (Dividends, Interest, etc.)		93	93
16. TOTAL RECEIPTS (add 11(e), 12, 13(c), 14 and 15)		17,179	17,179
II. DISBURSEMENTS			
17. OPERATING EXPENDITURES		20,407	20,407
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES			
19. LOAN REPAYMENTS:			
(a) Of Loans Made or Guaranteed by the Candidate			
(b) Of All Other Loans			
(c) TOTAL LOAN REPAYMENTS (add 19(a) and (b))			
20. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees			
(b) Political Party Committees			
(c) Other Political Committees (such as PACs)			
(d) TOTAL CONTRIBUTION REFUNDS (add 20(a), (b) and (c))			
21. OTHER DISBURSEMENTS			
22. TOTAL DISBURSEMENTS (add 17, 18, 19(c), 20(d) and 21)		20,407	20,407
III. CASH SUMMARY			
23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD		\$ 91,017	
24. TOTAL RECEIPTS THIS PERIOD (from Line 16)		\$ 17,179	
25. SUBTOTAL (add Line 23 and Line 24)		\$ 108,196	
26. TOTAL DISBURSEMENTS THIS PERIOD (from Line 22)		\$ 20,407	
27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (subtract Line 26 from 25)		\$ 87,789	

97043780058

SCHEDULE A

11 1250 RECEIPTS

Use separate schedule for each category of the Receipt Summary Page

PAGE 1 OF 1
FOR LINE NUMBER 11512a

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)

Ed Harrison for Congress Campaign

CA0291543

A. Full Name, Mailing Address and ZIP Code Brian Shrauger 750 N. St. Paul Dallas, Tx 75201 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Quesor Group, Inc. Occupation Investor Advisor Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 1-3-94	Amount of Each Receipt this Period 1000
B. Full Name, Mailing Address and ZIP Code Robert Rader, Jr. 950 W. Valley Ridge DeSoto, Tx 75115 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Self Occupation Attorney Aggregate Year-to-Date > \$ 500	Date (month, day, year) 1-4-94	Amount of Each Receipt this Period 500
C. Full Name, Mailing Address and ZIP Code Chris Najork 1703 Beaver Creek Duncanville, Tx 75137 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer NFS Investments Group, Inc. Occupation Investment Mgr. Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 1-13-94	Amount of Each Receipt this Period 1000
D. Full Name, Mailing Address and ZIP Code Harold Simmons 5430 LBJ Freeway, Suite 1700 Dallas, Tx 75240 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Contran Corp. Occupation C.E.O. Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 1-18-94	Amount of Each Receipt this Period 1000
E. Full Name, Mailing Address and ZIP Code Paul Andrews 3500 Elm Creek Ct. Ft. Worth, Tx 76109 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer TTE, Inc. Occupation Owner + C.E.O. Aggregate Year-to-Date > \$ 500	Date (month, day, year) 1-18-94	Amount of Each Receipt this Period 500
F. Full Name, Mailing Address and ZIP Code John Rhea 4000 Lexington Dallas, Tx 75205 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Retired Aggregate Year-to-Date > \$ 250	Date (month, day, year) 1-18-94	Amount of Each Receipt this Period 250
G. Full Name, Mailing Address and ZIP Code Merric Spaeth 8366 Garland Rd. Dallas, Tx 75218 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Add. Info. Requested 2-1-94 Occupation Aggregate Year-to-Date > \$ 250	Date (month, day, year) 1-21-94	Amount of Each Receipt this Period 250

SUBTOTAL of Receipts This Page (optional)

4500

TOTAL This Period (last page this line number only)

SCHEDULE A

ITEMIZED RECEIPTS

if separate schedule(s)
and category of the
Donor Summary Page

PAGE 2 OF 3
FOR LINE NUMBER 11 (i) (a)

Contributions by Individuals

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)

Ed Harrison for Congress Campaign

C 00281548

A. Full Name, Mailing Address and ZIP Code Charles Crockett P.O. Box 812782 Duncanville, TX 75138 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer The Crockett Co. Occupation Computer Analyst Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 1-31-94	Amount of Each Receipt this Period 1000
B. Full Name, Mailing Address and ZIP Code Martha Sewell 1150 N. Centerbury Cr. Dallas, TX 75208 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Retired Aggregate Year-to-Date > \$ 500	Date (month, day, year) 1-31-94	Amount of Each Receipt this Period 500
C. Full Name, Mailing Address and ZIP Code Roy Bailey P.O. Box 7449 Dallas, TX 75298-0449 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Bailey Ins. Associates Occupation Insurance Aggregate Year-to-Date > \$ 500	Date (month, day, year) 1-31-94	Amount of Each Receipt this Period 500
D. Full Name, Mailing Address and ZIP Code Trammell-Crow 4500 Preston Road Dallas, TX 75205 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Self Occupation Real Estate Developer Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 1-31-94	Amount of Each Receipt this Period 1000
E. Full Name, Mailing Address and ZIP Code H. Lay 2323 Bryan St. Dallas, TX 75201 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Additional Info. Requested 8-18-94 Occupation Aggregate Year-to-Date > \$ 500	Date (month, day, year) 1-31-94	Amount of Each Receipt this Period 500
F. Full Name, Mailing Address and ZIP Code Robert Strief 7557 Rambler Rd. Dallas, TX 75201 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Strief Occupation C.E.D. Aggregate Year-to-Date > \$ 250	Date (month, day, year) 1-31-94	Amount of Each Receipt this Period 250
G. Full Name, Mailing Address and ZIP Code Jack Hawkins 3000 Thanksgiving Tr. Dallas, TX 75201-4761 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Gardere + Wynne Occupation Attorney Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 2-2-94	Amount of Each Receipt this Period 1000

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

4750

97043780060

SCHEDULE A

ITEMIZE RECEIPTS

If separate schedule is
not required, copy of the
Detailed Summary Page

PAGE **3** OF **13**
FOR LINE NUMBER **11(1)(a)**

Contributions from Individuals

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)

Ed Harrison for Congress Campaign

C00281543

A. Full Name, Mailing Address and ZIP Code Cindy Simmons 3912 Bobbin Ln. Dallas, Tx 75244 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Brite Communications Occupation Public Relations Aggregate Year-to-Date > \$ 250	Date (month, day, year) 2-3-94	Amount of Each Receipt this Period 250
B. Full Name, Mailing Address and ZIP Code Charles I Wyly, Jr. 8080 N. Central Expwy. Suite 1100, Dallas, Tx 75206 LB 31 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Additional info. Occupation requested 2-12-94 Aggregate Year-to-Date > \$ 1000	Date (month, day, year) 2-3-94	Amount of Each Receipt this Period 1000
C. Full Name, Mailing Address and ZIP Code J. Steven Sellers 1622 Nob Hill Duncanville, Tx 75137 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Additional info Occupation requested 2-11-94 Aggregate Year-to-Date > \$ 500	Date (month, day, year) 2-3-94	Amount of Each Receipt this Period 500
D. Full Name, Mailing Address and ZIP Code Carolyn Head 3305 Sanger Creek Way Waxahachie, Tx 75165 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Head & Hat Investments Occupation R.E. Investments Aggregate Year-to-Date > \$ 500	Date (month, day, year) 2-9-94	Amount of Each Receipt this Period 500
E. Full Name, Mailing Address and ZIP Code Lyla Hill 5000 Thanksgiving Twr. Dallas, Tx 75201 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer A. G. Hill Occupation Investments Aggregate Year-to-Date > \$ 250	Date (month, day, year) 2-8-94	Amount of Each Receipt this Period 250
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period

SUBTOTAL of Receipts This Page (optional)

2500

TOTAL This Period (last page this line number only)

11,750

9704378001

SCHEDULE A

ITEMIZED RECEIPTS

The separate schedule(s) for each category of the schedule summary page

PAGE 1 OF 1
FOR LINE NUMBER 11(b)

Contributions from Political Committees

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)

Ed Harrison for Congress Campaign

COO 2 21543

A. Full Name, Mailing Address and ZIP Code Committee to Elect June Harrison Mac H. Churchill, Treasurer 4109 Lake Breeze Ct. Ft. Worth, Tx 76132 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$ 100	Date (month, day, year) 2-2-94	Amount of Each Receipt this Period 100
B. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period
C. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period
D. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period
E. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > \$	Date (month, day, year)	Amount of Each Receipt this Period

SUBTOTAL of Receipts This Page (optional)

100

TOTAL This Period (last page this line number only)

100

97043780062

SCHEDULE A

ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the following Summary Page

PAGE **1** OF **1**
FOR LINE NUMBER **13(a)**

Loans from Candidate

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)

Ed Harrison for Congress Campaign

000291543

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Ed Harrison 1314 Indian Creek DeSoto, Tx 75115 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Harrison Homes Occupation: Homebuilder Aggregate Year-to-Date: > \$	1-3-94 2-16-94	\$100 102
B. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date: > \$	Date (month, day, year)	Amount of Each Receipt this Period
C. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date: > \$	Date (month, day, year)	Amount of Each Receipt this Period
D. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date: > \$	Date (month, day, year)	Amount of Each Receipt this Period
E. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date: > \$	Date (month, day, year)	Amount of Each Receipt this Period
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date: > \$	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date: > \$	Date (month, day, year)	Amount of Each Receipt this Period

SUBTOTAL of Receipts This Page (optional)

\$ 202

TOTAL This Period (last page this line number only)

202

97043780063

Operating Expenditures

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 use, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

Ed Harrison for Congress Campaign

C 002P1543

A. Full Name, Mailing Address and ZIP Code Dan Watorman 5810 Kiamesha Way Mesquite, Tx 75150	Purpose of Disbursement Consultant Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-8-94 1-15-94 2-1-94 2-15-94	Amount of Each Disbursement This Period 160 160 160 160
B. Full Name, Mailing Address and ZIP Code Sheila Penner 7523 Florina Pkwy Dallas, Tx 75249	Purpose of Disbursement Salary Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-15-94 2-1-94 2-15-94	Amount of Each Disbursement This Period 277 277 277
C. Full Name, Mailing Address and ZIP Code U.S. Postmaster Duncanville, Tx 75138	Purpose of Disbursement Postage Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-8-94 1-14-94 1-19-94 1-24-94	Amount of Each Disbursement This Period 1015 696 16 145
D. Full Name, Mailing Address and ZIP Code ↓	Purpose of Disbursement Postage Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 2-8-94 1-31-94	Amount of Each Disbursement This Period 116 2
E. Full Name, Mailing Address and ZIP Code Neil Curran Communications 434 Parkhurst Dr. Dallas, Tx 75219	Purpose of Disbursement Bumper Stickers Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-14-94	Amount of Each Disbursement This Period 464
F. Full Name, Mailing Address and ZIP Code ↓	Purpose of Disbursement Lawn Signs Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-2-94 2-2-94	Amount of Each Disbursement This Period 767 767
G. Full Name, Mailing Address and ZIP Code Sherrill Stake Co. 2904 Rock Island Irving, Tx 75060	Purpose of Disbursement Stakes for Signs Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 2-4-94	Amount of Each Disbursement This Period 406
H. Full Name, Mailing Address and ZIP Code Charles Blair 323 Frank Kester Blvd. Duncanville, Tx 75116	Purpose of Disbursement Stakes, staples, nails Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 2-4-94 2-15-94	Amount of Each Disbursement This Period 28 235
I. Full Name, Mailing Address and ZIP Code Neil Curran Communications 434 Parkhurst Dr. Dallas, Tx 75219	Purpose of Disbursement Campaign Advisor Fee Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-4-94 1-14-94 2-1-94 2-7-94	Amount of Each Disbursement This Period 1500 500 500 1000

TOTAL of Disbursements This Page (optional)

9628

AL This Period (last page this line number only)

DUPLICATE

ITEMIZED DISBURSEMENTS

Use separate sheet for each category of the Detailed Summary Page

PAGE 2 OF 2
FOR LINE NUMBER 17

Operating Expenditures

Information supplied from each Report and Statement may not be sold or used by any person for the purpose of soliciting contributions or for commercial use, other than using the name and address of any political committee to solicit contributions from such committee

NAME OF COMMITTEE (in Full)

Ed Harrison for Congress Campaign

C00281543

1. Full Name, Mailing Address and ZIP Code Carol Reed Associates 3232 McKinney Ave. Dallas, Tx 75204-2429	Purpose of Disbursement Consultant Fees Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-15-94	Amount of Each Disbursement This Period 2000
2. Full Name, Mailing Address and ZIP Code NREC Communications 320 First Street, S.E. Washington, D.C. 20003	Purpose of Disbursement Candidate School Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-15-94 1-27-94	Amount of Each Disbursement This Period 225 25
3. Full Name, Mailing Address and ZIP Code Southwestern Bell Tel. P.O. Box 940012 Dallas, Tx 75394	Purpose of Disbursement Telephone Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-6-94 1-15-94 1-27-94 1-27-94	Amount of Each Disbursement This Period 255 47 177 24
4. Full Name, Mailing Address and ZIP Code Neil Curran Communications 434 Parkhurst Dr. Dallas, Tx 75218	Purpose of Disbursement Advertising Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 2-7-94	Amount of Each Disbursement This Period 575
5. Full Name, Mailing Address and ZIP Code Computer Exchange 2651 Lombardy Lane, Suite 2 Dallas, Tx 75220	Purpose of Disbursement Printer + Toner Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 2-9-94	Amount of Each Disbursement This Period 650
6. Full Name, Mailing Address and ZIP Code Screencraft Adv. Inc. 3909 E. First St. Ft. Worth, Tx 76111	Purpose of Disbursement Printing - Signs Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-6-94 1-19-94	Amount of Each Disbursement This Period 1140 1000
7. Full Name, Mailing Address and ZIP Code X-Press Copy & Printing 247 N. Hampton DeSoto, Tx 75115	Purpose of Disbursement Printing Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-16-94	Amount of Each Disbursement This Period 1064
8. Full Name, Mailing Address and ZIP Code Buddy Morahan 515 N. Cedar Ridge Suite 9 Duncanville, Tx 75116	Purpose of Disbursement Rent Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 1-24-94	Amount of Each Disbursement This Period 525
9. Full Name, Mailing Address and ZIP Code Elm Services 3232 McKinney Ave. Suite 355 Dallas, Tx 75204	Purpose of Disbursement Printing Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year) 2-16-94	Amount of Each Disbursement This Period 1505

TOTAL of Disbursements This Page (optional)

9212

AL This Period (last page this line number only)

18,840

9704378005

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

Page 1 of 1 for
LINE NUMBER 10
(Use separate schedules
for each numbered line)

Name of Committee (In Full)	Outstanding Balance Beginning This Period	Amount Incurred This Period	Payment This Period	Outstanding Balance at Close of This Period
C00281543 Ed Harrison for Congress Campaign				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor M + M Advertising Co. P.O. Box 1418 DeSoto, TX 76123		528.52		528.52
Nature of Debt (Purpose): Advertising				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
1) SUBTOTALS This Period This Page (optional)				528.52
2) TOTAL This Period (last page this line only)				528.52
3) TOTAL OUTSTANDING LOANS from Schedule C (last page only)				
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)				528.52

97043780066



FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20543

April 4, 1994

Kenneth H. Molberg, Esquire
Wilson, Williams, Molberg & Mitchell
2214 Main Street
Dallas, TX 75201-4324

RE: MUR 3951

Dear Mr. Molberg:

This letter acknowledges receipt on March 29, 1994, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 3951. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure
Procedures

97043780067



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 4, 1994

Michael C. Neill, Treasurer
Ed Harrison for Congress Committee
215 East Freeman, Suite 100
Duncanville, TX 75116

RE: MUR 3951

Dear Mr. Neill:

The Federal Election Commission received a complaint which indicates that the Ed Harrison for Congress Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3951. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

9704378008

Michael C. Neill, Treasurer
Ed Harrison for Congress Committee
Page 2

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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

97043780069



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 4, 1994

Edward C. Harrison, President
E.C. Harrison Properties, Inc.
P.O. Box 381383
Duncanville, TX 75138

RE: MUR 3951

Dear Mr. Harrison:

The Federal Election Commission received a complaint which indicates that E.C. Harrison Properties, Inc. and you, as President, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3951. 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 E.C. Harrison Properties, Inc. and you, as President, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

9704378007C

Edward C. Harrison, President
E.C. Harrison Properties, Inc.
Page 2

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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

97043780071



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 4, 1994

Edward Carl Harrison
c/o Ed Harrison for Congress Committee
215 East Freeman, Suite 100
Duncanville, TX 75116
PERSONAL AND CONFIDENTIAL

RE: MUR 3951

Dear Mr. Harrison:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3951. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

97043780072

Edward Carl Harrison
Page 2

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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

97043780073

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

APR 19 11 27 AM '94

P.O. Box 381697 Duncanville, Texas 75138 Tel. (214) 296-1674 (800) 296-1674

April 18, 1994
FEDERAL ELECTION COMMISSION
Washington, D. C. 20463

Re: MUR 3951

Dear Ms. Taksar,

Please allow this letter to serve as a request for an extension on your request for information concerning a complaint against the Ed Harrison for Congress Campaign. The date of receipt of the complaint was April 11, 1994. We request an extension from April 26 to May 11, 1994 for the following reasons;

The primary election was just completed on March 8, leaving the campaign in the catch up mode.

The last required FEC filing was April 15, causing much of our volunteer time to be spent on processing that paperwork.

The paperwork and record gathering necessary to respond properly has proven to take more than the expected amount of time.

Thank you for your consideration in this matter. We await your response.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ed Harrison".
Ed Harrison

97043780074

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Apr 19 11 20 AM '94

Edward G. Harrison
1514 Indian Creek
DeSoto, TX 75115

April 19, 1994

Federal Election Commission
Washington, D.C.

Re: 3951

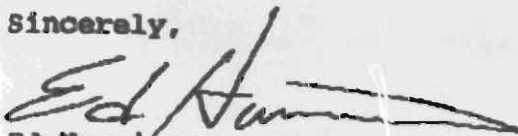
Dear Ms. Taksar,

I was requested by the Federal Election Commission to provide information on a complaint against my business. The complaint was received on April 12, 1994.

I request an extension to May 11, 1994 for a response to this complaint due to the extreme amount of time I have been required to dedicate to the campaign. It is my desire to respond to the complaints in the most professional and detailed manner possible.

Thank you for your consideration of my request. I await your response.

Sincerely,



Ed Harrison

97043780075



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

APRIL 21, 1994

Ed Harrison
Ed Harrison for Congress
P.O. Box 381697
Duncanville, TX 75138

RE: MUR 3951
Ed Harrison for Congress

Dear Mr. Harrison:

This is in response to your letter dated April 18, 1994, requesting an extension until May 11, 1994 to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on May 11, 1994.

If you have any questions, please contact Joan McEnery at (202) 219-3690.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

97043780076



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

APRIL 21, 1994

Edward C. Harrison, President
E.C. Harrison Properties, Inc.
1314 Indian Creek
DeSoto, TX 75115

RE: MUR 3951
E.C. Harrison Properties,
Inc. and Edward C. Harrison,
as President

Dear Mr. Harrison:

This is in response to your letter dated April 19, 1994, requesting an extension until May 11, 1994 to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on May 11, 1994.

If you have any questions, please contact Joan McEnery at (202) 219-3690.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

97043780077



OGC 1358

RECEIVED
FEDERAL ELECTION
COMMISSION
ADMINISTRATIVE SERVICES

MAY 16 9 11 AM '94

P.O. Box 381697 Duncanville, Texas 75138 Tel. (214) 296-1674 (800) 296-1674

May 11, 1994

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

Re: Answer On Behalf Of
Ed Harrison for Congress Committee

MUR 3951

MAY 16 10 05 AM '94

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Dear Mr. Noble:

Enclosed please find the Answer On Behalf Of Ed Harrison for Congress Committee which is being filed in response to the formal Complaint against same. Such Answer has been duly sworn to by Ed Harrison, the candidate.

Sincerely,

Michael Neill
Treasurer

MN:sp
Enclosure
cc: Ed Harrison

97043780078

MAY 16 10 05 AM '94

E. C. HARRISON PROPERTIES, INC.
Post Office Box 381383
Duncanville, TX 75138

May 11, 1994

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

Re: Answer On Behalf Of
Ed Harrison for Congress Committee

Dear Mr. Noble:

Enclosed please find the Answer On Behalf Of Ed
Harrison for Congress Committee which is being filed in
response to the formal Complaint against same. Such Answer
has been duly sworn to by Ed Harrison, the president.

Sincerely,


Edward C. Harrison

ECH:sp
Enclosure

cc: Ed Harrison for Congress Campaign

97043780079



P.O. Box 381697 Duncanville, Texas 75138 Tel. (214) 296-1674 (800) 296-1674

May 11, 1994

Mr. Lawrence Noble, General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 10463

RE: MUR 3951

Dear Mr. Noble:

The purpose of this letter is to file a joint response in the above entitled matter on behalf of the Ed Harrison for Congress Committee and E.C. Harrison Properties, Inc. The Complaint filed by Kenneth H. Molberg, Democratic Chairman of Dallas County, appears to make four allegations to which this response is made.

Compensation Paid to Ed Harrison during 1992 and 1993

The compensation paid to me as President of E.C. Harrison Properties, Inc. ("Harrison") during 1993 is not \$40,000 greater than the amount paid during 1992. The Complainant has simply misinterpreted my Personal Financial Disclosure Statement. An explanation of the sources used to compensate me for my services appears below.

Since the establishment of Harrison eleven years ago, my services have been compensated through a combination of a salary and a commission/bonus system. At least 55 percent of my compensation during 1992 and 1993 was the result of the bonus and commission calculations. There is a history that both myself and the General Manager of Harrison have been paid on a commission/bonus basis.

The amount paid according to the bonus/commission system is directly dependent upon the performance of Harrison. Harrison is a small for profit development company and its income is contingent upon many economic circumstances. The business income varies from year to year. Therefore as the business income changes so does the amount awarded as commission and bonus.

Harrison compensated me for my services through two entities in both 1992 and 1993. In 1992, I was paid approximately \$55,133 directly by Harrison on a bonus and commission basis. Also in 1992, I was paid \$48,000 in salary as an employee of an employee leasing firm (contracted with Harrison) known as Employee Staffing Services, Inc. (ESSI). My total compensation from Harrison for 1992 was \$101,133.

ESSI is an employee leasing firm with whom Harrison contracted because it could provide certain employee benefits which Harrison as a small company could not obtain itself. Specifically, ESSI was used to obtain group health insurance and retirement benefits. Both the General Manager and myself were placed in the employ of ESSI. Enclosed you will find copies of ESSI payroll records which indicate the payments requested from Harrison as a client for payroll services for Jo Neill and myself. See Exhibit A attached hereto.

During 1993, a salary was paid to me by Harrison in the amount of \$40,800. The employee leasing service was terminated after payment of salary of \$16,000. These two amounts when combined with the salary and bonus amounts total \$110,300 or just \$9,137 more than the amounts paid in 1992. As stated before, the difference in compensation is directly related to the slight increase in sales during 1993.

Loans Made to the Ed Harrison for Congress Committee

As of December 31, 1993, I had made personal loans to the Ed Harrison for Congress Committee ("Committee") totalling \$110,368. These loans were made from my own personal funds. They are evidenced by a set of documents duly executed between the Committee and myself.

On August 14, 1993, I received a personal loan from Harrison in the amount of \$50,000. I am the sole stockholder and my ability to borrow from the corporation is authorized by the corporate bylaws. I have done so on several occasions since its establishment. The loan transaction was conducted in the normal business manner. A note was executed between Harrison and me and included a commercially reasonable rate of interest. See Exhibit B attached hereto.

Using what I believe to be my personal assets, I executed a loan to the Committee on September 14 in the amount of \$50,000. A loan document was executed between the Committee and me which required repayment by August 14, 1994. See Exhibit C attached hereto.

The Committee issued a payment to me on March 29, 1994 in partial payment of its obligation to me. Prior to April 15, 1994, I issued a check to Harrison in the amount of \$50,000 for the amount owed personally by me.

It is my firm belief the funds which I used to make the loan to the Committee were in fact my personal funds. I am the sole stockholder of my own corporation. My actions were consistent with the corporate bylaws both as to procedure and substance. I am allowed to borrow money for purposes I believe to be worthwhile. I have borrowed and repaid monies to the corporation on several prior occasions. As the sole stockholder possessing the right to borrow from the company I believed that the funds loaned to the Committee were, in fact, my personal funds permissible under the Act.

Use of Corporate Facilities

The allegations of improper use of corporate facilities arise from the identification of a corporate post office box as the address of the committee and the provision of a corporate telephone number for inquiries - a circumstance corrected more than 8 months prior to the filing of this Complaint. I wrote a letter to the Commission on July 1, 1994 indicating that I believed that I had erred in using the corporate address and telephone number as my legal address for the campaign and response location. I moved expeditiously to change the address and telephone. Again, that action was taken more than 8 months prior to the Primary Election and prior to any significant campaign effort. The Committee opened its own campaign headquarters on or about September 1, 1993.

The fact is that any resulting use by the Committee of the corporate facilities as identified by the Complainant was de minimus and consequently would be considered incidental under the Commission rules and regulations. As to the various items mentioned, I will make the following specific comments.

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97043 / 80032

Use of Corporate Employees. Harrison is, as previously stated, a small corporation. There are only three employees of which I am one. The other two employees, one the general manager, never performed campaign services while at the corporate facility.

Use of Corporate Facilities. The Act does not prohibit the incidental use of corporate facilities. While I have made infrequent use of the facilities (i.e. telephone) on behalf of the Committee, that activity has not exceeded one hour per week. I do not believe that my actions or the actions of the Committee constitute an improper use of corporate facilities.

The Complainant points to the fact that I listed the corporate address and corporate telephone on my campaign literature. The Complainant also acknowledges that that act alone is not impermissible. The Complainant maintains, without further evidence, that corporate facilities were used in excess of the "incidental use" provisions.

The listing of the telephone number and post office box did not result in anything more than an incidental use of corporate facilities fully permitted by law. While the telephone number and address did appear on general brochures, those brochures were produced so early in the campaign that they did not produce any significant activity which required the use of corporate facilities. It is an accepted fact that running against a powerful incumbent is a very difficult and uphill battle. Campaign contributions and offers of assistance do not begin to flood in simply as the result of the publication of an address or telephone number. No fundraising effort or volunteer solicitation were organized and directed back to the corporate facilities as to create any use other than incidental use of those corporate assets.

Finally, the Complainant has alleged that the use of the same type font on my bumper stickers which appears on the Harrison Homes billboards is evidence of illegal corporate activity. This allegation tests the bounds of reason. I chose Harrison Homes as the name of my corporation several years prior to my decision to run for Congress. I can hardly run for Congress without printing brochures, bumper stickers, etc. which use my name. Therefore, my company and my campaign will each include the name "Harrison". The Committee did not use any corporate facility to produce the bumper stickers. The Committee obviously has not used the corporate logo in the campaign. The design for the bumper stickers was developed and paid for by the Committee. The Committee paid the fair market value for this service.

I have never run for public office. This is my first experience in complying with the myriad of regulations. However, our campaign has tried to be very cognizant of the provisions of the law with regard to campaign activity. I believe that is demonstrated by my action. Harrison has been reimbursed.

In conclusion, none of the activity described by the Complainant is anything more than incidental use of corporate facilities permissible under the law.

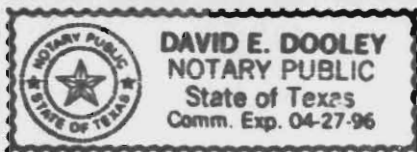
Reporting of Candidate Loans

I received a communication from the Federal Election Commission, Reports Analysis Division, dated March 15, 1994. The letter stated that Committee had omitted a Schedule C in support of the loans reported on line 10 of the Summary Page. The Committee completed the appropriate loan schedules and were subsequently filed. An amendment to the April 15th Quarterly Report have also been completed.

Conclusion

The basis of the Complaint filed by the Democrat Chairman are the financial reports filed by the Committee and myself. All transactions have been reported forthrightly and in a manner which I believed to be appropriate as well as demonstrative of my commitment to full public disclosure..

The above statements are true and correct to the best of my knowledge, information and belief.



Respectfully submitted,

Ed Harrison
Ed Harrison

Subscribed and Sworn before me this 11 day of MAY, 1994.

My Commission expires: 4-27-96

David E. Dooley - NOTARY

97043780083



EMPLOYEE STAFFING SERVICES, INC.

INVOICE

DATE JANUARY 14, 1992
INVOICE NUMBER ES1824
CLIENT E.C. HARRISON PROPERTIES, INC.
419 WESLEY LANE
DUNCANVILLE, TX 75138
PERIOD ENDING JANUARY 15, 1992

GROSS PAYROLL	\$2,551.67
SERVICE FEE (.1553)	\$402.49
TOTAL	<u>\$2,994.16</u>

SAMPLE
OF Bi-WEEKLY
STATEMENT SHOWING
PAYMENT OF SALARY FROM
ESSI.

GENERAL PROMISSORY NOTE

Principal amount: \$50,000.00
Date: August 14, 1993
Due Date: August 14, 1994

For value received, the undersigned Edward C. Harrison (the "Payor") promises to pay to the order of E. C. Harrison Properties, Inc. (the "Payee"), at P. O. Box 381383, Duncanville, TX 75138 (or at such other place as the Payee may designate in writing) the sum of \$50,000.00 with 8% interest.

The unpaid principal shall be payable in full on August 14, 1994 (the "Due Date").

The Payor reserves the right to prepay this Note (in whole or in part) prior the Due Date with no prepayment penalty.

No renewal or extension of this Note, delay in enforcing any right of the Payee under this Note, or assignment by Payee of this Note shall affect the liability of the Payor(s). All rights of the Payee under this Note are cumulative and may be exercised concurrently or consecutively at the Payee's option.

This Note shall be construed in accordance with the laws of the State of Texas.

If any one or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States.

SIGNED this 14th day of August, 1993, at Duncanville, Dallas County, Texas.

BY:


Edward C. Harrison

97043780035

DATE: 02/27/92
USER: RIC 14

ESSI
CHECK REGISTER 00795 - DETAIL RECAP

PRR210 PAGE: 1
TIME: 4:33 PM

PAY CYCLE 75 E.C. HARRISON PROPERTIES, INC.
REGISTER DATE 02/27/92
PERIOD 02/92

CHECK	EMPLOYEE NAME	CHECK AMT	-----EARNINGS-----		-----DEDUCTIONS-----			
			HOURS	EARNINGS	AMOUNT	MATCHING		
=====								
REGULAR CHECKS								
011881	EDWARD C. HARRISON	1699.50 REG	86.67	2000.00 FICA	153.00	153.00		
				FEDL	147.50	.00		

CHECK TOTAL			1699.50	86.67	2000.00	300.50 153.00		

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GENERAL PROMISSORY NOTE

Principal amount: \$50,000.00
Date: September 14, 1993
Due Date: September 14, 1994

For value received, the undersigned Ed Harrison for Congress (the "Payor") promises to pay to the order of Edward Harrison (the "Payee"), at 1314 Indian Creek, DeSoto, TX 75115 (or at such other place as the Payee may designate in writing) the sum of \$50,000.00 with 8% interest.

The unpaid principal shall be payable in full on September 14, 1994 (the "Due Date").

The Payor reserves the right to prepay this Note (in whole or in part) prior the Due Date with no prepayment penalty.

No renewal or extension of this Note, delay in enforcing any right of the Payee under this Note, or assignment by Payee of this Note shall affect the liability of the Payer(s). All rights of the Payee under this Note are cumulative and may be exercised concurrently or consecutively at the Payee's option.

This Note shall be construed in accordance with the laws of the State of Texas.

If any one or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative.

All payments of principal and interest on this Note shall be paid in the legal currency of the United States.

SIGNED this 14th day of September, 1993, at Duncanville, Dallas County, Texas.

BY:


Mike Neill, Treasurer
Ed Harrison for Congress Campaign

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

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

MAY 2 4 50 PM '95

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

MUR 3951

DATE COMPLAINT FILED: March 23, 1994

DATE OF NOTIFICATION: April 4, 1994

DATE ACTIVATED: August 5, 1994

STAFF MEMBER: Andrea Low

COMPLAINANT: Kenneth H. Molberg

RESPONDENTS: Edward Carl Harrison
Ed Harrison for Congress Committee and
Paul Johnson, as treasurer
E. C. Harrison Properties, Inc.

RELEVANT STATUTES: 2 U.S.C. § 431(8)(A)(i)
2 U.S.C. § 432(e)(2)
2 U.S.C. § 434(a)(1)
2 U.S.C. § 434(b)(2)
2 U.S.C. § 441b(a)
11 C.F.R. § 104.3(d)
11 C.F.R. § 114.9(a)

INTERNAL REPORTS CHECKED: Disclosure Reports
Dun & Bradstreet

FEDERAL AGENCIES CHECKED: none

I. GENERATION OF MATTER

This matter arises from a complaint filed by Kenneth H. Molberg, identified by Respondents as Democratic Chairman of Dallas County. A response filed by Edward Harrison has been received on behalf of Edward Carl Harrison (the "candidate"), Ed Harrison for Congress Committee and Paul Johnson, as treasurer¹ (the "Committee"), and E. C. Harrison Properties, Inc. (the "corporation"). Mr. Harrison lost the 1994 general election with 47% of the vote to incumbent Martin Frost.

1. An amended Statement of Organization submitted in June 1994, after the filing of the complaint and response changed the treasurer from Michael Neill to Paul Johnson.

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II. FACTUAL AND LEGAL ANALYSIS

Complainant contends that the "[p]ublic record information strongly indicates that Mr. Harrison's corporation and Mr. Harrison, acting on behalf of his corporation, arranged to fund his campaign with corporate treasury funds" in violation of the Federal Election Campaign Act of 1971, as amended ("the Act"). The complaint alleges that Mr. Harrison's corporation made large personal loans to the candidate and paid the candidate a greatly increased salary, in addition to commissions and bonuses, shortly after Mr. Harrison filed his Statement of Candidacy in May 1993. Complainant charges that the loan and salary increase "are nothing more than a disguised corporate transfer to the Harrison campaign." Next, the complaint alleges that the Harrison Committee used the corporate post office box and telephone number of E. C. Harrison Properties, Inc. for campaign purposes, and that the Committee has not reimbursed the corporation for such use. Finally, the complaint alleges that the Committee improperly reported Mr. Harrison's loans and did not fully disclose the source and conditions of the loans.

A. Corporate Loan

It is unlawful for any corporation to make a contribution in connection with a federal election, or for any candidate or political committee to knowingly accept any prohibited contribution, or for any officer or director of any corporation to consent to any prohibited contribution. 2 U.S.C. § 441b(a). The term "contribution" includes, inter alia, any loan or anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i). Pursuant

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to 2 U.S.C. § 432(e)(2), any candidate who receives a loan for use in connection with the campaign of such candidate for election shall be considered as having received the loan as an agent of the authorized committee of such candidate.

The complaint alleges that under the guise of candidate loans, Mr. Harrison's company actually was financing Mr. Harrison's campaign. The candidate is alleged to have loaned a total of \$110,368 to the Committee, including two loans totaling \$56,590 on August 31, 1993, and another \$50,000 loan on September 14, 1993. The complaint further alleges that around the same time, candidate Harrison took a large loan from his corporation. This loan to the candidate from the corporation is alleged to be in an amount between \$15,000 and \$50,000.

Respondents admit to the loans totaling \$110,368.² See Attachment 1 at 2. Respondents also admit that the candidate received a personal loan from the corporation for \$50,000 on August 14, 1993 and that the candidate executed loans to the Committee for \$56,590 and \$50,000 on August 31 and September 14, 1993, respectively.

Candidate Harrison states that "[i]t is my firm belief the funds which I used to make the loan to the Committee were in fact

2. The Committee initially reported the aggregate year-to-date "Loans made by Candidate" on Line 13(a) for the 1993 Year-End Report as \$110,268. On the 1993 Year-End Report, covering the period July 1, 1993 through December 31, 1993, the Committee reported, among other loans from the candidate, a loan of \$12,000 on 8/3/93, a loan of \$44,590 on 8/31/93, and a loan of \$50,000 on 9/14/93. An amended report filed April 5, 1994 adjusted the aggregate year-to-date figure to \$110,090. The itemized Schedule A of the amended report listed loans totaling \$58,090 on 8/31/93 and \$50,000 on 9/14/93. These appear to be the loans cited in the complaint.

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my personal funds." He notes that his actions were consistent with the corporate bylaws and that the loan transaction was conducted in the normal business manner. However, despite candidate Harrison's belief that his loans to the Committee derived from his personal funds, the funds loaned by the corporation to the candidate for use ultimately by the Committee would not appear to be personal funds under the Act. Pursuant to 2 U.S.C. § 432(e)(2), candidate Harrison must be considered an agent of the Committee for any loan he received for use in the campaign during the pendency of his candidacy. The \$50,000 loan in this instance was made from the corporation to the candidate three months after Mr. Harrison filed a Statement of Candidacy, and was then deposited in the campaign account shortly thereafter.

In a similar matter, MUR 3228, evidence showed that shortly before the candidate wrote substantial personal checks to the campaign committee, deposits for roughly the same amount had been transferred into his personal checking account from the candidate's corporation. See MUR 3228. It appeared by the amounts of the transfers and their proximity in time that the candidate followed a practice of making large loans to the committee from his personal checking account, the original source of which was the corporation. See id. In this case, especially because of the proximity in time of the transfers, it similarly appears that the corporation was loaning money to the Committee through the candidate as agent for the Committee. Also in this case, Mr. Harrison, as an officer and director of the corporation, signed and executed a loan to himself as a candidate, violating

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both the prohibitions against making and accepting a corporate contribution.³

Therefore, this Office recommends that the Commission find reason to believe that E. C. Harrison Properties, Inc., Ed Harrison, as a director and officer of the corporation, and the Committee and its treasurer violated 2 U.S.C. § 441b(a).

B. Excessive Compensation

The complaint alleges that the corporation paid the candidate \$40,000 more in salary the year he filed as a candidate, 1993, than it paid him the previous year, 1992. Complainant further notes that this occurred when the candidate was spending a significant amount of time away from the business. The salary increase, with the aforementioned loan, is alleged to be "nothing more than a disguised corporate transfer to the Harrison campaign."

The response claims that Complainant has misinterpreted the candidate's financial disclosure statement and that the total compensation package of salary, commissions, and bonus was merely \$9,137⁴ more in 1993 than 1992 because candidate Harrison was paid salary in 1992 through Employment Staffing Services, Inc. ("ESSI"), an employee leasing firm, not by the corporation directly. Mr. Harrison states that the employee leasing firm was

3. The Committee's reports show a repayment from the Committee to the candidate of a \$50,000 loan on 3/29/94. Mr. Harrison states that "[p]rior to April 15, 1994, I issued a check to Harrison [corporation] in the amount of \$50,000 for the amount owed personally by me." See Attachment 1 at 2.

4. The financial disclosure statement filed pursuant to the Ethics in Government Act appears to show a \$9,167 difference in the compensation packages.

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used because it could provide certain employee benefits which the corporation could not obtain itself, such as group health insurance and retirement benefits.

Mr. Harrison explains that in 1992, he was paid approximately \$55,133 directly by the corporation on a bonus and commission basis. Also in 1992, he was paid \$46,000 in salary as an employee of ESSI. Thus, his total compensation from the corporation for 1992 was \$101,133. During 1993, candidate Harrison received \$40,800 in salary from the corporation. (The employee leasing service was terminated after payment of salary of \$16,000 in 1993.) Combined with commission and bonus, Mr. Harrison was paid \$110,300 or \$9,167 more in 1993 than in 1992, which he attributes to an increase in sales for 1993.

In light of Mr. Harrison's explanation of his compensation package and the attribution of the \$9,000 increase in pay to increased sales, this Office recommends that the Commission find no reason to believe that the Committee, corporation, or candidate violated any section of the Act by the corporation's compensation of the candidate.

C. Use of Corporate Facilities

Complainant states that Mr. Harrison has not disclosed the full extent of the Committee's use of corporate facilities, which he alleges was not merely incidental. He alleges that the Committee used E. C. Harrison Properties, Inc.'s corporate address and telephone number for campaign purposes, as reflected on its brochures and notes that the Committee's reports do not disclose

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payments for rent, post office box fee, or telephone services.⁵

Under 11 C.F.R. § 114.9(a), stockholders and employees of the corporation may make occasional, isolated, or incidental use of the facilities of a corporation for individual volunteer activity in connection with a federal election but must reimburse the corporation to the extent that the overhead or operating costs of the corporation are increased. Any such activity which does not exceed one hour per week or four hours per month, regardless of whether the activity is undertaken during or after normal working hours, shall be considered as occasional, isolated, or incidental use of the corporate facilities. 11 C.F.R. § 114.9(a)(iii).

Mr. Harrison, who is both a stockholder and employee of E. C. Harrison Properties, Inc., acknowledges that he has "made infrequent use of the facilities (i.e. telephone) on behalf of the Committee" that "has not exceeded one hour per week." The response also denies that the other employees ever performed campaign services while at the corporate facility. Mr. Harrison also acknowledges that he wrote a letter to the Clerk of the U.S. House of Representatives, dated July 1, 1993, admitting that he

5. Another issue raised in a footnote in the complaint is that Mr. Harrison "has also used precisely the same lettering for both his corporate billboards and signs and the bumper stickers for his campaign." Complainant alleges that "[g]iven the campaign's use of corporate facilities, this similarity raises the issue of whether Mr. Harrison may have received a reduced rate for printing his campaign materials by using the corporation's design." Complainant appears to imply that Mr. Harrison benefited from quantity discounts or converting materials to use by the campaign or something similar. Respondents state that the Committee did not use any corporate facility to produce the bumper stickers and that the Committee paid the fair market value to develop and produce the bumper stickers.

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had been using the corporate address and telephone number as the legal address for the Committee, and had placed the company's mailing address and telephone number on brochures and letterheads. See Attachment 2 at 1. In sum, candidate Harrison asserts that "[t]he listing of the telephone number and post office box did not result in anything more than an incidental use of corporate facilities" and that "Harrison [corporation] has been reimbursed."⁶ See Attachment 1 at 3.

Mr. Harrison included an amended Form 1 in his July 1993 letter to the Clerk noting the Committee's new address. The July 1993 letter was also printed on letterhead that listed a new campaign telephone number. Furthermore, the Committee began paying rent to "Buddy Morahan" at 515 N. Cedar Ridge, Suite 9, Duncanville, TX 75116 in July 1993, shortly after sending the letter stating that it would no longer use the corporate address. Thus, the Committee changed its address approximately eight months before the March 1994 primary and only used the corporate address for two or three months during which Mr. Harrison claims there was little campaign activity.

Nevertheless the use of the corporate address and phone number constitutes a corporate contribution. The continuous use of the corporation's post office box and telephone for a period of two or three months by the Harrison Committee is not "incidental"

6. This Office's review of the Committee's disbursements reveal payment to Harrison Homes (trade style name of E. C. Harrison Properties, Inc.) of \$222.01 on 6/12/93 for "printing" on the 1993 Mid-Year Report. There are no other disbursements to Harrison Homes, E. C. Harrison Properties, Inc. or any other Harrison business entity. It is unclear whether this payment is the reimbursement to which Mr. Harrison refers.

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under 11 C.F.R. § 114.9(a)(iii). This Office recommends that the Commission find reason to believe that Respondents violated 2 U.S.C. § 441b(a) as to the use of corporate facilities.

D. Failure to Report Campaign Loans

Pursuant to 2 U.S.C. § 434(a)(1), each treasurer of a political committee shall file reports of receipts and disbursements. Each report shall disclose for the reporting period and calendar year, the total amount of all loans made by or guaranteed by the candidate and all other loans. 2 U.S.C. §§ 434(b)(2)(G) and 434(b)(2)(H). Each report shall disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee. 11 C.F.R. § 104.3(d).

Complainant appears to allege three reporting violations where loans made to candidate Harrison were not continuously reported until repaid. He alleges that at some point "the Committee failed to include a Schedule C on its report to fully disclose the source and conditions of the loans." It is also alleged that "the loan of \$1,900 Mr. Harrison made to the Committee on June 4, 1993 was not continuously reported and does not appear as outstanding or repaid on his Year-End Report." Finally, Complainant alleges that in the report "covering the period of January 1, 1994 through February 16, 1994, Mr. Harrison failed to continuously report the earlier loans to his campaign totaling \$110,386 or the loans of June 4, 1993, for \$1,900."

The response replies that the Committee responded to a letter from the Reports Analysis Division ("RAD") dated March 15, 1994 which dealt with the Committee's failure to include a Schedule C. Respondents claim that the Committee completed the

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appropriate loan schedules and subsequently filed them in response to RAD's inquiries.

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This Office's review of the disclosure reports and communications with RAD reveals that the Committee indeed omitted certain schedules when it filed its reports, but took corrective action when contacted by RAD. First, on the 1993 Mid-Year Report, the Committee filed a Schedule C reporting one loan of \$1,900 from the candidate to the Committee dated 6/4/93. The Committee, however, failed to report the \$1,900 as a receipt on its Schedule A. On April 5, 1994, the Committee filed an amended 1993 Mid-Year Report including a Schedule A. Thus, the Committee appears to have corrected its omission on its 1993 Mid-Year Report. Second, the loan of \$1,900 that Mr. Harrison made to the Committee, originally reported on the 1993 Mid-Year Report, did not appear as outstanding or repaid on the Committee's original 1993 Year-End Report. However, also on April 5, 1994, the Committee filed an amended 1993 Year-End Report. This amended report included the previously omitted Schedule C and included the outstanding \$1,900 loan. This amended year-end report also added expenses paid by the candidate on behalf of the campaign Committee that were loans for which the candidate expected reimbursement. These new items were reported as entries on Schedule A and Schedule D. Thus, the Committee appears to have corrected both its failure to file a Schedule C and its failure to continuously report the \$1,900 loan with its amended 1993 Year-End Report.

Finally, on April 5, 1994, the Committee amended its 1994 12-Day Pre-Primary Report to include its previously omitted Schedule C and to correct previously improperly reported loans

from the candidate on Schedule D. This amended report lists the total debts owed by the Committee as \$110,470. In fact, it appears that since April 1994, the Committee has continuously reported additional loans from the candidate to the Committee. Thus, it appears that after submitting amended reports in April 1994, the Committee continuously reported its loans from the candidate.

In light of the foregoing, this Office recommends that the Commission find reason to believe that Respondents violated 2 U.S.C. § 434(b)(2).

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

This Office recommends that the Commission offer to enter into conciliation with Respondents prior to a finding of probable cause to believe.

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IV. RECOMMENDATIONS

1. Find reason to believe that Edward Carl Harrison, Ed Harrison for Congress Committee and Paul Johnson, as treasurer, and E. C. Harrison Properties, Inc. violated 2 U.S.C. § 441b(a).

2. Find reason to believe that Ed Harrison for Congress Committee and Paul Johnson, as treasurer, violated 2 U.S.C. § 434(b)(2).

3. Enter into conciliation with Edward Carl Harrison, Ed Harrison for Congress Committee and Paul Johnson, as treasurer, and E. C. Harrison Properties, Inc. prior to a finding of probable cause to believe.

4. Approve the attached factual and legal analyses, proposed conciliation agreement, and appropriate letters.

Lawrence M. Noble
General Counsel

Date

5/2/95

BY:


Lois G. Lerner
Associate General Counsel

Attachments

1. Response
2. Letter and Brochure
3. Factual and Legal Analyses (2)
4. Proposed Conciliation Agreements (2)

97043780100



FEDERAL ELECTION COMMISSION

WASHINGTON DC 20461

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. ENMONS/LISA R. DAVIS *L.R.D.*
COMMISSION SECRETARY

DATE: MAY 8, 1995

SUBJECT: MUR 3951 - FIRST GENERAL COUNSEL'S REPORT
DATED MAY 2, 1995.

The above-captioned document was circulated to the
Commission on WEDNESDAY, MAY 3, 1995 at 11:00 a.m.

Objection(s) have been received from the
Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	_____
Commissioner Elliott	<u>XXX</u>
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Potter	_____
Commissioner Thomas	_____

This matter will be placed on the meeting agenda
for TUESDAY, MAY 16, 1995

Please notify us who will represent your Division before
the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3951
Edward Carl Harrison;)
Ed Harrison for Congress Committee)
and Paul Johnson, as treasurer;)
E. C. Harrison Properties, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on June 6, 1995, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 3951:

1. Find reason to believe that Edward Carl Harrison, Ed Harrison for Congress Committee and Paul Johnson, as treasurer, and E. C. Harrison Properties, Inc. violated 2 U.S.C. § 441b(a).
2. Find reason to believe that Ed Harrison for Congress Committee and Paul Johnson, as treasurer, violated 2 U.S.C. § 434(b)(2).
3. Authorize the Office of General Counsel to investigate the facts in this matter along the lines discussed in the Commission meeting.
4. Approve the factual and legal analyses attached to the General Counsel's May 2, 1995 report

(continued)

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Federal Election Commission
Certification for MUR 3951
June 6, 1995

Page 2

5. Send appropriate letters pursuant to the above noted actions.

Commissioners Aikens, Elliott, McDonald, Potter, and Thomas voted affirmatively for the decision; Commissioner McGarry was not present at the time of the vote.

Attest:

6-9-95
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Edward Carl Harrison
1314 Indian Creek
Desoto, Texas 75115

June 21, 1995

RE: MUR 3951
Edward Carl Harrison
Ed Harrison for Congress Committee and
Paul Johnson, as treasurer
E.C. Harrison Properties, Inc.

Dear Mr. Harrison:

On April 4, 1994, the Federal Election Commission ("Commission") notified you, the Ed Harrison for Congress Committee ("Committee") and its treasurer, and E.C. Harrison Properties, Inc., of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). Copies of the complaint were forwarded at that time.

Upon further review of the allegations contained in the complaint, the Commission, on June 6, 1995, found that there is reason to believe that you, the Committee and Paul Johnson, as treasurer, and E.C. Harrison Properties, Inc., violated 2 U.S.C. § 441b(a), a provision of the Act. In addition, the Commission found that there is reason to believe the Committee and Paul Johnson, as treasurer, violated 2 U.S.C. § 434(b)(2). The Factual and Legal Analyses, which formed a basis for the Commission's findings, are attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath. All responses to the enclosed Interrogatories and Requests for Production of Documents should be submitted to the General Counsel's Office within 30 days of your receipt of this letter. Any additional materials or statements you wish to submit should accompany the response to the Interrogatories and discovery requests. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to the Interrogatories and Requests for Production of Documents. If you intend to be

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Edward Carl Harrison
Page 2

represented by counsel, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notification or other communications from the Commission.

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 the 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 the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

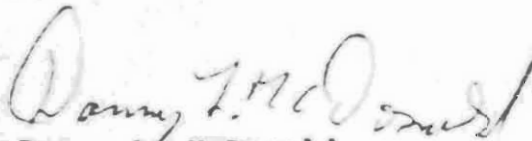
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 authorizing such counsel to receive any notifications and other communications from the Commission.

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 have any questions, please contact Andrea Low, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,


Danny L. McDonald
Chairman

Enclosures

Designation of Counsel Form
Interrogatories and Requests for Production of Documents (2)
Factual & Legal Analyses (2)

97043780105

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
)

MUR 3951

**INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS**

TO: Edward Carl Harrison
1314 Indian Creek
Desoto, Texas 75115

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In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 30 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery request shall refer to the time period from January 1, 1993 to present.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean Edward Carl Harrison, the named respondent in this action to whom these discovery requests are addressed, including all agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and request for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

EDWARD CARL HARRISON

1. List your assets and liabilities on August 14, 1993. Identify all assets and liabilities deriving from ownership of shares of E. C. Harrison Properties, Inc.
2. State whether you have ever sold your shares in E. C. Harrison Properties, Inc. If so, state how many shares of stock were sold and the amount for which they were sold. State whether you have ever used your shares as collateral. If so, state how many shares of stock were used as collateral.
3. State whether you are or have been a party to any lawsuit. If so, provide the caption to any such lawsuits, identify the court in which the action was filed, and produce documents reflecting the final disposition of the lawsuits.
4. State whether you have petitioned for bankruptcy. If so, identify and produce documents that evidence your petition for bankruptcy and proceedings related to it.

97043780109

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
) MUR 3951
)

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: E. C. Harrison Properties, Inc.
P. O. Box 381383
Duncanville, Texas 75138

97043780110
In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 30 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery request shall refer to the time period from January 1, 1993 to present.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean E. C. Harrison Properties, Inc., the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and request for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

E. C. HARRISON PROPERTIES, INC.

1. Produce the Articles of Incorporation and Bylaws of E. C. Harrison Properties, Inc.
2. State the total number of shares of stock issued to date by E. C. Harrison Properties, Inc. Identify all shareholders of E. C. Harrison Properties, Inc., past and present, and:
 - a. state the number of shares each shareholder held and or holds;
 - b. state when the shares were acquired, and if applicable, when the shares were relinquished;
 - c. state whether the shareholders were directors, officers, or employees of E. C. Harrison Properties, Inc.
3. Identify all persons who are or have been officers, directors and/or employees of E. C. Harrison Properties, Inc. For each person identified, indicate the dates during which he or she held any of these positions.
4. State whether E. C. Harrison Properties, Inc. is a subchapter-S corporation pursuant to the Internal Revenue Code. If so, state when the corporation elected this tax status. Produce a copy of IRS Form 2553 and the IRS letter granting the subchapter-S tax status.
5. With regard to the loan E. C. Harrison Properties, Inc. made to Edward C. Harrison on August 14, 1993 in the amount of \$50,000:
 - a. List the assets and liabilities of E. C. Harrison Properties, Inc. at the time the loan was made.
 - b. Describe the procedures used to effectuate the loan.
 - c. Identify all other loans made by E. C. Harrison Properties. For each loan, identify the borrower and explain the circumstances, terms, and purpose of the loan.
6. State whether E. C. Harrison Properties, Inc. has made any distributions. Identify all persons who received distributions and describe how and when the distributions were made.
7. State whether E. C. Harrison Properties, Inc. is or has been a party to any lawsuit. If so, provide the caption to any such lawsuits, identify the court in which the action was filed, and produce documents reflecting the final disposition of them.

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8. State whether E. C. Harrison Properties, Inc. has petitioned for bankruptcy. If so, identify and produce documents that evidence E. C. Harrison Properties, Inc.'s petition for bankruptcy and proceedings related to it.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 3951

**RESPONDENTS: Edward Carl Harrison
E. C. Harrison Properties, Inc.**

This matter was generated by a complaint filed with the Federal Election Commission by Kenneth H. Molberg. See 2 U.S.C. § 437g(a)(1).

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Complainant contends that the "[p]ublic record information strongly indicates that Mr. Harrison's corporation and Mr. Harrison, acting on behalf of his corporation, arranged to fund his campaign with corporate treasury funds" in violation of the Federal Election Campaign Act of 1971, as amended (the "Act"). The complaint alleges that Mr. Harrison's corporation, E. C. Harrison Properties, Inc. (the "corporation"), made large personal loans to Edward Harrison (the "candidate") shortly after Mr. Harrison filed his Statement of Candidacy in May 1993. Next, the complaint alleges that the Ed Harrison for Congress Committee (the "Committee") used the corporate post office box and telephone number of E. C. Harrison Properties, Inc. for campaign purposes, and that the Committee has not reimbursed the corporation for such use.

A. Corporate Loan

It is unlawful for any corporation to make a contribution in connection with a federal election, or for any candidate or political committee to knowingly accept any prohibited

contribution, or for any officer or director of any corporation to consent to any prohibited contribution. 2 U.S.C. § 441b(a). The term "contribution" includes, inter alia, any loan or anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i). Pursuant to 2 U.S.C. § 432(e)(2), any candidate who receives a loan for use in connection with the campaign of such candidate for election shall be considered as having received the loan as an agent of the authorized committee of such candidate.

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The complaint alleges that under the guise of candidate loans, Mr. Harrison's company actually was financing Mr. Harrison's campaign. The candidate is alleged to have loaned a total of \$110,368 to the Committee, including two loans totaling \$56,590 on August 31, 1993, and another \$50,000 loan on September 14, 1993. The complaint further alleges that around the same time, candidate Harrison took a large loan from his corporation. This loan to the candidate from the corporation is alleged to be in an amount between \$15,000 and \$50,000.

Respondents admit to the loans totaling \$110,368. Respondents also admit that the candidate received a personal loan from the corporation for \$50,000 on August 14, 1993 and that the candidate executed loans to the Committee for \$56,590 and \$50,000 on August 31 and September 14, 1993, respectively.

Candidate Harrison states that "[i]t is my firm belief the funds which I used to make the loan to the Committee were in fact my personal funds." He notes that his actions were consistent with the corporate bylaws and that the loan transaction was

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conducted in the normal business manner. However, despite candidate Harrison's belief that his loans to the Committee derived from his personal funds, the funds loaned by the corporation to the candidate for use ultimately by the Committee may not have been personal funds under the Act. Pursuant to 2 U.S.C. § 432(e)(2), candidate Harrison must be considered an agent of the Committee for any loan he received for use in the campaign during the pendency of his candidacy. The \$50,000 loan in this instance was made from the corporation to the candidate three months after Mr. Harrison filed a Statement of Candidacy, and was then deposited in the campaign account shortly thereafter.

In a similar matter, MUR 3228, evidence showed that shortly before the candidate wrote substantial personal checks to the campaign committee, deposits for roughly the same amount had been transferred into his personal checking account from the candidate's corporation. See MUR 3228. It appeared by the amounts of the transfers and their proximity in time that the candidate followed a practice of making large loans to the committee from his personal checking account, the original source of which was the corporation. See id. In this case, especially because of the proximity in time of the transfers, it similarly appears that the corporation was loaning money to the Committee through the candidate as agent for the Committee. Also in this case, Mr. Harrison, as an officer and director of the corporation, signed and executed a loan to himself as a candidate, which may have violated both the prohibitions against making and accepting a

corporate contribution.¹

Therefore, there is reason to believe that E. C. Harrison Properties, Inc. and Edward Carl Harrison, as a director and officer of the corporation, and as an agent of his campaign violated 2 U.S.C. § 441b(a).

B. Use of Corporate Facilities

Complainant states that Mr. Harrison has not disclosed the full extent of the Committee's use of corporate facilities, which he alleges was not merely incidental. He alleges that the Committee used E. C. Harrison Properties, Inc.'s corporate address and telephone number for campaign purposes, as reflected on its brochures and notes that the Committee's reports do not disclose payments for rent, post office box fee, or telephone services.²

Under 11 C.F.R. § 114.9(a), stockholders and employees of the corporation may make occasional, isolated, or incidental use of the facilities of a corporation for individual volunteer

1. The Committee's reports show a repayment from the Committee to the candidate of a \$50,000 loan on 3/29/94. Mr. Harrison states that "[p]rior to April 15, 1994, I issued a check to Harrison [corporation] in the amount of \$50,000 for the amount owed personally by me."

2. Another issue raised in a footnote in the complaint is that Mr. Harrison "has also used precisely the same lettering for both his corporate billboards and signs and the bumper stickers for his campaign." Complainant alleges that "[g]iven the campaign's use of corporate facilities, this similarity raises the issue of whether Mr. Harrison may have received a reduced rate for printing his campaign materials by using the corporation's design." Complainant appears to imply that Mr. Harrison benefited from quantity discounts or converting materials to use by the campaign or something similar. Respondents state that the Committee did not use any corporate facility to produce the bumper stickers and that the Committee paid the fair market value to develop and produce the bumper stickers.

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activity in connection with a federal election but must reimburse the corporation to the extent that the overhead or operating costs of the corporation are increased. Any such activity which does not exceed one hour per week or four hours per month, regardless of whether the activity is undertaken during or after normal working hours, shall be considered as occasional, isolated, or incidental use of the corporate facilities. 11 C.F.R. § 114.9(a)(iii).

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Mr. Harrison, who is both a stockholder and employee of E. C. Harrison Properties, Inc., acknowledges that he has "made infrequent use of the facilities (i.e. telephone) on behalf of the Committee" that "has not exceeded one hour per week." The response also denies that the other employees ever performed campaign services while at the corporate facility. Mr. Harrison also acknowledges that he wrote a letter to the Clerk of the U.S. House of Representatives, dated July 1, 1993, admitting that he had been using the corporate address and telephone number as the legal address for the Committee, and had placed the company's mailing address and telephone number on brochures and letterheads. In sum, candidate Harrison asserts that "[t]he listing of the telephone number and post office box did not result in anything more than an incidental use of corporate facilities" and that "Harrison [corporation] has been reimbursed."

Mr. Harrison included an amended Form 1 in his July 1993 letter to the Clerk noting the Committee's new address. The July 1993 letter was also printed on letterhead that listed a new campaign telephone number. Furthermore, the Committee began

paying rent to "Buddy Morahan" at 515 N. Cedar Ridge, Suite 9, Duncanville, TX 75116 in July 1993, shortly after sending the letter stating that it would no longer use the corporate address. Thus, the Committee changed its address approximately eight months before the March 1994 primary and only used the corporate address Harrison claims there was little campaign activity.

Nevertheless the use of the corporate address and phone number constitutes a corporate contribution. The continuous use of the corporation's post office box and telephone for a period of two or three months by the Harrison Committee is not "incidental" use for volunteer activity under 11 C.F.R. § 114.9(a)(iii). Therefore, there is reason to believe that Respondents violated 2 U.S.C. § 441b(a) as to the use of corporate facilities.

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activity in connection with a federal election but must reimburse the corporation to the extent that the overhead or operating costs of the corporation are increased. Any such activity which does not exceed one hour per week or four hours per month, regardless of whether the activity is undertaken during or after normal working hours, shall be considered as occasional, isolated, or incidental use of the corporate facilities. 11 C.F.R. § 114.9(a)(iii).

97043780121
Mr. Harrison, who is both a stockholder and employee of E. C. Harrison Properties, Inc., acknowledges that he has "made infrequent use of the facilities (i.e. telephone) on behalf of the Committee" that "has not exceeded one hour per week." The response also denies that the other employees ever performed campaign services while at the corporate facility. Mr. Harrison also acknowledges that he wrote a letter to the Clerk of the U.S. House of Representatives, dated July 1, 1993, admitting that he had been using the corporate address and telephone number as the legal address for the Committee, and had placed the company's mailing address and telephone number on brochures and letterheads. In sum, candidate Harrison asserts that "[t]he listing of the telephone number and post office box did not result in anything more than an incidental use of corporate facilities" and that "Harrison [corporation] has been reimbursed."

Mr. Harrison included an amended Form 1 in his July 1993 letter to the Clerk noting the Committee's new address. The July 1993 letter was also printed on letterhead that listed a new campaign telephone number. Furthermore, the Committee began

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paying rent to "Buddy Morahan" at 515 N. Cedar Ridge, Suite 9, Duncanville, TX 75116 in July 1993, shortly after sending the letter stating that it would no longer use the corporate address. Thus, the Committee changed its address approximately eight months before the March 1994 primary and only used the corporate address for two or three months during which Mr. Harrison claims there was little campaign activity.

Nevertheless the use of the corporate address and phone number constitutes a corporate contribution. The continuous use of the corporation's post office box and telephone for a period of two or three months by the Harrison Committee is not "incidental" use for volunteer activity under 11 C.F.R. § 114.9(a)(iii). Therefore, there is reason to believe that the Committee and its treasurer violated 2 U.S.C. § 441b(a) as to the use of corporate facilities.

C. Failure to Report Campaign Loans

Pursuant to 2 U.S.C. § 434(a)(1), each treasurer of a political committee shall file reports of receipts and disbursements. Each report shall disclose for the reporting period and calendar year, the total amount of all loans made by or guaranteed by the candidate and all other loans. 2 U.S.C. §§ 434(b)(2)(G) and 434(b)(2)(H). Each report shall disclose the amount and nature of outstanding debts and obligations owed by or to the reporting committee. 11 C.F.R. § 104.3(d).

Complainant appears to allege three reporting violations where loans made to candidate Harrison were not continuously reported until repaid. He alleges that at some point "the

Committee failed to include a Schedule C on its report to fully disclose the source and conditions of the loans." It is also alleged that "the loan of \$1,900 Mr. Harrison made to the Committee on June 4, 1993 was not continuously reported and does not appear as outstanding or repaid on his Year-End Report." Finally, Complainant alleges that in the report "covering the period of January 1, 1994 through February 16, 1994, Mr. Harrison failed to continuously report the earlier loans to his campaign totaling \$110,386 or the loans of June 4, 1993, for \$1,900."

The response replies that the Committee responded to a letter from the Reports Analysis Division ("RAD") dated March 15, 1994 which dealt with the Committee's failure to include a Schedule C. Respondents claim that the Committee completed the appropriate loan schedules and subsequently filed them in response to RAD's inquiries.

Review of the disclosure reports and communications with RAD reveals that the Committee indeed omitted certain schedules when it filed its reports, but took corrective action when contacted by RAD. First, on the 1993 Mid-Year Report, the Committee filed a Schedule C reporting one loan of \$1,900 from the candidate to the Committee dated 6/4/93. The Committee, however, failed to report the \$1,900 as a receipt on its Schedule A. On April 5, 1994, the Committee filed an amended 1993 Mid-Year Report including a Schedule A. Thus, the Committee appears to have corrected its omission on its 1993 Mid-Year Report. Second, the loan of \$1,900 that Mr. Harrison made to the Committee, originally reported on the 1993 Mid-Year Report, did not appear as outstanding or repaid

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on the Committee's original 1993 Year-End Report. However, also on April 5, 1994, the Committee filed an amended 1993 Year-End Report. This amended report included the previously omitted Schedule C and included the outstanding \$1,900 loan. This amended year-end report also added expenses paid by the candidate on behalf of the campaign Committee that were loans for which the candidate expected reimbursement. These new items were reported as entries on Schedule A and Schedule D. Thus, the Committee appears to have corrected both its failure to file a Schedule C and its failure to continuously report the \$1,900 loan with its amended 1993 Year-End Report.

Finally, on April 5, 1994, the Committee amended its 1994 12-Day Pre-Primary Report to include its previously omitted Schedule C and to correct previously improperly reported loans from the candidate on Schedule D. This amended report lists the total debts owed by the Committee as \$110,470. In fact, it appears that since April 1994, the Committee has continuously reported additional loans from the candidate to the Committee. Thus, it appears that after submitting amended reports in April 1994, the Committee continuously reported its loans from the candidate.

In light of the foregoing, this Office recommends that the Commission find reason to believe that the Ed Harrison for Congress Committee and Paul Johnson, as treasurer, violated 2 U.S.C. § 434(b)(2).

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 3951

RESPONDENTS: Ed Harrison for Congress Committee and
Paul Johnson, as treasurer

This matter was generated by a complaint filed with the Federal Election Commission by Kenneth H. Molberg. See 2 U.S.C. § 437g(a)(1).

Complainant contends that the "[p]ublic record information strongly indicates that Mr. Harrison's corporation and Mr. Harrison, acting on behalf of his corporation, arranged to fund his campaign with corporate treasury funds" in violation of the Federal Election Campaign Act of 1971, as amended (the "Act"). The complaint alleges that Mr. Harrison's corporation, E. C. Harrison Properties, Inc. (the "corporation"), made large personal loans to Edward Harrison (the "candidate") shortly after Mr. Harrison filed his Statement of Candidacy in May 1993. Next, the complaint alleges that the Ed Harrison for Congress Committee (the "Committee") used the corporate post office box and telephone number of E. C. Harrison Properties, Inc. for campaign purposes, and that the Committee has not reimbursed the corporation for such use. Finally, the complaint alleges that the Committee improperly reported Mr. Harrison's loans and did not fully disclose the source and conditions of the loans.

A. Corporate Loan

It is unlawful for any corporation to make a contribution in

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connection with a federal election, or for any candidate or political committee to knowingly accept any prohibited contribution, or for any officer or director of any corporation to consent to any prohibited contribution. 2 U.S.C. § 441b(a). The term "contribution" includes, inter alia, any loan or anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i). Pursuant to 2 U.S.C. § 432(e)(2), any candidate who receives a loan for use in connection with the campaign of such candidate for election shall be considered as having received the loan as an agent of the authorized committee of such candidate.

The complaint alleges that under the guise of candidate loans, Mr. Harrison's company actually was financing Mr. Harrison's campaign. The candidate is alleged to have loaned a total of \$110,368 to the Committee, including two loans totaling \$56,590 on August 31, 1993, and another \$50,000 loan on September 14, 1993. The complaint further alleges that around the same time, candidate Harrison took a large loan from his corporation. This loan to the candidate from the corporation is alleged to be in an amount between \$15,000 and \$50,000.

Respondents admit to the loans totaling \$110,368. Respondents also admit that the candidate received a personal loan from the corporation for \$50,000 on August 14, 1993 and that the candidate executed loans to the Committee for \$56,590 and \$50,000 on August 31 and September 14, 1993, respectively.

Candidate Harrison states that "[i]t is my firm belief the funds which I used to make the loan to the Committee were in fact

my personal funds." He notes that his actions were consistent with the corporate bylaws and that the loan transaction was conducted in the normal business manner. However, despite candidate Harrison's belief that his loans to the Committee derived from his personal funds, the funds loaned by the corporation to the candidate for use ultimately by the Committee may not have been personal funds under the Act. Pursuant to 2 U.S.C. § 432(e)(2), candidate Harrison must be considered an agent of the Committee for any loan he received for use in the campaign during the pendency of his candidacy. The \$50,000 loan in this instance was made from the corporation to the candidate three months after Mr. Harrison filed a Statement of Candidacy, and was then deposited in the campaign account shortly thereafter.

In a similar matter, MUR 3228, evidence showed that shortly before the candidate wrote substantial personal checks to the campaign committee, deposits for roughly the same amount had been transferred into his personal checking account from the candidate's corporation. See MUR 3228. It appeared by the amounts of the transfers and their proximity in time that the candidate followed a practice of making large loans to the committee from his personal checking account, the original source of which was the corporation. See id. In this case, especially because of the proximity in time of the transfers, it similarly appears that the corporation was loaning money to the Committee through the candidate as agent for the Committee. Also in this case, Mr. Harrison, as an officer and director of the corporation, signed and executed a loan to himself as a candidate, which may

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have violated both the prohibitions against making and accepting a corporate contribution.¹

Therefore, there is reason to believe that the Ed Harrison for Congress Committee and Paul Johnson, as treasurer, violated 2 U.S.C. § 441b(a).

B. Use of Corporate Facilities

Complainant states that Mr. Harrison has not disclosed the full extent of the Committee's use of corporate facilities, which he alleges was not merely incidental. He alleges that the Committee used E. C. Harrison Properties, Inc.'s corporate address and telephone number for campaign purposes, as reflected on its brochures and notes that the Committee's reports do not disclose payments for rent, post office box fee, or telephone services.²

Under 11 C.F.R. § 114.9(a), stockholders and employees of the corporation may make occasional, isolated, or incidental use of the facilities of a corporation for individual volunteer

1. The Committee's reports show a repayment from the Committee to the candidate of a \$50,000 loan on 3/29/94. Mr. Harrison states that "[p]rior to April 15, 1994, I issued a check to Harrison [corporation] in the amount of \$50,000 for the amount owed personally by me."

2. Another issue raised in a footnote in the complaint is that Mr. Harrison "has also used precisely the same lettering for both his corporate billboards and signs and the bumper stickers for his campaign." Complainant alleges that "[g]iven the campaign's use of corporate facilities, this similarity raises the issue of whether Mr. Harrison may have received a reduced rate for printing his campaign materials by using the corporation's design." Complainant appears to imply that Mr. Harrison benefited from quantity discounts or converting materials to use by the campaign or something similar. Respondents state that the Committee did not use any corporate facility to produce the bumper stickers and that the Committee paid the fair market value to develop and produce the bumper stickers.

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PATTON BOGGS, L.L.P.
2550 M STREET, N.W.
WASHINGTON, D.C. 20037-1350
(202) 457-6000
FACSIMILE: (202) 457-6315

WRITER'S DIRECT DIAL

(202) 457-6405

July 17, 1995

Andrea Low, Esquire
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3951

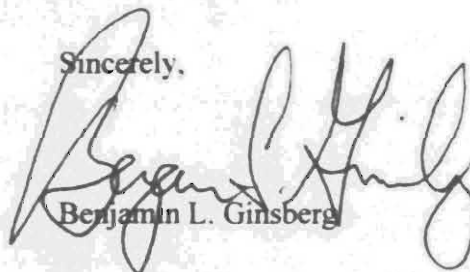
Dear Ms. Low:

Pursuant to our conversation concerning the above captioned matter, Respondents respectfully request an extension in which to submit a response to the Commission's reason-to-believe finding. Respondents will respond by July 26, 1995 to those portions of the Commission's discovery request that will not be affected by MUR 3228.

Respondents' response was originally due on Wednesday, July 26th. But as we discussed, the Commission's Factual and Legal Analysis relied substantially on the findings of Matter Under Review 3228, which, as you know, has not yet been put on the public record. Accordingly, we would request a 20-day extension from the date this matter is placed on the public record.

Thank you for your attention.

Sincerely,


Benjamin L. Ginsberg

BLG/jmt

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MUR 3951

NAME OF COUNSEL: Benjamin L. Ginsberg

ADDRESS: Patton Boggs, L.L.P.
2550 M Street, N.W.

Washington, D.C. 20037

TELEPHONE: (202) 457-6405

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.

7/12/95
Date

Edward C. Harrison
Signature

RESPONDENT'S NAME: Edward Carl Harrison
Ed Harrison for Congress Committee and
Paul Johnson, as treasurer
E. C. Harrison Properties, Inc.

ADDRESS: P.O. Box 381697
Duncanville, Texas 75138

TELEPHONE: HOME()
BUSINESS(214) 296-1674

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 20, 1995

Benjamin L. Ginsberg, Esq.
Patton Boggs, L.L.P.
2550 M Street, N.W.
Washington, DC 20037-1350

RE: MUR 3951
Edward Carl Harrison
Ed Harrison for Congress Committee
and Paul Johnson, as treasurer
E. C. Harrison Properties, Inc.

Dear Mr. Ginsberg:

This is in response to your letter dated July 17, 1995, which we received on July 18, 1995, requesting an extension of 20 days to respond to the Commission's reason to believe findings. You have explained that you would like to review MUR 3228, which will be placed on the public record at the end of July, before responding.

The Commission also sent you Interrogatories and Requests for Production of Documents which ask you to: 1) produce corporate documents, 2) identify shareholders, officers, directors, and employees, 3) state whether the corporation is an S corporation, 4) list the assets and liabilities of Mr. Harrison and the corporation when the loan was made, 5) identify distributions and sales of stock, and 6) state whether Mr. Harrison or the corporation has been involved in lawsuits or bankruptcies. We expect that your ability to answer these interrogatories and produce documents will not be affected by MUR 3228.

Therefore, after considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension for a response to the reason to believe findings, but will expect responses to discovery on July 26, 1995. Accordingly, your response to the reason to believe findings is due by the close of business on August 15, 1995.

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

97043780131

Benjamin L. Ginsberg, Esq.
page 2

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

Sincerely,

Andrea Tuck Yung Low

Andrea Tuck Yung Low
Attorney

97043780132

BEFORE

THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF

Edward Carl Harrison

MUR 3951

**RESPONSE OF RESPONDENT EDWARD CARL HARRISON
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS**

Preliminary Statement

This is an initial response to the Federal Election Commission's Interrogatories and Request for Production of Documents. As explained in the July 17, 1995 request for an extension of time, Respondent cannot answer fully the Commission's discovery request or reason to believe finding since the Factual and Legal Analysis relies heavily on a Matter Under Review that has not yet been placed on the public record. MUR 3228 is central to the Commission's findings in this matter and Respondent is unable to prepare a complete response absent review of that document. Additional responses will be forthcoming after the placing of MUR 3228 on the public record.

Respondent's submissions are made without waiving (1) the right to object to the FEC's use of the produced information or documents, or to bring legal action to prevent such use, on grounds of relevancy, materiality, competency, privilege, effect of the statute of limitations, or any other ground, (2) the right to make objections or bring legal action based on such grounds in response to the remaining questions in the FEC's request, or to any further investigations or inquiries by the FEC, or (3) the right to supplement this response.

Subject to the foregoing paragraph, Respondent provides the following information and submits the attached responsive documents requested to the extent that such information and documents are currently within Respondent's knowledge, custody and control, and are not privileged.

QUESTIONS AND CORRESPONDING RESPONSES:

1. **List your assets and liabilities on August 14, 1993. Identify all assets and liabilities deriving from ownership of shares of E. C. Harrison Properties, Inc.**

RESPONSE: See detailed information attached.

2. **State whether you have ever sold your shares in E. C. Harrison Properties, Inc. If so, state how many shares of stock were sold and the amount for which they were sold. State whether you have ever used your shares as collateral. If so, state how many shares of stock were used as collateral.**

RESPONSE: Harrison has maintained ownership of 5,000 shares of E. C. Harrison Properties, Inc. since the inception of the corporation (then called Daystar Properties, Inc.) in November 1983. The stock has never been used as collateral of any type.

3. **State whether you are or have been a party to any lawsuit. If so, provide the caption to any such lawsuits, identify the court in which the action was filed, and produce documents reflecting the final disposition of the lawsuits.**

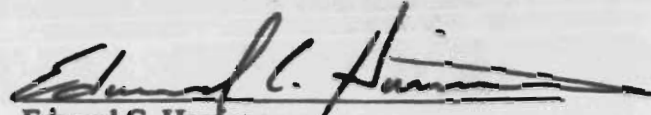
RESPONSE: Mr. Harrison was named personally in one lawsuit. See response to item 7(b), Interrogatories to E. C. Harrison Properties, Inc.

4. **State whether you have petitioned for bankruptcy. If so, identify and produce documents that evidence your petition for bankruptcy and proceedings related to it.**

RESPONSE: Edward Carl Harrison has never petitioned for bankruptcy.

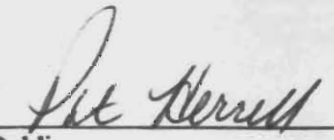
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The foregoing is true and correct.

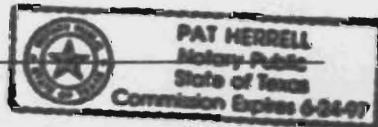

Edward C. Harrison

STATE OF TEXAS)
) ss.
)

The foregoing Response was subscribed and sworn to before me this 25th day of July, 1995, by Edward C. Harrison.


Notary Public

My Commission Expires:



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PATTON BOGGS, L.L.P.
2550 M STREET, N.W.
WASHINGTON, D.C. 20037-1350
(202) 457-6000

FACSIMILE: (202) 457-6315

WRITER'S DIRECT DIAL

(202) 457-6405

August 8, 1995

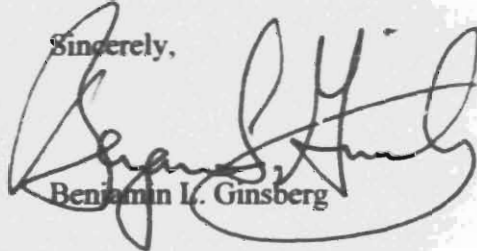
Andrea Tuck Yung Low, Esquire
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 3951

Dear Ms. Low:

Please be advised that as of July 26, 1995 this firm withdrew as counsel to Respondents in the above captioned matter.

Sincerely,


Benjamin L. Ginsberg

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
JUN 9 11 32 AM '95

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BEFORE

THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF

E. C. Harrison Properties, Inc.

MUR 3951

JUL 26 4 33 PM '95

FEDERAL ELECTION
COMMISSION
OFFICE OF THE CLERK

**RESPONSE OF RESPONDENT E. C. HARRISON PROPERTIES, INC.
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS**

Preliminary Statement

This is an initial response to the Federal Election Commission's Interrogatories and Request for Production of Documents. As explained in the July 17, 1995 request for an extension of time, Respondent cannot answer fully the Commission's discovery request or reason to believe finding since the Factual and Legal Analysis relies heavily on a Matter Under Review that has not yet been placed on the public record. MUR 3228 is central to the Commission's findings in this matter and Respondents are unable to prepare a complete response absent review of that document. Additional responses will be forthcoming after the placing of MUR 3228 on the public record.

Respondent's submissions are made without waiving (1) the right to object to the FEC's use of the produced information or documents, or to bring legal action to prevent such use, on grounds of relevancy, materiality, competency, privilege, effect of the statute of limitations, or any other ground, (2) the right to make objections or bring legal action based on such grounds in response to the remaining questions in the FEC's request, or to any further investigations or inquiries by the FEC, or (3) the right to supplement this response.

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Subject to the foregoing paragraph, Respondents provide the following information and submit the attached responsive documents requested to the extent that such information and documents are currently within Respondents' knowledge, custody and control, and are not privileged.

QUESTIONS AND CORRESPONDING RESPONSES:

1. **Produce the Articles of Incorporation and Bylaws of E. C. Harrison Properties, Inc.**

RESPONSE: See Attachment A.

2. **State the total number of shares of stock issued to date by E. C. Harrison Properties, Inc. Identify all shareholders of E. C. Harrison Properties, Inc., past and present, and:**

- a. **state the number of shares each shareholder held and or holds;**
- b. **state when the shares were acquired, and if applicable, when the shares were relinquished;**
- c. **state whether the shareholders were directors, officers, or employees of E. C. Harrison Properties, Inc.**

RESPONSE: Total number of shares issued: 5,000 to Edward C. Harrison and 5,000 which the corporation now holds as treasury stock. The initial stock was offered on November 30, 1983. See Attachment B. 10,000 shares were issued -- 5,000 to Edward C. Harrison and 5,000 to Jerry G. Brooks. The corporation at that time was known as Daystar Properties, Inc. The name was changed to E. C. Harrison Properties, Inc. in 1984. See Attachment C.

- a. **Former shareholder Jerry G. Brooks held 5,000 shares from November 30, 1983 to December 20, 1984. The 5,000 shares of Jerry G. Brooks were turned in to the corporation on**

December 20, 1984 and now constitute treasury stock. See Attachment D. Edward C. Harrison, the only other person to have been issued stock, was issued 5,000 shares on November 30, 1983 and has continuously held that stock to the present.

b. Jerry G. Brooks acquired 5,000 shares on November 30, 1983 and relinquished them on December 20, 1984. Edward C. Harrison acquired 5,000 shares on November 30, 1983 and still holds them today.

c. Jerry G. Brooks was a director and officer of Daystar Properties, Inc. from November 30, 1983 through December 20, 1984. He was never an employee.

Edward C. Harrison was a director and officer of E. C. Harrison Properties, Inc. (formerly Daystar Properties, Inc.) from November 30, 1983 to the present. He became an employee in approximately 1986 and remains so currently. He is the only person employed by E. C. Harrison Properties, Inc.

3. **Identify all persons who are or have been officers, directors and/or employees of E. C. Harrison Properties, Inc. For each person identified, indicate the dates during which he or she held any of these positions.**

RESPONSE: On November 30, 1983, the following persons became officers:

<u>Name</u>	<u>Position</u>	<u>From</u>	<u>To</u>
Edward C. Harrison	President	November 30, 1983	Present
Jerry G. Brooks	Vice President	November 30, 1983	December 20, 1984
Trisha Harrison	Secretary	November 30, 1983	Present
Shirley Brooks	Treasurer	November 30, 1983	December 20, 1984

4. **State whether E. C. Harrison Properties, Inc. is a subchapter-S corporation pursuant to the Internal Revenue Code. If so, state when the corporation elected this tax status. Produce a copy of IRS Form 2553 and the IRS letter granting the subchapter-S tax status.**

RESPONSE: E. C. Harrison Properties, Inc. is not a subchapter-S corporation.

7. **State whether E. C. Harrison Properties, Inc. is or has been a party to any lawsuit. If so, provide the caption to any such lawsuits, identify the court in which the action was filed, and produce documents reflecting the final disposition of them.**

RESPONSE: E. C. Harrison Properties, Inc. has been party to two lawsuits:

- a. Max Long et al. vs. E. C. Harrison Properties, Inc., August 16, 1991, settled on

October 20, 1992;

- b. Clark and Linda Wilcox v. Kenneth and Laura Wages and Ed Harrison

Individually and D/B/A Harrison Homes, July 23, 1992.

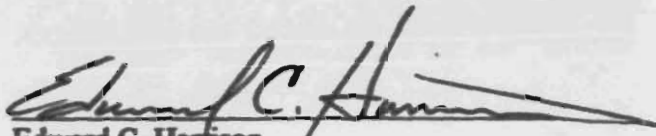
The relevant documents are at Attachment E.

8. **State whether E. C. Harrison Properties, Inc. has petitioned for bankruptcy. If so, identify and produce documents that evidence E. C. Harrison Properties, Inc.'s petition for bankruptcy and proceedings related to it.**

RESPONSE: E. C. Harrison Properties, Inc. has never petitioned for bankruptcy.

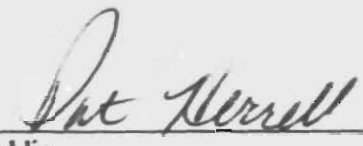
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The foregoing is true and correct.


Edward C. Harrison
E. C. Harrison Properties, Inc.

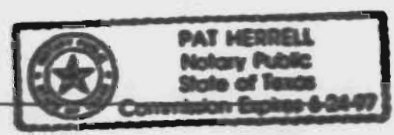
STATE OF TEXAS)
) ss.
)

The foregoing Response was subscribed and sworn to before me this 25th day of July, 1995, by Edward C. Harrison.



Notary Public

My Commission Expires: _____



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A

FILED
In the Office of the
Secretary of State
State of Texas

ARTICLES OF INCORPORATION

NOV 30 1983

OF

Chapter A
Corporations Section

DAYSTAR PROPERTIES, INCORPORATED

The undersigned, a natural person of the age of eighteen (18) years or more, who is a citizen of the State of Texas, acting as incorporator of a corporation under the Texas Business Corporation Act, hereby adopts the following Articles of Incorporation for such corporation:

ARTICLE ONE

The name of the corporation is Daystar Properties Inc.

ARTICLE TWO

The period of its duration is perpetual.

ARTICLE THREE

The purpose or purposes for which the corporation is organized are:

To engage in and transact any or all lawful business: provided, however, that nothing stated above authorized the corporation to be organized for or to transact any business in this state which is prohibited by Article 2.01B of the Texas Business Corporation Act, as now written or as hereinafter amended.

To buy, sell and deal in personal property, real property, and services subject to Part Four of the Texas Miscellaneous Corporation Laws Act.

ARTICLE FOUR

The aggregate number of shares which the corporation has the authority to issue is 100,000 shares of the par value of \$.10 each. The shares are designated Common stock and have identical rights and privileges in every respect.

ARTICLE FIVE

The corporation will not commence business until it has received for the issuance of its shares consideration of the value of One Thousand Dollars (\$1,000.00), consisting of money, labor done, or property actually received.

ARTICLE SIX

Directors shall be elected by majority vote, cumulative voting shall not be permitted.

ARTICLE SEVEN

The street address of the initial registered office of the corporation is 833 Arapaho Road East #202, Richardson, Texas and the name of its initial registered agent at such address is Gary P. Watrous.

ARTICLE EIGHT

The number of directors constituting the initial Board of Directors are two (2), however, thereafter the Bylaws shall fix the number at not less than one (1) nor more than nine (9). The name and address of the persons who are to serve as directors until the first annual meeting of the shareholders, or until his successors are elected and qualified are:

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Name
Edward C. Harrison

Address
1020 Shere Lane
Irving, Texas 75060

Jerry G. Brooks

1233 Marlyn
Irving, Texas 75061

The name and address of the incorporator is:

Name
Gary P. Watrous

Address
833 Arapaho Road East, #202
Richardson, Texas 75081

ARTICLE NINE

No shareholder or other person shall have any preemptive right whatsoever.

ARTICLE TEN

The initial Bylaws shall be adopted by the Board of Directors. The power to alter, amend, or repeal the Bylaws or adopt new Bylaws, subject to repeal or change by action of the shareholders, shall be vested in the Board of Directors.

ARTICLE ELEVEN

The corporation shall indemnify any person who is or was a director, officer, agent or employee of the corporation, and any person who serves or served at the corporation's request as a director, officer, agent, employee, partner or trustee of another corporation, partnership, joint venture, trust or other enterprise as follows:

(a) In case of a suit by or in the right of the corporation against a person named hereinabove by reason of his holding a position set forth above, the corporation shall indemnify such person against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense of settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty or the corporation, unless (and only to the extent that) the court in which the suit was brought shall determine, upon application, that, despite the adjudication but in view of all of the circumstances, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

(b) In case of a threatened, pending or completed suit, action or proceeding (whether civil, criminal, administrative or investigative), other than a suit by or in the right of the corporation, together hereafter referred to as a non-derivative suit, against a person named hereinabove by reason of his holding a position set forth above, the corporation shall indemnify him against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the defense or settlement of such action, suit or proceeding if he is successful on the merits or otherwise or if he acted in good faith in the transaction which is the subject of the non-derivative suit to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The

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termination of a non-derivative suit by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

(c) Indemnification provided under Paragraphs (a) and (b) above shall be made by the corporation (except as provided in Paragraph (a) hereof) only upon a determination of the specific case that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in Paragraph (b) hereof. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by vote of the shareholders and may be prorated so as to indemnify such person as to some matters but not others.

(d) The corporation may pay in advance any expenses (including attorney's fees) which may become subject to indemnification hereunder if (1) the Board of Directors authorizes the specific payment and (2) the person receiving the payment undertakes in writing to repay unless it is ultimately determined that he is entitled to indemnification by the corporation under this Article Eleven.

(e) The indemnification provided herein shall not be exclusive of any of the rights to which a person may be entitled by law, the Bylaws of the corporation, agreement, vote of shareholders or disinterested directors, or otherwise, shall continue as to a person who has ceased to hold such position and shall inure to his heirs, executors and administrators.

(f) The corporation may purchase and maintain insurance on behalf of any person who holds or who has held any position named hereinabove against any liability asserted against him and incurred by him in any such position, or rising out of his status as such, whether or not the corporation would have power to indemnify him against such liability under the provisions of the Article or otherwise.

IN WITNESS WHEREOF, I have hereunto set my hand, this 23rd day of November, 1983.

Gary P. Watrous
Gary P. Watrous

SWORN TO on the 22 day of November, 19 83, by the above named incorporator.

Richard J. Cole
Notary Public in and for the State
of Texas

My commission expires: 3/10/85

BYLAWS
OF
DAYSTAR PROPERTIES INC.

ARTICLE I.
OFFICES

Section 1. The principal office shall be located in the City of Irving, County of Dallas, State of Texas.

Section 2. The corporation may also have offices at such other places within or without the State of Texas as the Board of Directors may from time to time determine, or as the business of the corporation may require.

ARTICLE II.

MEETINGS OF SHAREHOLDERS

Section 1. Meetings of the shareholders shall be held at such place within or without the State of Texas as shall be specified in the notice of the meeting or in a waiver thereof.

Section 2. An annual meeting of shareholders, commencing in the year 1984, shall be held on December 15 in each year, unless such day is a legal holiday, in which case such meeting shall be held at the specified time on the first business day thereafter which is not a legal holiday. At such meeting the shareholders entitled to vote thereat shall elect by a majority vote a Board of Directors, and may transact such other business as may properly be brought before the meeting.

Section 3. Special meetings of the shareholders may be called by the Chairman of the Board of Directors, the President, the Board of Directors,

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or the holders of not less than one-tenth (1/10th) of all shares entitled to vote at the meeting.

Section 4. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

Section 5. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 6. The holders of a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at meetings of shareholders except as otherwise provided in the Articles of Incorporation. If, however, a quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person, or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which may have been transacted at the meeting as originally notified.

Section 7. The vote of the holders of a majority of the shares entitled to vote and represented at a meeting at which a quorum is present shall be

the act of the shareholders' meeting, unless the vote of a greater number is required by law or by the Articles of Incorporation.

Section 8. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable.

Section 9. The officer or agent having charge of the stock transfer books shall make, at least ten (10) days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the corporation, and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer book or to vote at any such meeting of shareholders.

Section 10. Any action required by the statutes to be taken at a meeting of the shareholders, or any action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE III.

DIRECTORS

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Section 1. The number of directors of the corporation shall be not less than one (1) nor more than nine (9), as determined from time to time by the shareholders of the corporation. The directors shall be elected at the annual meeting of the shareholders, except as provided in Sections 2, 3 or 4 of this Article III, and each director elected shall hold office until his successor is elected and qualified. Directors need not be residents of the State of Texas or shareholders of the corporation. Any director may be removed with or without cause by the affirmative vote of a majority of the entire Board of Directors or by the affirmative vote of the holders of a majority of the shares represented at any shareholders' meeting at which a quorum is present; provided, that the proposed removal is stated in the notice of the meeting.

Section 2. Any vacancy occurring in the Board of Directors may be filled in accordance with Section 4 of this Article III or may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 3. A directorship to be filled by reason of an increase in the number of directors may be filled in accordance with Section 4 of this Article III or may be filled by the Board of Directors for a term of office continuing only until the next election of one (1) or more directors by the shareholders; provided, that the Board of Directors may not fill more than two (2) such directorships during the period between any two (2) successive annual meetings of the shareholders.

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Section 4. Any vacancy occurring in the Board of Directors or any directorship to be filled by reason of an increase in the number of directors may be filled by election at an annual or special meeting of shareholders called for that purpose.

Section 5. The business and affairs of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the shareholders.

Section 6. Meetings of the Board of Directors, regular or special, may be held either within or without the State of Texas.

Section 7. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, providing a quorum shall be present. In the event of the failure of the shareholders to fix the time and place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the shareholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 8. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

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Section 9. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or the President, and shall be called by the Secretary on the written request of two directors. Written notice of special meetings of the Board of Directors shall be given to each director at least three days before the date of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 10. A majority of the directors shall constitute a quorum for the transaction of business, and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by the Articles of Incorporation or elsewhere in these Bylaws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 11. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate two or more directors to constitute an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the business and affairs of the corporation except as otherwise provided by statute. Vacancies in the membership of any such committee shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board when required. The designation of such committee

and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

Section 12. Any action required or permitted to be taken at a meeting of the Board of Directors or any committee may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the members of the Board of Directors or committee, as the case may be.

ARTICLE IV.

NOTICES

Section 1. Notices to directors and shareholders shall be in writing, shall specify the time and place of the meeting and shall be delivered personally or mailed to the directors or shareholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when same shall be mailed. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given to any shareholder or director under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 3. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE V.

OFFICERS

Section 1. The officers of the corporation shall consist of a President, one or more Vice Presidents, a Secretary and a Treasurer, and may include a Chairman of the Board, each of whom shall be elected by the Board of Directors. Any two or more offices may be held by the same person.

Section 2. The Board of Directors, at its first meeting after each annual meeting of shareholders, shall choose a President, one or more Vice Presidents, a Secretary and a Treasurer, none of whom need be a member of the Board, and may appoint one of their number Chairman of the Board.

Section 3. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer or agent or member of the executive committee elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

Chairman of the Board and President

Section 6. The Board of Directors may designate whether the Chairman of the Board, if such an officer shall have been appointed, or the President, shall be the chief executive officer of the corporation. In the absence of a

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contrary designation, the President shall be the chief executive officer. The chief executive officer shall preside at all meetings of the shareholders and the Board of Directors, and shall have such other powers and duties as usually pertain to such office or as may be delegated by the Board of Directors. The President shall have such powers and duties as usually pertain to such office, except as the same may be modified by the Board of Directors. Unless the Board of Directors shall otherwise delegate such duties, the President shall have general and active management of the business of the corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 7. The President shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation.

Vice President

Section 8. The Vice Presidents, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

Secretary

Section 9. The Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders, and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose. He shall give, or cause to be given,

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notice of all meetings of the shareholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation, and, when authorized by the Board of Directors, affix the same to any instrument requiring it, and, when so affixed, it shall be attested by his signature or by the signature of the Treasurer, an Assistant Secretary, or an Assistant Treasurer.

Section 10. The Assistant Secretaries, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the power of the Secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Treasurer

Section 11. The Treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors.

Section 12. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer, and of the financial condition of the corporation.

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Section 13. If required by the Board of Directors, the Treasurer shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The Assistant Treasurers, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI.

CERTIFICATE FOR SHARES

Section 1. The corporation shall deliver certificates representing all shares to which shareholders are entitled; and such certificates shall be signed by the President or a Vice President, and the Secretary or an Assistant Secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. No certificate shall be issued for any share until the consideration therefor has been fully paid. Each certificate representing shares shall state upon the face thereof that the corporation is organized under the laws of the State of Texas, the name of the person to whom issued, the number and class and the designation of the series, if any, which such certificate represents, and the par value of each share represented by such certificate or a statement that the shares are without par value.

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Section 2. The signatures of the President or Vice President, and the Secretary or Assistant Secretary, upon a certificate may be facsimiles, if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of the issuance.

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of the fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction upon its books.

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Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty (50) days, and, in case of a meeting of shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of stock transfer books and the stated period of closing has expired.

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Section 6. The corporation shall be entitled to recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Texas.

ARTICLE VII.

GENERAL PROVISIONS

Section 1. The Board of Directors may declare and the corporation may pay dividends on its outstanding shares in cash, property, or its own shares pursuant to law and subject to the provisions of its Articles of Incorporation.

Section 2. The Board of Directors may by resolution create a reserve or reserves out of earned surplus for any purpose or purposes not prohibited by law, and may abolish any such reserve in the same manner.

Section 3. The Board of Directors must, when requested by the holders of at least one-third (1/3) of the outstanding shares of the corporation, present written reports of the situation and amount of business of the corporation.

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 5. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

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Section 6. The corporate seal shall have inscribed thereon the name of the corporation and may be in such form as the Board of Directors may determine, and may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE VIII.

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The corporation shall indemnify directors, officers, employees and agents of the corporation and purchase and maintain liability insurance for those persons as, and to the extent, permitted by the Texas Business Corporation Act.

ARTICLE IX.

AMENDMENTS

The power to alter, amend or repeal the Bylaws of the corporation or adopt new Bylaws, subject to repeal or change by action of a majority of the shareholders at any annual or special meeting at which a quorum is present, shall be vested in the Board of Directors.

* * *

I certify that the foregoing is a true and correct copy of the Bylaws of DAYSTAR PROPERTIES INC., adopted by the directors of said corporation as of the 30th day of November, 1983.

Trisha Harrison

Trisha Harrison, Secretary

9704378014C

TRANSFERABILITY OF THESE SHARES IS RESTRICTED. SEE RESTRICTIVE LEGEND(S) ON REVERSE SIDE HERE

NUMBER

SHARES

5,000

Organized under the laws of the State of Texas
DAYSTAR PROPERTIES, INC.

This certifies that
registered holder of

Edward C. Harrison
FIVE THOUSAND (5,000)

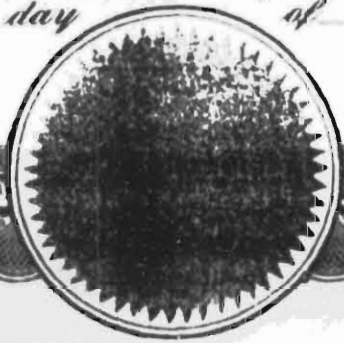
is the
Shares

of Common Stock of Daystar Properties Inc.

transferable only on the books of the Corporation by the holder hereof in person or by Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed
this 30th day of November A.D. 1983

Trisha Harrison
Trisha Harrison, Secretary



Edward C. Harrison
Edward C. Harrison, President

22

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF REGISTRATION OR THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION UNDER FEDERAL AND ALL APPLICABLE STATE SECURITIES LAWS. FURTHERMORE, NO OFFER, SALE, TRANSFER, ASSIGNMENT, PLEDGE OR HYPOTHECATION OF THESE SECURITIES IS TO OCCUR WITHOUT THE PRIOR WRITTEN CONSENT OF COUNSEL OF THE ISSUER BEING AFFIXED TO THIS CERTIFICATE. THE STOCK TRANSFER AGENT HAS BEEN ORDERED TO EFFECTUATE TRANSFERS OF THIS CERTIFICATE ONLY IN ACCORDANCE WITH THE ABOVE RESTRICTIONS.

970A3780101

CERTIFICATE

FOR

5,000⁰⁰
SHARE



OF THE

DAYSTAR PROPERTIES INC.
Common Stock

ISSUED 149

EDWARD C. HARRISON

DATE: November 30, 1983

For Value Received, _____ hereby all assignment, transfer, and

of the Capital Stock represented by the within Certificate and
deberately, lawfully constitute and appoint _____

to transfer the said Stock, on the books of the within named Cor-
poration with full power of substitution in the premises

Dated _____ 19__

In presence of _____

NOTICE: This certificate is subject to the provisions of the Daystar Properties Inc. Charter and the Daystar Properties Inc. Bylaws.



The State of Texas

SECRETARY OF STATE

The undersigned, as Secretary of State of the State of Texas, HEREBY CERTIFIES that the attached is a true and correct copy of the following described instruments on file in this Office:

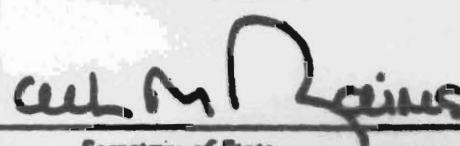
E. C. HARRISON PROPERTIES, INC.
(FORMERLY: DAYSTAR PROPERTIES INC.)

Articles of Incorporation

November 30, 1983

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, this

18th day of November A. D. 19 88 tc


Secretary of State



97043780162



The State of Texas

Secretary of State

CERTIFICATE OF AMENDMENT

FOR

E. C. HARRISON PROPERTIES, INC.
FORMERLY

DAYSTAR PROPERTIES INC.
CHARTER NUMBER 681461

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS, HEREBY CERTIFIES THAT ARTICLES OF AMENDMENT, DULY SIGNED AND VERIFIED, HAVE BEEN RECEIVED IN THIS OFFICE AND ARE FOUND TO CONFORM TO LAW.

ACCORDINGLY THE UNDERSIGNED, AS SUCH SECRETARY OF STATE, AND BY VIRTUE OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, ISSUES THIS CERTIFICATE AND ATTACHES HERETO A COPY OF THE ARTICLES OF AMENDMENT.

DATED DEC. 28, 1984



A handwritten signature in dark ink, appearing to read "W. M. ...", written over a horizontal line.

Secretary of State

97043780163



The State of Texas
Secretary of State

DEC. 28, 1984

SUZANNE S WADE
2800 ONE MAIN PLACE
DALLAS, TX

RE: E. C. HARRISON PROPERTIES, INC.
FORMERLY: DAYSTAR PROPERTIES INC.
CHARTER NUMBER 681461-0

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD YOUR ARTICLES
OF AMENDMENT. THE APPROPRIATE EVIDENCE IS ATTACHED FOR YOUR FILES,
AND THE ORIGINAL HAS BEEN FILED IN THIS OFFICE.

PAYMENT OF THE FILING FEE IS ACKNOWLEDGED BY THIS LETTER.

IF WE CAN BE OF FURTHER SERVICE AT ANY TIME, PLEASE LET US KNOW.



VERY TRULY YOURS,


Secretary of State

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ARTICLES OF AMENDMENT
BY THE SHAREHOLDERS
TO THE
ARTICLES OF INCORPORATION
OF
DAYSTAR PROPERTIES INC.

FILED
In the Office of the
Secretary of State of Texas

DEC 28 1984

Clerk II S
Corporations Section

Pursuant to the provisions of Article 4.04 of the Texas Business Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation which change the name of the corporation.

ARTICLE I

The name of the corporation is DAYSTAR PROPERTIES INC.

ARTICLE II

The following amendment to the Articles of Incorporation was adopted by the shareholders of the corporation on December 20, 1984.

Article One of the Articles of Incorporation is hereby amended so as to provide in its entirety as follows:

"ARTICLE ONE"

The name of the corporation is E. C. Harrison Properties, Inc."

ARTICLE III

The number of shares of Common Stock of the corporation outstanding and entitled to vote at the time of such adoption was 5,000 shares.

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ARTICLE IV

The holders of all of the shares outstanding and entitled to vote on said amendment voted for the amendment.

DATED this 20 day of December 1984.

DAYSTAR PROPERTIES INC.

By Edward C. Harrison
Edward C. Harrison, President

By Trisha Harrison
Trisha Harrison, Secretary

THE STATE OF TEXAS §

COUNTY OF DALLAS §

I, Audrey S Haddock, a Notary Public, do hereby certify that on this 20 day of December, 1984 personally appeared before me EDWARD C. HARRISON, who declared that he is the President of the corporation executing the foregoing document, and being first duly sworn, acknowledged that he signed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office, this the 20 day of December, 1984.

(Seal)

Audrey S Haddock
Notary Public, State of Texas

My Commission Expires:

5-8-85

Audrey S Haddock
(Print name of Notary here)

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UNANIMOUS CONSENT OF THE SOLE DIRECTOR
OF
DAYSTAR PROPERTIES INC.
CONSTITUTING ANNUAL MEETING

The undersigned, being the sole director of Daystar Properties Inc., a Texas corporation (the "Corporation"), acting pursuant to the provisions of Article 9.10 of the Texas Business Corporation Act, hereby gives written consent to the adoption of, and does hereby adopt, the following resolutions, which resolutions shall be deemed to have been approved and adopted to the same extent and to have the same force and effect as if adopted at a formal meeting of the directors of said Corporation duly called and held for the purpose of electing officers of the Corporation and transacting the other business of said Corporation's annual meeting of directors:

RESOLVED, that the following persons be, and they hereby are, elected to the office or offices set forth below opposite their respective names, each such person to serve until the first meeting of the Board of Directors of the Corporation following the next annual meeting of shareholders, or until his or her successor is elected and qualified, or until his or her earlier death, resignation, retirement, disqualification, or removal from office:

<u>NAME</u>	<u>OFFICE(S)</u>
Edward C. Harrison	President, Vice President and Treasurer
Trisha Harrison	Secretary

FURTHER RESOLVED, that all acts or actions on or after November 30, 1983, taken on behalf of the Corporation by the officers of the Corporation be, and the same hereby are, ratified, confirmed and approved in all respects as the acts of this Corporation.

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FURTHER RESOLVED, that it is recognized and acknowledged that, on December 1, 1984, Jerry G. Brooks tendered to the Corporation 5,000 shares of the \$.01 par value Common Stock of this Corporation, which shares shall constitute treasury stock of this Corporation.

FURTHER RESOLVED, that the resignation of Jerry G. Brooks as an officer and director of this Corporation, effective December 1, 1984, is hereby confirmed and approved.

FURTHER RESOLVED, that an amendment to the Articles of Incorporation of this Corporation to change its name from Daystar Properties Inc. to E. C. Harrison Properties, Inc. is hereby authorized and approved.

FURTHER RESOLVED, that upon receiving the requisite consent of the sole shareholder to the corporate name change, the President and Secretary of this Corporation are hereby authorized, empowered and directed to execute and deliver to the Secretary of State of Texas Articles of Amendment to the Articles of Incorporation of this Corporation so as to effectuate such name change.

DATED as of the 20th day of December, 1984.


Edward C. Harrison, Sole Director

54

UNANIMOUS CONSENT OF THE SOLE SHAREHOLDER
OF
DAYSTAR PROPERTIES INC.
CONSTITUTING ANNUAL MEETING

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The undersigned, being the holder of all shares of Daystar Properties Inc., a Texas corporation (the "Corporation"), entitled to vote at all meetings of shareholders of the Corporation, acting pursuant to the provisions of Article 9.10 of the Texas Business Corporation Act, hereby gives written consent to the adoption of, and does hereby adopt, the following resolutions, which resolutions shall be deemed to have been approved and adopted to the same extent and to have the same force and effect as if adopted at a formal meeting of the shareholders of the Corporation duly called and held for the purpose of electing directors of the Corporation and transacting the other business of said Corporation's annual meeting of shareholders:

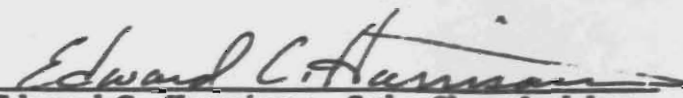
RESOLVED, that Edward C. Harrison be, and he hereby is, elected as the sole director of this Corporation, to serve in such capacity until the next annual meeting of shareholders or until his successor shall have been elected and qualified.

FURTHER RESOLVED, that all proceedings of the Board of Directors on or after November 30, 1983, and all acts or actions taken on behalf of this Corporation by members of the Board of Directors or by officers of this Corporation, be, and the same hereby are, ratified, confirmed and approved in all respects.

FURTHER RESOLVED, that an amendment to the Articles of Incorporation of this Corporation to

change its name from Daystar Properties Inc. to E. C.
Harrison Properties, Inc. is hereby authorized and
approved.

DATED as of the 20th day of December, 1984.


Edward C. Harrison, Sole Shareholder

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FORM NO. 353-3—CITATION
THE STATE OF TEXAS

TO **E. C. HARRISON PROPERTIES, INC.**
BY SERVING PRESIDENT OF E.C. HARRISON PROPERTIES, INC.
406 HYDE PARK
DUNCANVILLE, TEXAS

You have been sued. You may employ an attorney. If you or your attorney do not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and ^{FIRST AMENDED} petition, a default judgment may be taken against you. Your answer should be addressed to the clerk of the 191ST Judicial District Court at the Dallas County Government Center, Dallas, Texas 75202.

Said Plaintiff being
MAX LONG, ET UX

Filed in said Court on the 15TH day of AUGUST 19 91 against
E. C. HARRISON PROPERTIES, INC.

For suit, said suit being numbered 91-5358-J, the nature of which demand is as follows:

SUIT ON CONTRACT, ETC.....

a. Shown on said petition, a copy of which accompanies this citation.

If this citation is not served, it shall be returned unexecuted.

WITNESS: **BILL LONG**, Clerk of the District Courts of Dallas, County Texas.

Given under my name and the Seal of said Court at office this the 16TH day of
AUGUST 19 91

ATTEST: **BILL LONG**
Clerk of the District Courts of Dallas County, Texas

By *Laura Birks* Deputy

PCT 6

CITATION

No. 91-5358-J

MAX LONG, ET UX

vs.

E. C. HARRISON PROPERTIES, INC.

ISSUED

This 16TH day of AUGUST 19 91

BILL LONG
Clerk, District Courts,
Dallas County, Texas

By **LAURA BIRKS** Deputy

Atty for **PLAINTIFF**
JAMES M. BEGGS, 5525 N. MACARTHY
BLVD., SUITE 160, IRVING, TEXAS 7503
214/580-0808

77

OFFICER'S RETURN

Came to hand on the _____ day of _____, 19____, at _____ o'clock _____ M.

Executed at _____, within the
County of _____ at _____ o'clock _____ M. on the _____ day of _____,
19____, by delivering to the within named _____

each, in person, a true copy of this Citation together with the accompanying copy of this pleading, having first endorsed
on same date of delivery. The distance actually traveled by me in serving such process was _____ milee
and my fees are as follows: To certify which witness my hand.

For serving Citation \$ _____

For mileage \$ _____

For Notary \$ _____

of _____ County, _____

By _____ Deputy

(Must be verified if served outside the State of Texas.)

Signed and sworn to by the said _____ before me this _____ day of _____,

19____, to certify which witness my hand and seal of office.

Notary Public _____ County _____

97043780172

THIS PROCESS WAS SERVED UPON YOU

AT 8:30 O'CLOCK, PM

ON 8-20-19

R. L. SKINNER, CONSTABLE PREC. 6

DALLAS COUNTY, TEXAS

BY [Signature] DEPUTY

NO. 91-05358

MAX LONG, et ux

V.

E. C. HARRISON PROPERTIES, INC.

§
§
§
§
§

IN THE DISTRICT COURT OF

DALLAS COUNTY, TEXAS

191st JUDICIAL DISTRICT

DEPUTY

PLAINTIFF'S FIRST AMENDED PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, MAX LONG and his wife TRINA LONG, hereinafter called Plaintiffs, complaining of E. C. HARRISON PROPERTIES, INC., d/b/a CUSTOM ONE HARRISON HOMES, and for cause of action, would respectfully show the court as follows:

I.

Plaintiffs are residents of Dallas County, Texas. Defendant is a Texas corporation whose principal place of business is in Dallas County, Texas and whose resident agent for service is Gary Watrous, 833 Arapaho Road, Suite 202, Richardson. Service of citation could not be served on this individual as he is not the resident tennant of said suite. Therefore, Plaintiffs would request that citation be re-issued and served upon E.C.Harrison President of E.C. Harrison Properties, Inc. at 406 Hyde Park, Duncanville, Texas where citation and a copy of this petition may be served.

II.

Heretofore on or about the 31st day of May, 1989, Plaintiffs entered into a Purchase Construction Agreement with Defendant, a copy of which is attached hereto marked Exhibit A, which agreement

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is incorporated into this pleading by this reference as if set forth herein in its entirety. This agreement called for Defendant to construct for Plaintiffs, a home located at 2417 Cameron Court, Irving, Dallas County, Texas for the sum of ONE HUNDRED EIGHTEEN THOUSAND AND NO/100 DOLLARS (\$118,000.00). Defendant completed the construction and Plaintiffs subsequently moved into the subject residence.

III.

Shortly after Plaintiffs moved into the subject residence, they became aware that the roof thereof was "ridging" and exposing the joints of the decking. This "ridging" was caused by, among other things, the application of shingles upon decking which was wet, the failure to properly space decking materials utilized and the failure of Defendant to properly ventilate said decking. The roof not only is aesthetically offensive, but is structurally unsound and although requested to do so, Defendant has wholly failed to remedy the "ridging" problem with the subject residence.

IV.

Defendant, in the construction of said residence was negligent in the application of the roof, and such negligence has proximately caused Plaintiffs damage.

V.

Without waiving the their foregoing pleading, Plaintiffs would alternatively show the court that Defendant expressly warranted the subject residence as set forth in Exhibit B, which exhibit is incorporated herein by this reference as if set forth in its entirety herein. That by virtue of the foregoing, Defendant has

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breached this express warranty and that Plaintiffs have been damaged in excess of the minimum jurisdictional limits of this court.

VI.

Without waiving their foregoing pleading, Plaintiffs would alternatively show the court that Defendant breached his contract with Plaintiff's by failing to build subject home according to approved construction blueprints and specifications, to Plaintiffs damage.

VII.

Without waiving their foregoing pleadings, Plaintiffs would alternatively show the court that Defendant warranted the subject residence as being suitable for human habitation and that same had been constructed in a good and workmanlike manner. Defendant has breached this implied warranty, to Plaintiffs damage.

VIII.

By virtue of the foregoing, Plaintiffs have been damaged, the measure of which is the cost to repair or bring into compliance with the various warranties, the roof, an amount which is in excess of the minimum jurisdictional limits of this court, for which Plaintiffs now sue.

IX.

As a result of the foregoing allegations, it has become necessary for Plaintiffs to retain the services of the undersigned licensed attorney in the State of Texas and obligate themselves to pay a reasonable and necessary fee for such representation in this matter, to their additional damage.

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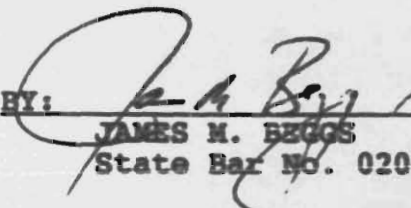
WHEREFORE PREMISES CONSIDERED, Plaintiffs pray that Defendant be cited to appear and answer, and that on final hearing, Plaintiffs have judgment against Defendant for:

1. Their damages in a principal amount in excess of the minimum jurisdictional limits of this court and interest thereon at the maximum amount allowed by law from ** until the date of judgment.
2. Attorney's fees as proven before this honorable court, plus interest thereon at the maximum amount allowed by law from the date of judgment until paid.
3. Interest on judgment at the maximum amount allowed by law from the date of judgment until paid.
4. All costs of court.
5. Such other and further relief to which Plaintiffs show themselves entitled, at law or in equity.

Respectfully submitted,

BEGGS, DONOHUE, WOODRUFF & ALEXANDER

BY:


JAMES M. BEGGS

State Bar No. 02046500

5525 N. MacArthur Blvd., Suite 160
Irving, Texas 75038

Phone: (214) 580-0808

Facsimile: (214) 550-7392

ATTORNEY FOR PLAINTIFFS

97043780176

DATE: 02/27/92
USER: RIC T4

ESS1
CHECK REGISTER #0795 - DETAIL RECAP

PRR210 PAGE: 1
TIME: 4:33 PM

PAY CYCLE 75 E.C. HARRISON PROPERTIES, INC.
REGISTER DATE 02/27/92
PERIOD 02/92

CHECK	EMPLOYEE NAME	CHECK AMT	-----EARNINGS-----		-----DEDUCTIONS-----			
			HOURS	EARNINGS	AMOUNT	MATCHING		
=====								
REGULAR CHECKS								
011881	EDWARD C. HARRISON	1699.50 REG	86.67	2000.00 FICA	153.00	153.00		
				FEDL	147.50	.00		

CHECK TOTAL		1699.50	86.67	2000.00	300.50	153.00		

97043780177

ESST

EMPLOYEE STAFFING SERVICES, INC.

INVOICE

DATE JANUARY 14, 1992
INVOICE NUMBER ES1324
CLIENT E.C. HARRISON PROPERTIES, INC.
419 WESLEY LANE
DUNCANVILLE, TX 75138
PERIOD ENDING JANUARY 15, 1992

GROSS PAYROLL	\$2,591.67
SERVICE FEE (.1553)	\$402.49
TOTAL	\$2,994.16

SAMPLE

OF Bi-WEEKLY

STATEMENT SHOWING
PAYMENT OF SALARY FROM
ESST

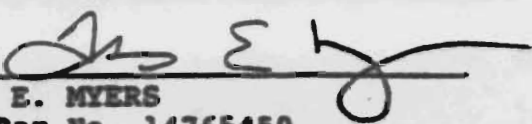
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WYCHOWANIE

191ST JUDICIAL DISTRICT

AGREED ORDER OF DISMISSAL - Page 1
(HARRISON/AGB/ORD/DISM-JLR)

ROHNE, HOODENPYLE, LOBERT & MYERS



THOMAS E. MYERS

State Bar No. 14765450

1323 W. Pioneer Parkway

P.O. Box 13010

Arlington, TX 76094-0010

Telephone: 817/277-5211

Facsimile: 817/265-3657

ATTORNEYS FOR DEFENDANT

E.C. HARRISON PROPERTIES, INC.

97043780180

FILED

MAX LONG, et ux.

VS.

E. C. HARRISON PROPERTIES, INC.

§
§
§
§
§

IN THE DISTRICT COURT OF

DALLAS COUNTY, TEXAS

191ST JUDICIAL DISTRICT

OCT 19 9:18

AGREED MOTION FOR DISMISSAL

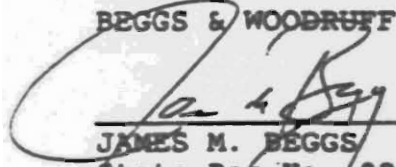
TO THE HONORABLE JUDGE OF SAID COURT:

NOW COME MAX LONG and his wife, TRINA LONG, Plaintiffs in the above-styled and numbered cause, and E. C. HARRISON PROPERTIES, INC., Defendant in the above-styled and numbered cause, and file this Agreed Motion for Dismissal. In support thereof, Plaintiffs and Defendant would show the Court that all matters in controversy between them have been satisfactorily resolved and settled and each requests that the cause of action as to them be dismissed from the docket of the Court with prejudice to its refiling.

WHEREFORE, PREMISES CONSIDERED, Plaintiffs and Defendant pray that the Court would grant their Agreed Motion for Dismissal.

Respectfully submitted,

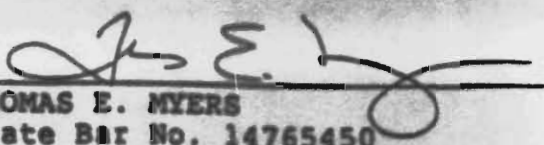
BEGGS & WOODRUFF


 JAMES M. BEGGS

State Bar No. 02046500
 222 W. Las Colinas Blvd.
 Suite 744

Irving, TX 75039
 Telephone: 214/444-9797
 Facsimile: 214/444-9813
 ATTORNEY FOR PLAINTIFFS

ROHNE, HOODENPYLE, LOBERT & MYERS


THOMAS E. MYERS

State Bar No. 14765450

1323 W. Pioneer Parkway

P.O. Box 13010

Arlington, TX 76094-0010

Telephone: 817/277-5211

Facsimile: 817/265-3657

ATTORNEYS FOR DEFENDANT

E.C. HARRISON PROPERTIES, INC.

97043780182

MAX LONG, et ux.

VS.

E. C. HARRISON PROPERTIES, INC.

IN THE DISTRICT COURT OF

DALLAS COUNTY, TEXAS

191ST JUDICIAL DISTRICT

COMPROMISE SETTLEMENT AGREEMENT AND RELEASE

This Compromise Settlement Agreement and Release is entered into by MAX LONG and TRINA LONG (hereinafter referred to as "Plaintiffs") and E.C. HARRISON PROPERTIES, INC. (hereinafter referred to as "HARRISON"):

WHEREAS, Plaintiffs have instituted the above-styled and numbered cause against HARRISON seeking damages resulting from alleged roofing defects to their home located at 2417 Cameron Court, Irving, Dallas County, Texas, (hereinafter referred to as "the Property"); and

WHEREAS, bona fide disputes and controversies exist between the parties, both as to liability and the amount thereof, if any, and by reason of such disputes and controversies, the parties hereto desire to compromise and settle all claims and causes of action of any kind, whatsoever, which Plaintiffs have or may have in the future, whether alleged and set forth in the above-styled and numbered cause of not, in any way relating to the roof construction on the Property, and intend that the full terms and conditions of the compromise and settlement be set forth in this Compromise Settlement Agreement.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained, including the recitals set forth hereinabove, the parties agree as follows:

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1. The following sums will be paid to Plaintiffs by HARRISON in full settlement (except as noted in Paragraph 2 herein) of all causes of action raised in the above-styled and numbered lawsuit:

(a) \$3,630.00 for the application of a new roof on the Property as set out in the repair proposal of DOTSON ROOFING & CONST. (attached hereto as Exhibit "A");

(b) \$500.00 cash to Plaintiffs; and

(c) \$190.00 for court costs incurred by the Plaintiffs.

The Plaintiffs hereby acknowledge payment, receipt, and sufficiency of those sums of money.

2. In the event that DOTSON ROOFING & CONST. determines that the underlying decking of the roof, or any portion thereof, needs to be replaced, HARRISON will pay up to \$2,000.00 to the Plaintiffs for the cost of the replacement of that decking. This amount is contingent upon the roofer determining that the replacement of the decking is necessary and upon verification of the need for replacement by HARRISON or his agents. If DOTSON ROOFING & CONST. determines that any replacement is necessary, Plaintiffs shall notify HARRISON through his attorney so that inspection by HARRISON or his agents can be arranged.

3. It is understood by the parties to this Agreement that Plaintiffs intend to make the roofing repairs to the Property as set out in Exhibit "A". Since such roofing repairs shall not

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be carried out by HARRISON, and since HARRISON will have no approval of, or involvement in, such repairs, Plaintiffs agree that HARRISON is not responsible for or liable in any way for the results of roofing repairs performed on the Property after the date of this Agreement or any damages or any consequential damages resulting therefrom. Plaintiffs agree to hold harmless HARRISON from any such damages resulting from the roofing repair work.

4. In exchange for the consideration expressed herein, Plaintiffs and HARRISON agree to release and discharge any and all claims, demands, and causes of action, whatsoever, known or unknown, past, present, or future, whether pled in the above-styled and numbered cause or not, arising out of any relationship between the Plaintiffs and HARRISON, and arising out of the defects to the roof on the Property which is the subject of this lawsuit.

5. It is the intention of the parties to this Agreement to, and this Agreement does, hereby release, acquit, and forever discharge each party to this lawsuit and their heirs, assigns, successors, parent or affiliate companies, agents, servants, employees, legal representatives, employers and insurers, and all those in privity with them, and any other person, firm, or corporation legally liable therefore, of and from any and all claims, demands, rights, and causes of action of any kind, now known or not, of whatsoever nature or character, which have arisen or will arise in the future, regardless of whether said matters, claims or demands are or could have been set out and described in the pleadings of the above-styled and numbered cause or not, and any other claim, loss, or detriment of any kind or character, past, present, or future, between the parties to this Release.

6. By signing this Release, Plaintiffs represent that they have not assigned or subrogated their claims in this lawsuit

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in whole or in part to any third-party. Plaintiffs agree to indemnify and hold harmless HARRISON and their respective officers, directors, shareholders, agents, and employees from all suits, actions, or claims, if any, which may be made against them, by any person or entity arising from or based upon any such assignment or subrogation by Plaintiffs or Plaintiffs' claims in this lawsuit, in whole or in part, to any third-party.

7. By signing this Release Agreement, Plaintiffs represent and affirm that they are not aware of any additional cause of action, claim, demand, or other right of any nature currently accrued or existing against HARRISON and their respective officers, directors, shareholders, agents and employees which have not been released by this Release Agreement.

8. It is understood and agreed that this Compromise Settlement Agreement and Release shall be binding upon and inure to the benefit of the parties and their respective heirs, representatives, successors, and assigns.

9. It is expressly understood and agreed that this is a compromise and settlement of a doubtful and disputed claim, and nothing contained herein shall be construed to be an admission of liability by or on behalf of the parties, all such liability being expressly denied.

10. It is further understood and agreed that this Compromise Settlement Agreement and Release is entered into by the parties for the sole purpose of avoiding the time, expense, and uncertainty which would accompany litigation, and the agreements made herein or the payment of money herein stated to be paid, are not and shall not be construed as an admission of liability on the part of any of the parties or any other person, firm, or corporation, of any claim, whether asserted or otherwise.

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11. It is hereby agreed that this Compromise Settlement Agreement and Release shall be and is considered to be a bar to any further prosecution of the above-styled and numbered lawsuit of any claim growing out of the transaction or stated facts mentioned therein. In connection with this Agreement, the parties hereby agree that an Agreed Motion for Dismissal and Agreed Order of Dismissal of the above-styled and numbered cause, in the form of Exhibits "B" and "C", which are attached hereto and adopted herein by reference, shall be filed with the 191st District Court of Dallas County, Texas, as soon as this Compromise Settlement Agreement and Release is executed by the Plaintiffs and HARRISON.

12. The parties hereby agree that the terms of this Compromise Settlement Agreement and Release shall be confidential and shall not be disclosed by the parties or their agents, successors, assigns, or representatives. It is agreed that a copy of this Compromise Settlement Agreement and Release shall not be filed of record in this cause or in any other public record. Disclosure to accountants or attorneys of the amounts received by Plaintiffs for purposes of preparing and filing income tax returns shall be permissible under this Agreement.

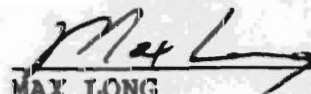
13. It is understood and agreed that this Compromise Settlement Agreement and Release contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. No oral understandings, statements, promises or arrangements contrary to the terms of the Compromise Settlement Agreement and Release exist. This Compromise Settlement Agreement and Release cannot be changed or terminated orally.

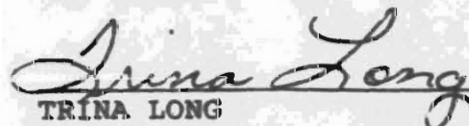
14. It is understood and agreed that this Compromise Settlement Agreement and Release shall be governed by, construed,

and enforced in accordance with and subject to the laws of the State of Texas.

15. It is understood and agreed that this Compromise Settlement Agreement and Release may be executed in a number of identical counterparts and each of which shall be deemed an original for all purposes. Statements and representations contained herein are to be considered contractual in nature and not mere representations of fact. The obligations and agreements of the parties created by this Compromise Settlement Agreement and Release are not released herein and shall survive the execution of this Compromise Settlement Agreement and Release.

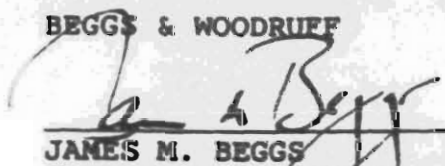
WITNESS OUR HANDS ON THE DATES OF OUR ACKNOWLEDGEMENTS.


MAX LONG


TRINA LONG

APPROVED:

BEGGS & WOODRUFF


JAMES M. BEGGS
State Bar No. 02046500
222 W. Las Colinas Blvd., Suite 744
Irving, TX 75039
Telephone: 214/444-9797
Facsimile: 214/444-9813
ATTORNEY FOR PLAINTIFFS

E.C. HARRISON PROPERTIES, INC.

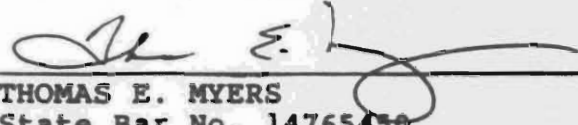
BY:


ED HARRISON

Title: Pres.

APPROVED:

ROHNE, HOODENPYLE, LOBERT & MYERS


THOMAS E. MYERS
State Bar No. 14765450
1323 W. Pioneer Parkway
P.O. Box 13010
Arlington, TX 76094-0010
Telephone: 817/277-5211
Facsimile: 817/265-3657
ATTORNEYS FOR DEFENDANT
E.C. HARRISON PROPERTIES, INC.

9 7 0 4 3 7 8 0 1 0 0

FORM NO. 353-3-CITATION
THE STATE OF TEXAS

TO ED HARRISON d/b/a HARRISON HOMES
439 LESLIE LANE
DUNCANVILLE, TEXAS 75137

THIS PROCESS WAS SERVED UPON YOU

At 1:55 P.M.
JULY 23 1992

R. L. SKINNER, CLERK OF DISTRICT COURTS

DALLAS COUNTY, TEXAS

BY *[Signature]*
DEPUTY

PCT 02

CITATION

No. 91-10463-F

You have been sued. You may employ an attorney. If you or your attorney do not file a written answer with the clerk who issued this citation by 10:00 a.m. on the Monday next following the expiration of twenty days after you were served this citation and petition, a default judgment may be taken against you. Your answer should be addressed to the clerk of the 116TH Judicial District Court at the Dallas County Government Center, Dallas, Texas 75202.
Said Plaintiff being CLARK AND LINDA WILCOX

Filed in said Court on the 22ND day of JULY 1992 against

KENNETH WAGES, LAURA WAGES AND ED HARRISON,
INDIVIDUALLY AND d/b/a HARRISON HOMES

For suit, said suit being numbered 92-10463-F of the nature of which demand is as follows:

SUIT ON DAMAGES, ETC.

As shown on said petition, a copy of which accompanies this citation.
If this citation is not served, it shall be returned unexecuted.

WITNESS BILL LONG, Clerk of the District Courts of Dallas, County Texas.

Given under my name and the Seal of said Court at office this the 23RD day of JULY 19 92

ATTEST: BILL LONG
Clerk of the District Courts of Dallas County, Texas

By *[Signature]*
JANICE D. JONES Deputy

CLARK WILCOX, ET AL

vs.

KENNETH WAGES, ET AL

ISSUED

This 23RD day of JULY 19 92

BILL LONG
Clerk, District Courts,
Dallas County, Texas

By JANICE D. JONES Deputy

Atty for PLAINTIFF

SCOTT A. STEWART
4555 W. LOVERS LANE
DALLAS, TEXAS 75209
(214) 350-5551

OFFICER'S RETURN

Came to hand on the _____ day of _____, 19____, at _____ o'clock _____ M.

Executed at _____, within the

County of _____ at _____ o'clock _____ M. on the _____ day of _____,

19____, by delivering to the within named _____

each, in person, a true copy of this Citation together with the accompanying copy of this pleading, having first endorsed on same date of delivery. The distance actually traveled by me in serving such process was _____ miles and my fees are as follows: To certify which witness my hand.

For serving Citation \$ _____

For mileage \$ _____

For Notary \$ _____

of _____ County, _____

By _____ Deputy

(Must be verified if served outside the State of Texas.)

Signed and sworn to by the said _____ before me this _____ day of _____,

19____, to certify which witness my hand and seal of office.

Notary Public _____ County _____

97043 / 80101

CLARK AND LINDA WILCOX

VS.

KENNETH WAGES, LAURA WAGES
and ED HARRISON, Individually
and d/b/a HARRISON HOMES

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IN THE DISTRICT COURT

DALLAS COUNTY, TEXAS

116TH JUDICIAL DISTRICT

PLAINTIFF'S FIRST AMENDED ORIGINAL PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

NOW COMES CLARK WILCOX and LINDA WILCOX, hereinafter "Plaintiff's" complaining of KENNETH WAGES and LINDA WAGES, hereinafter "Wages" and ED HARRISON, Individually and d/b/a HARRISON HOMES, hereinafter "Harrison" for causes of action would respectfully show unto the Court as follows:

I.

Plaintiff's reside in Dallas County, Texas.

Defendants Kenneth Wages and Linda Wages reside in Dallas County, Texas and have already been served with process and appear herein.

Defendant Ed Harrison, Individually and doing business as Harrison Homes, Inc. and may be served with process at 419 Leslie Lane, Duncanville, Texas 75137.

II.

In 1989, Defendant Harrison contracted to build and sell a house to Defendant Wages. Defendant Harrison purchased the lot located at 4117 Crest Ridge, Irving, Texas, 75061, contiguous to the lot and residence of Plaintiffs. Thereafter, Defendant

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Harrison performed alterations to the topography and drainage of the lot and constructed a house thereon. Also, Defendant Wages performed landscaping and certain concrete work that altered the drainage.

III.

Defendants landscaping and dirt moving work upon the lot altered the existing drainage of the land. The alteration in drainage resulted in water being improperly drained from Defendant's property and pooled on Plaintiff's and Defendant Wages property.

IV.

The drainage alteration was in violation of local code and constitutes negligence per se and was proximate cause of Plaintiff's damage more specifically set forth herein.

V.

Defendants Wages and Harrison were each negligent in 1) undertaking to perform landscaping and dirt work for which they were not qualified to do, 2) in altering the city approved drainage without obtaining city approval, and 3) in performing landscape and dirt work on the property which changed the drainage of water from their property and Plaintiffs property and caused water to pool adjacent to Plaintiffs' foundation instead of draining away from same.

Each of these acts of negligence, singularly and collectively proximately caused the Plaintiff's damages set forth.

VI.

As a result of the wrongful conduct of Defendant's Plaintiff's have suffered the following items of damage:

- 1) Reasonable and necessary cost to re-direct the drainage coming from Defendant's property.
- 2) Reasonable and necessary cost to identify the damage to Plaintiff's property.
- 3) Reasonable and necessary cost to repair physical damage to Plaintiff's house and improvements.
- 4) Pre-judgment interest.
- 5) Mental Anguish.

VI.

The amount in controversy exceeds the Court's minimum jurisdictional requirements.

WHEREFORE, PREMISES CONSIDERED, Plaintiff's pray that Defendant's be cited and served to appear and answer herein and that on final trial hereof, Plaintiff's be granted judgment against Defendant's, jointly and severally, for the damages both general and special, together with pre-judgment at the maximum legal rate, and interest from date of judgment at the maximum legal rate, costs of court, and for such other and further relief, at law or in equity, to which Plaintiff's may be justly entitled.

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Respectfully submitted,

MORSLEY & STEWART

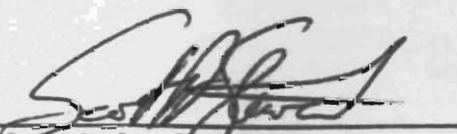

Scott A. Stewart
S.B. #19218300
ATTORNEYS FOR PLAINTIFFS
4555 W. Lovers Lane
Dallas, Texas 75209
(214) 350-5551
(214) 350-8419

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing instrument has been delivered to the Defendants attorney(s) of record, via facsimile and certified mail return receipt requested, listed below, on this 21 the day of

July, 1992.

Armando De Diego
3300 NCNB Plaza
901 Main Street
Dallas, Texas 75202-3714


Scott A. Stewart

9704380195

Date

2-2-68

LONG

No.

17-1025B

ELCINIA INK

Please take notice that above case is

☒ set

for

for

☐

ready for judgement and same should be sent within 7 days or it will be dismissed.

☐

dormant. Unless written request for setting or continuance is made within 15 days it will be dismissed for want of prosecution.

CLERK, 191st DISTRICT COURT

DALLAS COUNTY, TEXAS

PL-47-A

1997

ATTORNEYS AND COUNSELORS AT LAW
1020 WEST HONNEF PARKWAY SUITE 205
Arlington, Texas 76013

MARINE AIRWAYS
P.O. BOX 13010
ARLINGTON, TEXAS 76014-0010

TELEPHONE: (617) 277-5211
 MYTNO: (617) 261-2641
 FAX: (617) 277-0061
 FAX LINE: (617) 275-3457

July

214/709-6164

FIELD MEMO

1 REQUESTED DOCUMENTS ENCL. 0070

TRANSFERRED TO: YOUNG FIVE

..... I look forward to your signature

CALL AFTER REVIEWING ENCLOSED

(2) PRICE.

WE ARE FORWARDING THE ATTACHED INFORMATION WITHOUT A COVER LETTER IN THE BELIEF THAT PROMPTNESS MAY BE MORE IMPORTANT TO YOU THAN FORMALITY.

Prof. Hays

3045

Here is a copy of the document
order, & my closing letter explaining how
the grant ended, & the production income on
there. Call if you need anything, etc.

116TH DISTRICT COURT
GEORGE L. ALLEN, SR. COURTS BUILDING
600 COMMERCE STREET
DALLAS, TEXAS 75202-4406

Chambers of JUDGE FRANK ANDREWS

THOMAS E MYERS
1323 WEST PIONEER PARKWAY
P.O. BOX 15010
ARLINGTON TX 76013

RE: Case No. 9110463-F

WILCOX CLARK ETAL

VS. WACES KENKEIN ETAL

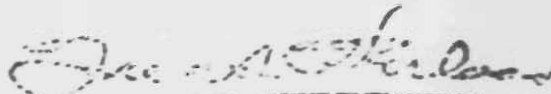
Order of Dismissal for Want of Prosecution

Plaintiff(s) having failed to take certain action heretofore specified by the court within the time period prescribed, the court finds that the cause should be dismissed for want of prosecution pursuant to Tex. R. Civ. P. 165a.

It is, therefore, ordered, adjudged and decreed by the court that this cause be and is hereby dismissed and that all court costs shall be taxed against the plaintiff(s), for which let execution issue.

It is further ordered that execution may issue in favor of the officers of the court against each party hereto, respectively, for all costs by each incurred.

Signed this 30 day of August 1992



FRANK ANDREWS
DISTRICT JUDGE
116TH DISTRICT COURT
Dallas County, Texas

NOTED: 116TH DISTRICT COURT SITTING FOR RECONSTRUCTION
JUDICIAL DISTRICT CLERK DALLAS COUNTY, TEXAS

97043780198

JIMMY J. HODGSON
 JAMES F. LONGNE
 THOMAS L. MYERS
 GEORGE R. RYAN
 TERRY R. SCOTT
 ANNE M. WILLIAMS
 CHARLES W. WILLIAMS
 ALVIN A. WILSON

MAILING ADDRESS
P.O. BOX 13010
ARLINGTON, TEXAS 76084-0010

June 15, 1993

C. Mr. Eric Ostrom

SETTLEMENT TERM SHEET

WILCOX v WAGES

51-10463-F

1. DEFENDANT WAGES PAYS TO PLAINTIFF THE SUM OF NINE THOUSAND FIVE HUNDRED DOLLARS (\$9,500.00), ON OR BEFORE FEBRUARY 15, 1973.
2. EACH PARTY BORS WITH REASONABLE COURT COSTS.
3. DEFENDANT WAGES PAYS ONE-HALF (1/2) OF THE MEDIATION FEE AND DEFENDANT HARRISON PAYS ONE-HALF (1/2) OF THE MEDIATION FEE.
4. FULL GENERAL RELEASE OF DEFENDANTS.
5. DISMISS WITH PREJUDICE.
6. DEFENDANT WAGES' COUNSEL DRAFTS FURTHER SETTLEMENT DOCUMENTS.
7. DEFENDANT WAGES' GRANT PERMISSION TO PLAINTIFFS ^{AND} ~~AND~~ THEIR CONTRACTORS TO ENTER ^{"IN"} DEFENDANT WAGES' PROPERTY TO CORRECT THE ~~DEFENDANT~~ SOIL ABOVE THE FOUNDATIONAL LINE "PROBLEM" AT PLAINTIFFS' HOUSE. DEFENDANT WAGES ARE RELEASED FROM ANY LIABILITY FOR PLAINTIFFS' DECISION TO PERFORM THE WORK AND FOR THE ACTUAL EXPERIENCES AND RESULTS OF SUCH WORK.

DATE: FEB. 3, 1973

PLAINTIFFS

Frank Wilcox

Linda Wilcox

~~Francisco de Diego~~
Francisco de Diego

Scott Stewart
Scott R. Stewart

WITNESSES

DATE: FEB. 3, 1973

ROHNE HOODENPYLE LOBERT MYERS & SCOTT, P.C.

JUDY H. HOODENPYLE
JAMES F. LOBERT
THOMAS E. MYERS
KIMBERLY L. SCOTT
BARBARA M. WILLIAMS
MARKET. HENNINGSEN AKERS
ALEX T. BRAUSHAW
AYNE A. ROHNE

ATTORNEYS AND COUNSELORS AT LAW
1325 WEST PIONEER PARKWAY - SUITE 303
ARLINGTON, TEXAS 76013

MAILING ADDRESS
P.O. BOX 13010
ARLINGTON, TEXAS 76004-0010

TELEPHONE: (817) 277-6211
METRO: (817) 288-7141
TAXI: (817) 277-0041
FAX LINE: (817) 275-3687

FAX TRANSMITTAL SHEET

DATE: July 5, 1995

FAX NO: 214/709-6114

CLIENT/FILE NO: 29522-07426

PLEASE DELIVER THE FOLLOWING PAGES IMMEDIATELY TO:

TO: ED HARRISON

FROM: THOMAS E. MYERS

DESCRIPTION: Dismissal Order, etc.

THIS TRANSMISSION IS SUBMITTED:

- ☒ FOR YOUR FILE
- ☐ FOR YOUR INFORMATION
- ☐ FOR YOUR APPROVAL
- ☒ FOR YOUR REVIEW
- ☐ FOR YOUR RESPONSE
- ☐ PER YOUR REQUEST

TOTAL NUMBER OF PAGES (including cover sheet): 4

TELECOPIER OPERATOR FOR THIS TRANSMISSION: CINDY

CONFIDENTIALITY NOTE

The information contained in this facsimile message is legally privileged and confidential information intended for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this telecopy is strictly prohibited. If you have received this telecopy in error, please immediately notify us by telephone and return the original message to us at the address above via the United States Postal Service.

BEFORE

THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

AUG 16 12 11 PM '95

IN THE MATTER OF

E.C. HARRISON PROPERTIES, INC.

MUR 3951

SUPPLEMENTAL RESPONSE OF RESPONDENT E.C. HARRISON PROPERTIES, INC.
TO INTERROGATORIES AND REQUEST FOR PRODUCTION OF
DOCUMENTS

Preliminary Statement

This is a supplemental response to the Federal Election Commission's Interrogatories and Request for Production of Documents. The originals were submitted on July 25, 1995. The Office of the General Counsel granted an extension of time to August 15, 1995, to reply to two additional interrogatories and production requests to permit Respondents to review a MUR relied on in the Factual and Legal Analysis that was only recently placed on the public record.

Respondent's submissions are made without waiving (1) the right to object to the FEC's use of the produced information or documents, or to bring legal action to prevent such use, on grounds of relevancy, materiality, competency, privilege, effect of the statute of limitations, or any other ground, (2) the right to make objections or bring legal action based on such grounds in response to the remaining questions in the FEC's request, or to any further investigations or inquiries by the FEC, or (3) the right to supplement this response.

Subject to the foregoing paragraph, Respondents provide the following information and submit the attached responsive

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

AUG 16 12 35 PM '95

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documents requested to the extent that such information and documents are currently within Respondents' knowledge, custody and control, and are not privileged.

QUESTIONS AND CORRESPONDING RESPONSES:

5. With regard to the loan E. C. Harrison Properties, Inc. made to Edward C. Harrison on August 14, 1993, in the amount of \$50,000:

a. List the assets and liabilities of E.C.Harrison Properties, Inc. at the time the loan was made.

RESPONSE: See attached at Exhibit A.

b. Describe the procedures used to effectuate the loan.

RESPONSE: On August 14, 1993, E. C. Harrison Properties, Inc. made a loan to Edward D. Harrison in the amount of \$50,000 for a period of one year with 8 percent interest payable at the due date. E. C. Harrison Properties, Inc. delivered to Edward C. Harrison a check made out to him for \$50,000. A general promissory note, which described all the terms and conditions of the loan, was signed by Edward C. Harrison. This document was given to the Commission as part of Respondents' May 11, 1994 submission.

Edward C. Harrison has been an officer of E. C. Harrison Properties, Inc. since its inception in 1983. Additionally, he has served as president since about 1986 and is the sole stockholder. Harrison and his wife are the only directors in the corporation. Therefore, Edward C. Harrison has the authority, as permitted by the by-laws of corporation, to enter into contracts regarding the purchase, sale, making binding debt obligations or

97043780203

making loans on behalf of the corporation. He also has authority to make any other decisions relative to all financial transactions or any other areas of business.

c. Identify all other loans made by E.C.Harrison Properties. For each loan, identify the borrower and explain the circumstances, terms, and purpose of the loan.

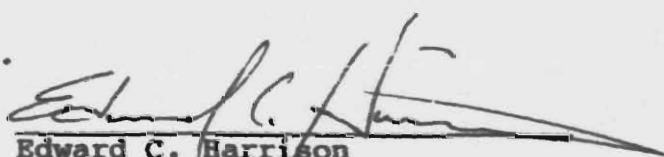
RESPONSE: In August 1992, E. C. Harrison Properties, Inc. made a loan to Edward C. Harrison in the amount of \$25,000 for the purchase of a new automobile.

More recently after the completion of the 1994 campaign, E. C. Harrison Properties, Inc. made a loan to Edward C. Harrison in the amount of \$13,127. for the purchase of a vehicle. This loan was made on May 19, 1995.

6. State whether E.C.Harrison Properties, Inc. has made any distributions. Identify all persons who received distributions and describe how and when the distributions were made.

RESPONSE: E. C. Harrison Properties has never made a distribution.

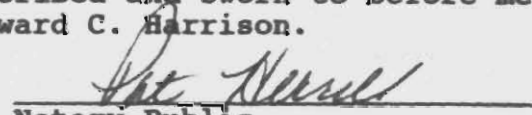
The foregoing is true and correct.


Edward C. Harrison
E.C.Harrison Properties, Inc.

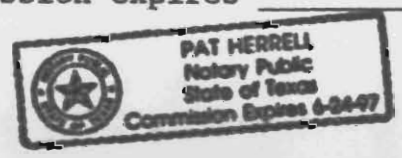
STATE OF TEXAS

)
) ss.
)

The foregoing Response was subscribed and sworn to before me this 15th day of August, 1995, by Edward C. Harrison.


Notary Public

My commission expires _____.



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P.O. Box 381697 • Duncanville, TX 75138

Tel. (214) 296-1674

August 15, 1995

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

AUG 16 12 35 PM '95

The Honorable Danny L. McDonald
Chairman
Federal Election Commission
Washington, DC 20463

Re: Matter Under Review 3951

Dear Chairman McDonald:

Edward Carl Harrison ("Harrison"), Ed Harrison for Congress Committee and Paul Johnson, as Treasurer ("the Committee"), and E. C. Harrison Properties, Inc. ("Harrison Properties"), collectively known as the "Respondents" in the above-captioned matter, hereby answer the reason to believe finding described in your letter of June 21, 1995, and the General Counsel's Factual and Legal Analyses.

Respondents concede some minor errors in the course of the 1994 campaign. However, the Factual and Legal Analyses also raise a number of other allegations about activities that, as this letter shows, do not violate the Federal Election Campaign Act ("Act") or the Federal Election Commission's ("FEC" or "Commission") Regulations and should not be pursued by the Commission. As a result, Respondents urge the Commission, after reviewing the facts of this case and the relevant law, to find no probable cause or, in the alternative, vote to take no further action in this MUR. To the extent the Commission believes that some technical violations did occur and that it must take further action, Respondents request entering into pre-probable cause

conciliation under 11 C.F.R. 111.18(d), as outlined in this letter.

Also attached are the outstanding responses to the Commission's interrogatories and request for production of documents, which are being submitted now that we have been able to review MUR 3228, cited by the General Counsel's Analyses, but only recently put on the public record.

I. Introduction

I was the Republican candidate for the United States House of Representatives from the 24th Congressional District in Texas in the 1994 general election. It was my first attempt at elective office. My campaign raised \$562,260, including the \$110,368 in loans from me that are at issue in this MUR. My opponent was 9-term Representative Martin Frost, who raised three times as much money as I did. This was a hard-fought campaign, and the first time this incumbent had faced a serious challenge in the recently redrawn congressional district.

The complaint that generated this Matter Under Review was filed by the Chairman of the Dallas County Democratic Party, and its political motivation is self-evident.

The allegations center on my relationship with E. C. Harrison Properties, Inc., a Texas corporation in which I have owned 100 percent of the outstanding stock since 1984 (the corporation owns an equal number of shares as treasury stock). See Response of E. C. Harrison Properties, Inc. to FEC Interrogatories and Request for Production of Documents at 2. I have been a director and officer of Harrison Properties since

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1983, serving as President since that time. I have been an employee of Harrison Properties since about 1986 (there are currently no others). I am, in effect, the sole owner of Harrison Properties' assets, and have exclusive control over them.

I am paid a salary and bonus annually for my work with Harrison Properties. The amount depends on the success of the company. My annual compensation since 1990 has been: 1990, \$120,397 in salary and bonus; 1991, \$59,799 in salary and bonus; in 1992, \$103,132 in salary and bonus; in 1993, \$110,300 in salary and bonus; and, in 1994, \$120,256 in salary and bonus. (These figures include salary paid by two employee leasing firms. E. C. Harrison Properties, Inc. contracted with these firms to provide services that small companies have difficulties obtaining such as health care, etc. The concept behind these companies is that the employee of E. C. Harrison Properties, Inc. is hired by the employee leasing company and then leased back to E. C. Harrison Properties, Inc. for the amount of the employee's salary and taxes plus a fee for the services such as accounting on behalf of the employee and health care.)

E. C. Harrison Properties' corporate bylaws allow me, as sole stockholder, to borrow from the corporation. See Response at Exhibit A. I have done so on other occasions since 1992, including \$25,000 used for the purchase of a new car in August 1992, and in 1995, after 1994 campaign, I borrowed \$13,127 for the purchase of another vehicle. To date I have repaid \$8,500 of this last loan. The loan challenged in this complaint was

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executed between me and Harrison Properties in the same ordinary course of business that my other loans from Harrison Properties have been executed, and included a commercially reasonable rate of interest. See Harrison letter to Lawrence Noble, May 11, 1994. The other loan at issue--between me and the Harrison for Congress Committee--also included the market rate of interest at the time in the loan agreement. Id.

The Factual and Legal Analyses raises three issues--whether personal loans made to me by Harrison Properties constituted illegal corporate contributions to my campaign; whether the incidental use of Harrison Properties by the Harrison for Congress Campaign Committee in the initial days of the campaign was an illegal corporate contribution; and whether there was proper reporting of the loans raised in the complaint.

II. All Funds at Issue are "Personal Funds" as Defined by the Commission's Regulations.

The FEC's Factual and Legal Analyses concerning each of the Respondents state: "[D]espite candidate Harrison's belief that his loans to the Committee derived from his personal funds, the funds loaned by the corporation to the candidate for use ultimately by the committee may not have been personal funds under the Act. Pursuant to 2 U.S.C. 432(e)(2), candidate Harrison must be considered an agent of the Committee for any loan received for use in the campaign during the pendency of his candidacy."

Reliance on 2 U.S.C. 432(e)(2) is misplaced. There is no dispute that I was an agent for my campaign. But that is not the

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issue. All the funds I put into the campaign were personal funds. In reaching its conclusion, the FEC fails to take into account the plain wording of 11 C.F.R. 110.10 (b) and the structure and bylaws of Harrison Properties and my relationship to it. A fair analysis of the Commission's Regulations, the facts in my situation and the Commission's actual rulings in the Matter Under Review cited by the FEC as authority for its reason to believe finding dictates that the Commission find no probable cause and take no further action.

Section 110.10 (a) of the Commission's Regulations states that candidates for federal office may make unlimited expenditures to aid their candidacies from "personal funds". Personal funds are defined in 11 C.F.R. 110.10(b) as:

- (1) Any assets which, under applicable state law, at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either:
 - (i) Legal and rightful title, or
 - (ii) An equitable interest.
- (2) Salary and other earned income from bona fide employment.

In my case, all the funds involved fall under this definition. I own 100 percent of the company's outstanding stock. I am the only employee. I have been the President since 1985, and have been an officer and director since 1983. The only other officer at this time is my wife. It is beyond dispute that I have exclusive control over Harrison Properties' assets and have discretion under its bylaws to sell assets, withdraw moneys, declare dividends, make payments and make loans. In other words,

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under any conceivable definition, I have legal and rightful title to all the assets of the corporation, and an equitable interest in it under Texas law.

In 1992 and 1993 I received, as I have every year, a salary and bonus from the corporation. This compensation was consistent with my compensation from previous years. See P.2, supra. When I decided to run for Congress, I decided to put some of my personal funds into my campaign in the form of a loan, as I am permitted to do by 11 C.F.R. 110.10. This accounts for \$60,368 of the moneys at issue.

In addition, consistent with the bylaws of Harrison Properties, I received a \$50,000 personal loan from Harrison Properties on August 14, 1993. (The Dunn & Bradstreet report attached to the original complaint shows over \$150,000 in retained earnings by Harrison Properties at the time I borrowed these funds). I have received loans from Harrison Properties on other occasions. Id.: see also 11 C.F.R. 116.3. On September 14, 1993, using my personal assets, I loaned my campaign committee \$50,000. A proper loan document calling for the usual and normal interest rate (8% at the time) was executed, with repayment by the campaign required by August 14, 1994. The loan was repaid by me to Harrison Properties on or about April 15, 1994.

All loans involved in this M.U.R. were fully reported by the campaign.

Since, in effect, Harrison Properties' assets are my equitable interest in an asset I own totally, I believe that the

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money I loaned to my campaign was my money. These funds were in my personal account at the time of the loan; this was my money. This is consistent with 11 C.F.R. 110.10. See also Buckley v. Valeo, 424 U.S. 1, 51-53 (1976).

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However, assuming for the sake of argument the General Counsel's position that since I was a candidate, any loan I received (whether or not in the same manner as I had received them before from Harrison Properties) could only be as an agent of the campaign, then this transaction still comports with 11 C.F.R. 110.10. The Commission's Explanation and Justification accompanying a 1983 change to the Regulation stipulates that the term "equitable interest" applies to "an ownership or pecuniary interest that is not one of legal title" and that an equitable interest must be "linked with 'legal right of access to or control over'." 48 Fed.Reg. 19020 (1983). This definition and explanation fits my situation since section 110.10 plainly states that "personal funds" are any assets which the candidate has control over and an equitable interest in. That is what I have over Harrison Properties' assets.

Furthermore, while not addressed by the Factual and Legal Analyses, it is clear that I could have received the same moneys from Harrison Properties in the form of salary or bonus, or by declaring a dividend, or by using my stock in the company as collateral for bank loan. Not even the Factual and Legal Analyses challenge my right to the funds; the complaint seems to be over the form I used to get the money out of the corporation I own totally. Furthermore, the corporation did not loan the

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campaign money. The corporation loaned me money, as it has on other occasions. See Supplemental response at question # 5: Personal Financial Disclosure Statements for 1993, 1994 (on file with Clerk of the House). Because I was a candidate at the time of this loan, the FEC and my political opponents now say there was something improper. I reject that. The fact of the matter is that these were personal funds over which I had a legal right of access and control over (as evidenced by the fact the corporation loaned me money in 1992 and previously) and over which I had an equitable interest. In other words, I used my personal assets from my personal bank account to help my campaign.¹ That is permitted under the Act and the Regulations.

The Commission's Factual and Legal Analyses relies heavily on MUR 3228 for authority in reaching its reason to believe finding. However, that matter actually demonstrates why the Commission should find no probable cause and take no further action in this MUR. First of all, the Commission voted to take no further action in MUR 3228 after a reason to believe finding. Secondly, that matter involved the more serious allegation of a candidate receiving direct payment to his campaign of a \$25,000 debt to the family corporation. There is no such allegation here. Third, there were no written documents for the loans, so that the candidate was unable to provide any evidence that the loans were from his personal bank accounts.

But most significantly, the candidate in MUR 3228 could not meet the definition of 11 C.F.R. 110.10 because the candidate owned only 700 of 2,500 shares, or 28 percent, of the

corporation's stock, while I own 100 percent of Harrison Properties. In addition, the candidate in MUR 3228 was not an officer of the corporation, while I am both an officer and director of Harrison Properties. As such, MUR 3228 shows why the activities in the MUR involving my campaign are within the law. As opposed to the MUR 3228 candidate, I owned 100 percent of the stock and was an officer and director, so I had legal access to and control over the assets at issue and had an equitable interest in the assets.

Accordingly, the Commission must find no probable cause.

III. Any Use of Corporate Facilities was Incidental and Corrected Expeditionously.

The Factual and Legal Analyses' recommendation for reason to believe, which is identical for all Respondents, is based solely on activities prior to July 1, 1993, some 16 months before the general election and eight months before the primary.² As a first-time candidate, there was very little activity in the two to three months that the corporate facilities were used, and I did not realize that the minor use I made of my corporate facilities in the early stages of the campaign could be improper. While I continue to believe that any use of the corporate facility in this time period was "incidental", as defined by the Commission, I admitted in my July 1, 1993 letter to the Clerk of the House of Representatives that I had been using the corporate address and telephone.

As soon as I realized the problem, I stopped even this incidental use of Harrison Properties. As the Factual and Legal

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Analyses note, I filed an amended Form 1 with my campaign address in July 1993. The campaign letterhead was changed to reflect the campaign's address and telephone number. Our FEC reports show that the campaign was paying rent for its space as of July 1993.

Respondents believe their use of the corporate facilities to be "incidental" and urge the Commission to take no further action. If the Commission feels it must, Respondents are willing to enter into pre-probable cause conciliation on this issue.

IV. Since the Factual and Legal Analysis States that any Temporary Failures to Report Campaign Loans were Corrected by April 1994, The Commission Should Take no Further Action Against the Respondents.

The Factual and Legal Analysis concerning the Committee discusses the complaint's charge that my loans to the Committee were not continuously reported. The Analysis states that while my committee's initial filings may have omitted the loans, we "took corrective action when contacted by RAD," amended the incorrect reports and filed correctly from April 1994 to the present. According to the Analysis: "Thus, it appears that after submitting amended reports in April 1994, the Committee continuously reported its loans from the candidate."

Despite this apparent bill of clean health, the Commission found reason to believe. My committee took corrective action as soon as the error was pointed out. As a factual matter, there is no additional step we could take now or could have taken then. This is a situation where the Commission should take no further action. If the Commission feels it must take further action

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(although it is unclear what that could be), the Committee is willing to enter into the pre-probable cause conciliation.

V. Conclusion

For the foregoing reasons, Respondents request that the Commission vote to find no probable cause or, in the alternative, to take no further action. In those instances discussed above where the Respondents admit to technical violations of the Act, Respondents wish to enter into pre-probable cause conciliation if the Commission does not dismiss this matter.

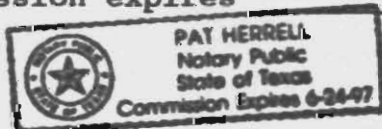
The above statements are true and correct to the best of my knowledge, information and belief.

Respectfully submitted,

Ed Harrison
Ed Harrison

Subscribed and sworn to before me this 15th day of August, 1995.

My commission expires _____.



Pat Russell
Notary Public

1 Indeed, the factual and Legal Analysis tries to use against me as evidence of both making and receiving a corporate contribution the fact that as an officer and director of the corporation I signed and executed the loan to myself. However, this fact demonstrates that rather than a violation, the funds involved do fall under the definition of personal funds in 11 C.F.R. 110.10, and that whether or not I was an agent for my campaign is irrelevant since all the funds involved were my funds.

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2 To emphasize how nit-picking the underlying complaint is, footnote 2 of the factual and Legal Analyses discuss the allegation that I received a reduced rate for printing because of relationships built up by Harrison Properties. This is baseless. Federal law requires that my name be included in the name of my congressional campaign committee. My company has been named Harrison Properties since 1985, long before I even contemplated a run for Congress. No corporate facilities, resources or discounts were used for the campaign for bumper stickers. As the very campaign spending reports attached to the complaint demonstrate, the Committee paid for all printing, bumper stickers and billboards at the fair market rate.

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BEFORE THE FEDERAL ELECTION COMMISSION Nov 29 4 57 PM '95

In the Matter of)
)
Edward Carl Harrison,)
Ed Harrison for Congress Committee and)
Paul Johnson, as treasurer, and)
E. C. Harrison Properties, Inc.)

MUR 3951

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On June 6, 1995, the Federal Election Commission (the "Commission"), found reason to believe that Edward Carl Harrison, the Ed Harrison for Congress Committee and Paul Johnson, as treasurer, and E. C. Harrison Properties, Inc. violated 2 U.S.C. § 441b(a). The basis for the Commission's findings concerned a \$50,000 loan provided by E. C. Harrison Properties, Inc. (the "Corporation") to Edward Carl Harrison (the "Candidate") in connection with his 1994 election campaign in the 24th congressional district of Texas and the use of the Corporation's facilities by the Ed Harrison for Congress Committee (the "Committee") in that election campaign. The Commission also found reason to believe that the Committee and its treasurer violated 2 U.S.C. § 434(b)(2) for failing to report campaign loans.

On the same date, the Commission directed this Office to investigate the ownership and tax status of the Corporation. Anticipating that E. C. Harrison Properties, Inc. might be a subchapter-S corporation, the Commission also asked this Office to prepare an analysis of whether the funds contributed from a candidate's subchapter-S corporation would be personal funds under the Act. Counsel for Respondents submitted partial answers to the interrogatories and produced some documents, and Respondents have

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responded to the remaining interrogatories and reason to believe findings.¹ See Attachments 1 and 2.

II. ANALYSIS

A. Facts Learned in Discovery

As noted in the First General Counsel's Report dated May 2, 1995, the Candidate received a loan from the Corporation, E. C. Harrison Properties, Inc., for \$50,000 on August 14, 1993. The Candidate subsequently executed loans to the Ed Harrison for Congress Committee for \$56,590 and \$50,000 on August 31 and September 14, 1993, respectively. E. C. Harrison Properties, Inc. is a Texas corporation engaged in the business of construction of homes. Answers to discovery indicate that Edward Carl Harrison is currently the sole shareholder in the corporation, and has been since 1984.² Mr. Harrison has been a director and President of E. C. Harrison Properties, Inc. from 1983 to the present. He became an employee in 1986 and is the only person employed by the Corporation at this time. Trisha Harrison, Edward C. Harrison's wife, is also an officer and a director of the Corporation.

According to the bylaws submitted by Respondents, in his capacity as an officer and director, Mr. Harrison has the authority to make loans on behalf of the Corporation. The other loans made by the Corporation are identified as a loan of \$25,000 to Mr. Harrison for the purchase of a new automobile in August 1992 and a loan of \$13,127 in May 1995 for the purchase of another

1. Counsel withdrew from representation of Respondents on July 26, 1995.

2. From its inception in 1983 until December 20, 1984, 5,000 shares were owned by Mr. Harrison and 5,000 shares were owned by another individual, Jerry G. Brooks. Mr. Brooks' shares were turned in to the corporation and are now treasury stock.

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vehicle.

Although the Corporation is closely held, it is not a subchapter-S corporation. The Corporation has been sued as a legal entity separate from Mr. Harrison in his individual capacity. The Corporation has never petitioned for bankruptcy, nor has it ever made any distributions.

B. Respondents' Arguments

In response to the Commission's reason-to-believe findings, Respondents "concede some minor errors in the course of the 1994 campaign," but assert that a number of their activities do not violate the Act and should not be pursued by the Commission. They urge the Commission to find no probable cause, or in the alternative, vote to take no further action. To the extent the Commission believes that violations did occur, Respondents request pre-probable cause conciliation.

Mr. Harrison first takes exception to the conclusion of the Commission's Factual and Legal Analysis that loans made by Harrison Properties, Inc. to the Candidate constituted illegal corporate contributions to his campaign. He argues that all funds at issue are "personal funds" as defined by the Commission's regulations, and thus, no corporate contribution was made. Second, Respondents argue that any use of corporate facilities was incidental and corrected expeditiously. Third, Respondents suggest that because failures to report campaign loans were corrected by April 1994, the Commission should take no further action.

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C. Discussion

1. Corporate Loan

Respondents do not dispute that E. C. Harrison Properties, Inc. made a loan of \$50,000 to Candidate Harrison, which Candidate Harrison then loaned to the Ed Harrison for Congress Committee. Nor do they dispute that E. C. Harrison Properties, Inc. is a corporation incorporated under the laws of Texas. Even a small corporation, wholly owned by one person, such as E. C. Harrison Properties, Inc., shares the same salient characteristics as other corporations. In Austin v. Michigan Chamber of Commerce, 494 U.S. 652, 658-59 (1990), the Court recognized:

State law grants corporations special advantages -- such as limited liability, perpetual life, and favorable treatment of the accumulation and distribution of assets -- that enhance their ability to attract capital and to deploy their resources in ways that maximize the return on their shareholders' investments. These state-created advantages not only allow corporations to play a dominant role in the Nation's economy, but also permit them to use "resources amassed in the economic marketplace" to obtain "an unfair advantage in the political marketplace."

The Supreme Court has articulated why corporations may be treated differently from individuals under the Act because of those characteristics. The Court explained that the first purpose of Section 441b "is to ensure that substantial aggregations of wealth amassed by the special advantages which go with the corporate form of organization should not be converted into political 'war chests.'" FEC v. Nat'l Right to Work Comm., 459 U.S. 197, 207 (1982). The Court continued, "[t]he statute reflects a legislative judgment that the special characteristics of the corporate structure require particularly careful regulation" and the Court would not "second-guess a legislative

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determination as to the need for prophylactic measures where corruption is the evil feared." Id. at 209-10.

In Austin, 494 U.S. at 660, the Court defined corruption in the political arena as "the corrosive and distorting effects of immense aggregations of wealth that are accumulated with the help of the corporate form," and stated "the unique state-conferred corporate structure that facilitates the amassing of large treasuries warrants" the prohibition on corporations. Regardless of the fact that in this matter the candidate owns 100 percent of his corporation, the potential "corrosive and distorting effects" of a corporate contribution are present. In fact, E. C. Harrison Properties, Inc. possesses the same special government-conferred advantages (e.g., limited liability, perpetual life and favorable tax treatment) that the Supreme Court identified as factors that justified subjecting corporations to Section 441b's prohibition on corporate contributions.

Respondents argue that the \$50,000 that originated from the Corporation was Mr. Harrison's "personal funds," and therefore, not a corporate contribution. Candidates for federal office may make unlimited expenditures from personal funds. 11 C.F.R. § 110.10(a). For purposes of this section, personal funds means any assets which, under applicable state law, at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either legal and rightful title or an equitable interest. 11 C.F.R. § 110.10(b)(1)(i)-(ii). Mr. Harrison believes that the "plain wording" of 11 C.F.R. § 110.10(b) applies to turn the funds from E. C. Harrison Properties, Inc. into his personal funds.

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Mr. Harrison states that "[i]t is beyond dispute that I have exclusive control over Harrison Properties' assets" and "under any conceivable definition, I have legal and rightful title to all the assets of the corporation, and an equitable interest in it under Texas law." This is a legal conclusion with which this Office does not agree.

First of all, Mr. Harrison does not hold legal title to the assets of the corporation; the corporation as a separate legal entity holds legal title to its assets. Mr. Harrison only has legal title to stock of the corporation. Second, Mr. Harrison does not have exclusive control over the corporate assets. To satisfy the Commission's regulations, any equitable interest Mr. Harrison holds as owner of 100% of the company's outstanding stock must be the kind of interest in which he also has a right of access to or control over the assets of the corporation.

The Commission, in clarifying the definition of personal funds provided in 11 C.F.R. § 110.10(b), stated:

[I]t is made clear that the criteria of "legal and rightful title" and "equitable interest" must each be linked with "legal right of access to or control." The latter criterion is the standard set out in the legislative history of the 1974 Amendments to 18 U.S.C. § 608 pertaining to the limitations of expenditures of personal funds by a candidate, also cited in Buckley v. Valeo, 424 U.S. 1, 51, 52, n. 57.

48 Fed. Reg. 19020 (1983).

The legal principle that a shareholder does not have the right of access to or control over corporate assets is significant in evaluating the application of 11 C.F.R. § 110.10(b).

Mr. Harrison's right of access to or control over corporate assets is limited because E. C. Harrison Properties, Inc. is a legal

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entity having a legal existence separate and apart from its sole shareholder, and possessing assets separate and apart from its sole shareholder. "[T]he rule of law is that a corporation continues to exist as a separate legal entity until legally dissolved, and the corporation and its stockholders are not one in the same, even though the number of stockholders is reduced to one." 1 Fletcher Cyc Corp § 25.1 at 526.

Having a separate legal identity from that of its shareholders enables the corporation to hold property, enter into contracts, negotiate loans, execute conveyances and conduct all corporate business as a separate legal unit. 1 Fletcher Cyc Corp § 25. It is from the concept of a separate identity that such corporate benefits as limited shareholder liability is derived. In fact, the corporation has been sued separately twice, limiting Mr. Harrison's liability. See Attachment 1 at 4.

The Commission's Interrogatories asked Mr. Harrison and the Corporation to list their assets and liabilities at the time the loan at issue was made. This Office specifically asked Mr. Harrison to identify all assets and liabilities deriving from ownership of shares of E. C. Harrison Properties, Inc. The fact that the individual and the Corporation list separate assets and liabilities indicates that even Mr. Harrison recognizes that the Corporation owns assets to which it has legal title which are separate and apart from what Mr. Harrison lists as his personal assets. Mr. Harrison lists the value of his stocks as only \$4,000; he does not list the assets of the corporation of which he is sole shareholder as his personal assets.

These separate corporate funds extended to the Candidate by

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E. C. Harrison Properties, Inc. were corporate assets that never became the shareholder's. "[T]he capital or assets of the corporation are its property, and the shares evidenced by the stock certificates are the properties of the holders, which do not carry the capital property or profits until they have been declared and vested as dividends, after which they are stockholder's property." 1 Fletcher Cyc Corp § 31 at 555. Moreover, "the owner [of stock] does not, in any strict legal sense, own any part of the corporate capital and has not the legal title to, and is not the owner, or entitled to the possession of any portion of its property or assets." 11 Fletcher Cyc Corp § 5100 at 93. Thus, the interest that Mr. Harrison, as the sole shareholder, has in the corporate assets of E. C. Harrison Properties, Inc. is an indirect, qualified, collateral, transferable and insurable interest only. See generally 11 Fletcher Cyc Corp § 5100 at 93-94. This interest is not the kind of interest that provides a shareholder with legal access to or control over corporate property for his use and benefit required by 11 C.F.R. § 110.10(b)(1).

Stockholders gain a vested interest in the corporate property or assets upon liquidation. 11 Fletcher Cyc Corp § 5100 at 94. It is at this point that the corporate assets are converted into the personal assets of the shareholder. Once this conversion of the corporate funds occurs, the shareholder has a legal right of access to the funds and may exercise dominion and control over the property for his personal use and benefit. This conversion of corporate funds to private funds, however, never occurred in this matter.

Mr. Harrison points out that he "could have received the same moneys from Harrison Properties in the form of salary or bonus, or by declaring a dividend, or by using my stock in the company as collateral for bank loan." We do not dispute this. There are many ways the corporate funds could have been converted to the shareholder's, but because none of those conversions occurred here, the loan to the Candidate came from the corporation's assets, not the shareholder's.³

Therefore, any access to or control of corporate assets Mr. Harrison may have had was not in his capacity as shareholder, but rather, in his capacity as President and director of the corporation. In that capacity, any access to or control over the corporate assets could only be exercised for the use and benefit of the corporation, not as personal funds to contribute to a campaign. Consequently, the link between any equitable interest, which Mr. Harrison holds as sole shareholder, and access to or control contemplated by the Commission's regulations is absent here.

Because the \$50,000 loan at issue derived from a corporate source rather than personal funds, this Office recommends that the Commission reject Respondents' request to take no further action in this matter, and instead, offer to enter into pre-probable cause conciliation.

3. Mr. Harrison also attempts to distinguish MUR 3228, on the grounds that he owned 100% of the stock and was an officer and director, as opposed to the candidate in MUR 3228, to establish that he had legal access to and control over the assets at issue and had an equitable interest in the assets. As we have already shown, however, these factors do not transform the corporate funds into Mr. Harrison's personal funds.

2. Use of Corporate Facilities

97043780226 Respondents do not deny that they used the Harrison Properties, Inc. post office box and telephone number for the Ed Harrison for Congress campaign. They emphasize that they believe the use of the corporate facilities was "incidental" and that it occurred sixteen months before the general election and eight months before the primary election. Mr. Harrison reiterates that he "did not realize that the minor use I made of my corporate facilities in the early stages of the campaign could be improper." As noted in the First General Counsel's Report dated May 2, 1995, Mr. Harrison's claim that he was unaware of his impropriety does not vitiate the violation. Because Respondents make no new arguments, admit their use of corporate facilities during the time period complained of, and state they are willing to enter into pre-probable cause conciliation, this Office has included the improper use of corporate facilities in the proposed conciliation agreement, and recommends rejecting their request to take no further action.

3. Failure to Report Loans

Again, Respondents merely reiterate their argument from their initial response which is that the Committee took corrective action when notified by the Commission of reporting errors. The Commission noted the corrective action in its Factual and Legal Analysis. While Respondents characterize this as a "bill of clean health," and state that "[a]s a factual matter, there is no additional step we could take now or could have taken then," they do not deny there was a violation at the time the reports were due. The corrective action noted by the Commission in the Factual

and Legal Analysis may be considered a mitigating factor during negotiations. This Office thus has included the Section 434(b)(2) reporting violation in the proposed pre-probable cause conciliation agreement.

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

This Office recommends that the Commission offer to enter into conciliation with Respondents prior to a finding of probable cause to believe. Attached for the Commission's approval are two proposed conciliation agreements

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IV. RECOMMENDATIONS

1. Reject Respondents' request to take no further action.
2. Enter into conciliation with E. C. Harrison Properties, Inc., Edward Carl Harrison, as a director and officer of E. C. Harrison Properties, Inc., and the Ed Harrison for Congress Committee and Paul Johnson, as treasurer, prior to a finding of probable cause to believe.
3. Approve the attached proposed conciliation agreements and the appropriate letters.

Lawrence M. Noble
General Counsel

Date

11/27/95

BY:


Lois G. Lerner
Associate General Counsel

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Attachments

1. Responses of E. C. Harrison Properties, Inc.
and Edward Carl Harrison to Interrogatories
and Requests for Production of Documents (excerpts)
2. Supplemental Response of E. C. Harrison Properties, Inc.
to Interrogatories and Request for Production of
Documents (excerpts, including request for conciliation)
3. Proposed Conciliation Agreements (2)

Staff assigned: Andrea Low

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Edward Carl Harrison;) MUR 3951
Ed Harrison for Congress and)
Paul Johnson, as treasurer;)
E. C. Harrison Properties, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session on
December 14, 1995, do hereby certify that the Commission
decided by a vote of 4-0 to take the following actions in
MUR 3951:

1. Reject Respondents' request to take
no further action.
2. Enter into conciliation with E. C.
Harrison Properties, Inc., Edward
Carl Harrison, as a director and
Officer of E. C. Harrison Properties,
Inc., and the Ed Harrison for Congress
Committee and Paul Johnson, as treasurer,
prior to a finding of probable cause to
believe.

(continued)

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Federal Election Commission
Certification for MUR 3951
December 14, 1995

Page 2

3. Direct the Office of General Counsel to merge the conciliation agreements into one agreement for all of the respondents
4. Approve appropriate letters.

Commissioners Aikens, Elliott, McGarry, and Thomas voted affirmatively for the decision; Commissioner McDonald was not present.

Attest:

12-15-95
Date

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

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

December 18, 1995

**Edward Carl Harrison
1314 Indian Creek
Desoto, TX 75115**

**RE: MUR 3951
Edward Carl Harrison
Ed Harrison for Congress Committee and
Paul Johnson, as treasurer
E.C. Harrison Properties, Inc.**

Dear Mr. Harrison:

On June 6, 1995, the Federal Election Commission found reason to believe that you, Ed Harrison for Congress Committee (the "Committee") and Paul Johnson, as treasurer, and E.C. Harrison Properties, Inc., violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended (the "Act"). In addition, the Commission found reason to believe that the Committee and Paul Johnson violated 2 U.S.C. § 434(b)(2), a provision of the Act. The Factual and Legal Analyses, which formed a basis for the Commission's findings, were forwarded to you at that time. On December 14, 1995, the Commission rejected your request to take no further action. At your alternative request, on December 14, 1995, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter 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 you agree 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.

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If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact me at (202) 219-3400.

Sincerely,

Andrea Low

Andrea Low
Attorney

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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June 5, 1996

SENSITIVE

Edward Carl Harrison
1314 Indian Creek
DeSoto, Texas 75115

RE: MUR 3951
Edward Carl Harrison
Friends of Ed Harrison and
Paul Johnson, as treasurer
E.C. Harrison Properties, Inc.

Dear Mr. Harrison:

Based on a complaint filed with the Federal Election Commission on March 23, 1994, and information provided by you, the Commission, on June 6, 1995, found that there was reason to believe that the Ed Harrison for Congress Committee and Paul Johnson, as treasurer, violated 2 U.S.C. §§ 434(b)(2) and 441b(a), and that you and E.C. Harrison Properties, Inc., each violated 2 U.S.C. § 441b(a), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that violations have occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

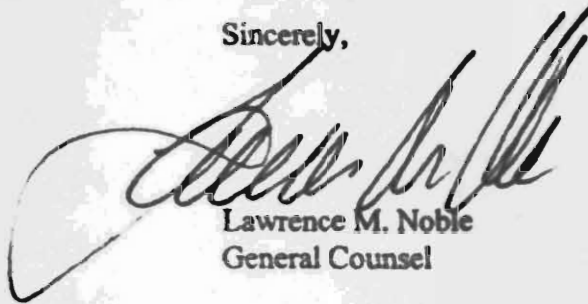
If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

Should you have any questions, please contact Lawrence L. Calvert, Jr., the attorney assigned to this matter, at (202) 219-3690.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Brief

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reporting period and for the calendar year. 2 U.S.C. §§ 434(b)(2)(G) and (H). Each report must also include the identification of each person who makes a loan to the reporting committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and the date and amount or value of the loan; and the identification of each person who receives a loan repayment from the reporting committee during the reporting period, together with the date and amount of each loan repayment. 2 U.S.C. §§ 434(b)(3)(E) and (5)(D). Finally, each report must include the amount and nature of outstanding debts and obligations owed by the committee. 2 U.S.C. § 434(b)(8). All debts must be continually reported until extinguished. 11 C.F.R. § 104.11(a).

Edward Carl Harrison was a candidate for nomination for the office of United States Representative from the 24th Congressional District of Texas in the March 8, 1994 primary election. After winning the primary, Harrison was a candidate in the November 8, 1994 general election.² The Committee was his principal campaign committee.

This Office reviewed the Committee's disclosure reports regarding the reporting violations complained of, along with communications between the Committee and the Commission's Reports Analysis Division ("RAD") pertaining thereto. It is evident from this review that the Committee omitted certain schedules or other information from its reports, but took corrective action when contacted by RAD. First, on the 1993 Mid-Year report, the Committee filed a Schedule C reporting one loan of \$1,900 from the candidate to the Committee dated June 4, 1993. However, the Committee failed to report the \$1,900 as a receipt on its Schedule A. Second, this same loan did not appear as outstanding or repaid on the Committee's

² Harrison received 69 percent of the vote in the primary election and 47 percent of the vote in the general election.

original 1993 Year-End report. Finally, the Committee's original 1994 12-Day Pre-Primary report did not contain a Schedule C or a Schedule D; debts totaling \$110,470 were thus not properly reported.

On March 15, 1994, a week after the primary election, RAD transmitted a Request for Additional Information ("RFAI") to the Committee regarding its failure to continuously report debts on the 1993 Year-End report. On April 4, 1994, 27 days after the primary election and 20 days after RAD transmitted the RFAI regarding the Year-End report, the Committee submitted amended 1993 Mid-Year and Year-End reports and an amended 1994 Pre-Primary report. The amended 1993 Mid-Year report included the June 4, 1993 loan of \$1,900 on a Schedule A. The amended 1993 Year-End report included a previously omitted Schedule C and included thereon the outstanding \$1,900 loan.³ Finally, the amended 1994 Pre-Primary report included the previously omitted Schedules C and D reflecting the previously unreported outstanding debts complained of in this matter.

At various stages of this matter, Harrison, on behalf of the Committee, has noted that the Committee took corrective action after receiving the RFAI from RAD concerning the 1993 Year-End report and has asserted that "[a]s a factual matter, there is no additional step we could take now or could have taken then." He has also noted that the loans purportedly made by him to the Committee were reported on his personal financial disclosure statement as required by the Ethics in Government Act ("EIGA"), 5 U.S.C. app. 6 § 101 *et seq.* However, he has not denied there was a violation at the time the original reports were due.

³ The amendment also included an amended Schedule A and a previously omitted Schedule D, on which were reported previously unreported advances to the Committee by Harrison in the form of various expenses which Harrison had incurred and for which he expected to be repaid.

Moreover,

Harrison's EIGA argument ignores the fact that FECA and EIGA have very different reporting requirements and serve different, although related, purposes. EIGA is designed to provide general information about a candidate's personal financial situation, while FECA is designed to provide detailed information about how the candidate's campaign is financed and to whom the candidate might or might not be beholden for that financing. Compliance with one in no way equals compliance with the other. More specifically, disclosure on a personal financial disclosure statement of the general range of debt owed a candidate by his committee is no substitute for disclosure on Schedules C and D of the specific information about dates, amounts, repayments and terms required by the Act.

Accordingly, there is probable cause to believe that Friends of Ed Harrison and Paul Johnson, as treasurer, violated 2 U.S.C. § 434(b).

B. Corporate Contributions

1. Applicable Law

It is unlawful for "any corporation whatever" to make a contribution in connection with a Federal election, or for any officer or director of a corporation to consent to the making of such a contribution. 2 U.S.C. § 441b(a). It is also unlawful for any candidate or committee to knowingly accept such a contribution. Id. For purposes of these provisions, the term "contribution" includes "any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value[.]" 2 U.S.C. § 441b(b)(2). Pursuant to 2 U.S.C. § 432(e)(2), any candidate who receives a loan in connection with his or her campaign for election shall be considered as having received the loan not in his or her individual capacity, but rather as an agent of the candidate's authorized committee.

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Candidates for the office of United States Representative may make unlimited expenditures from personal funds. 11 C.F.R. § 110.10(a). Personal funds are defined as "[a]ny assets which, under applicable state law, at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either (i) [l]egal and rightful title, or (ii) [a]n equitable interest." 11 C.F.R. § 110.10(b)(1).

Stockholders and employees of a corporation may make occasional, isolated, or incidental use of the facilities of a corporation for individual volunteer activity in connection with a Federal election, but must reimburse the corporation to the extent that the overhead or operating costs of the corporation are increased. Any such activity that does not exceed one hour per week or four hours per month, regardless of whether the activity is undertaken during or after normal working hours, shall be considered as occasional, isolated, or incidental use of the corporate facilities. 11 C.F.R. § 114.9(a)(iii).

2. Corporate Loans

a. Facts

E. C. Harrison Properties, Inc. ("Harrison Properties") is a corporation incorporated under the laws of the state of Texas. Its principal business is the construction of homes. Information obtained in discovery indicates that candidate Harrison is currently the sole shareholder of the corporation, and has been since 1984.⁴ Harrison has been a director of Harrison Properties since 1983; he has also been president of the corporation since at least

⁴ The corporation was incorporated in 1983 under the name of Daystar Properties, Inc. From incorporation until December 20, 1984, 5,000 shares of Daystar Properties were owned by Harrison and 5,000 shares were owned by Jerry G. Brooks. Brooks's shares were turned in to the corporation and are now treasury stock. Also on December 20, 1984, the corporation changed its name to E. C. Harrison Properties, Inc.

1986.⁵ He is the only person employed by the corporation. His wife, Trisha Harrison, is also an officer and director of the corporation. Harrison and his wife are the sole directors of the corporation.

According to Article III, section 5 of Harrison Properties' bylaws, "[t]he business and affairs of the corporation shall be managed by its Board of Directors which may exercise all such [sic] powers of the corporation[.]" Pursuant to Article 2.02(6) of the Texas Business Corporation Act, these powers include the power "[t]o lend money to, and otherwise assist, [the corporation's] employees, officers, and directors if such a loan or assistance reasonably may be expected to benefit, directly or indirectly, the lending or assisting corporation." Article V, section 6 of Harrison Properties' bylaws vests Harrison, in his capacity as president, with "such powers and duties as usually pertain to such office" and charges him to "see that all orders and resolutions of the Board of Directors are in effect."

Harrison filed a Statement of Candidacy on May 19, 1993. On August 14, 1993, Harrison executed a "General Promissory Note" to Harrison Properties for the sum of \$50,000 at eight percent interest with a due date of August 14, 1994. In response to the Commission's reason to believe finding, Harrison conceded that "[t]here is no dispute that I was [acting as] an agent for my campaign." On August 31, 1993, Harrison lent \$56,950 to the Committee. On September 14, 1993, Harrison lent another \$50,000 to the Committee; for this loan, Michael Neill, then treasurer of the Committee and acting in that capacity, executed a "General Promissory Note" to Harrison, as an individual, for \$50,000 at eight percent interest with a due

⁵ The corporation's initial discovery response stated that Harrison had been president of the corporation since November 30, 1983. Its supplemental response stated that he had been president since "about 1986." The conflicting statements make no difference to the analysis presented herein.

date of September 14, 1994. The Committee's reports show that it repaid a loan to the candidate in the sum of \$50,000 on March 29, 1994; in response to the complaint, Harrison stated that "[p]rior to April 15, 1994, I issued a check to Harrison [Properties] in the amount of \$50,000 for the amount owed personally by me."

b. Analysis

There is probable cause to believe that Harrison Properties violated 2 U.S.C. § 441b(a) by making, and that the Committee and its treasurer violated 2 U.S.C. § 441b(a) by receiving, the \$50,000 August 14 loan. Moreover, Harrison disbursed the loan in his capacity as an officer of the corporation, and received it in his capacity as candidate and agent of the Committee. 2 U.S.C. § 432(e)(2). Thus, there is probable cause to believe that both as an officer of Harrison Properties and as the personally involved recipient candidate, Harrison himself violated 2 U.S.C. § 441b(a).

There is no dispute that Harrison Properties is a corporation. There is no dispute that it made the \$50,000 August 14 loan, or that Harrison acted as the Committee's agent when he received it. However, in his response to the reason to believe finding, even as he conceded that he was acting as the Committee's agent Harrison protested that "[r]eliance on 2 U.S.C. § 432(e)(2) is misplaced" and that his agency "is not the issue" because the funds were his personal funds, inasmuch as "[t]hese funds were in my personal account at the time of the loan (from him to the Committee)."

Harrison's argument misses the significance of his status under Section 432(e)(2) as the campaign's agent. The statute means that if Harrison was a candidate at the time he obtained the loan from the corporation, which he was, and if he had it in mind at the time of obtaining the loan or decided at any time thereafter to use the proceeds for campaign purposes, which he

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apparently concedes he did, then by operation of law it was impossible for the corporation to lend the money to him in his personal capacity. Under these circumstances, the law disregards the parking of the funds in Harrison's personal account, and treats the loan as if it had gone directly from the corporate treasury to the campaign account. Loans to authorized committees are, of course, contributions, 2 U.S.C. § 441b(b)(2), and corporations are prohibited from making contributions by 2 U.S.C. § 441b(a).

Nonetheless, Harrison argued in response to the reason to believe finding that even if the loan was deemed to have been made by the corporation to the Committee, it did not violate 2 U.S.C. § 441b(a) because Harrison was the only shareholder and all of the corporation's assets amounted to his personal funds. Contrary to Harrison's argument, however, his status as sole shareholder does not make the corporate contributions any less illegal. Section 441b contains no explicit exception for closely-held or sole-shareholder corporations. Moreover, no such exception can be inferred from either the purpose or the structure of the statute, as they have been explained on more than one occasion by the United States Supreme Court. Furthermore, the contributions at issue were in no sense made from Harrison's personal funds. Not only would it be incorrect to read the personal funds regulation, 11 C.F.R. § 110.10, as superseding the statute's clear prohibition of corporate contributions, but the funds at issue here do not pass the regulation's test for determining which funds are personal.

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i. Section 441b Contains No Exception For Closely Held Corporations

(A). The Text Contains No Such Exception

The pertinent portion of the statute states:

It is unlawful . . . for any corporation whatever . . . to make a contribution or expenditure in connection with any election at which . . . a Senator or Representative in . . . Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices.

2 U.S.C. § 441b(a). Congress used language that by its terms foreclosed any exception: the statute applies to any corporation whatever. Any exception for closely held corporations, if it existed, would have to come from somewhere other than the text of the statute. See also infra n.7.

(B). An Exception for Closely Held Corporations Would Be Contrary to Both The Purpose and Structure of the Statute

(1). Purpose

The Supreme Court has recognized that Congress intended Section 441b "to ensure that substantial aggregations of wealth amassed by the special advantages which go with the corporate form of organization should not be converted into political 'war chests[.]'" FEC v. National Right to Work Comm. ("NRWC"), 459 U.S. 197, 207 (1983). These "special advantages" include "limited [shareholder] liability, perpetual life, and favorable treatment of the accumulation and distribution of assets," all of which "enhance [corporations'] ability to attract capital." Austin v. Michigan Chamber of Commerce, 494 U.S. 652, 658-59 (1990). However, "these state-created advantages not only allow corporations to play a dominant role in the nation's economy, but [if left unchecked could] also permit them to use 'resources amassed in the economic marketplace' to obtain 'an unfair advantage in the political marketplace.'" Id.

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(quoting FEC v. Massachusetts Citizens for Life, Inc., 479 U.S. 238, 257 (1986)). To prevent this danger, Congress wrote Section 441b and its predecessors. "The statute reflects a legislative judgment that the special characteristics of the corporate structure require particularly careful regulation." NRWC, 459 U.S. at 209-10.

It would defeat the purpose of Section 441b to read into it an implied exception for closely held corporations. Such corporations and their shareholders are granted the same "special advantages" identified by the Supreme Court as publicly held corporations with many stockholders. "Although some closely held corporations, just as some publicly held ones, may not have accumulated significant amounts of wealth, they receive from the State the special benefits conferred by the corporate structure and present the potential for distorting the political process." Austin, 494 U.S. at 660-61.

(2). Structure

Accordingly, Congress fashioned a statute applicable both to large and small corporations with few or many shareholders. The Supreme Court has characterized the statute as a "prophylactic measure[]" and acknowledged that it restricts the political activities of "corporations . . . without great financial resources, as well as those more fortunately situated[.]" NRWC, 459 U.S. at 210. Similarly, in Austin, the Court acknowledged that a Michigan statute that was virtually identical to Section 441b "include[d] within its scope closely held corporations that do not possess vast reservoirs of capital." 494 U.S. at 660.⁶ The teaching of NRWC and

⁶ The Austin Court made this statement in the course of rejecting an argument that because the statute applied to closely held corporations, it was unconstitutionally overbroad.

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Austin is that the potential for distortion of the political process is present in, and Section 441b therefore prohibits contributions by, "any [non-ideological] corporation whatever."⁷

ii. **The Corporate Contributions Were Not Permitted By the Personal Funds Regulation**

(A). **The Regulation Does Not Supersede Section 441b**

While Section 441b broadly prohibits corporate or labor organization contributions, 2 U.S.C. § 441a, by contrast, contains various limits on the amounts of contributions or expenditures that may be made by other persons, including individuals. 11 C.F.R. § 110.10 provides that, with exceptions not pertinent here, candidates for Federal office may make unlimited expenditures from "personal funds." The regulation was intended by the Commission to clarify a candidate's personal relationship to the contribution and expenditure limitations imposed by 2 U.S.C. § 441a, particularly in light of the Supreme Court's decision in Buckley v. Valeo, 424 U.S. 1, 51-54 (1976), that the Act's former limitations on a candidate's expenditures from personal funds were unconstitutional. Cf. FEC, Federal Election Regulations, H.R. Doc. No. 44, 95th Cong., 1st Sess. 70-71 (1977) (providing explanation and justification for 11 C.F.R. § 110.10). There is nothing in the text or history of the regulation suggesting it was intended to in any way provide an exception to Section 441b for the use by candidates of corporate assets

⁷ MCFL further supports this construction of the statute. In MCFL, it was "clear that Congress intended § 441b to apply to corporations like MCFL. The section makes it unlawful for 'any corporation' to make a contribution or expenditure[]" 479 U.S. at 267 n.1 (Rehnquist, C.J., concurring in part and dissenting in part) (emphasis in original). The Court held not that corporations like MCFL were not covered by Section 441b, but that the statute as applied to them was unconstitutional. 479 U.S. at 263. While it has become common to think of MCFL as creating an "exception" to Section 441b, as a matter of statutory construction that is not, strictly speaking, what the Court did. Of course, because the corporations at issue here are business corporations, MCFL's constitutional holding is not applicable.

such as those that were contributed in this case by Harrison Properties.⁸ Thus, 11 C.F.R. § 110.10 is inapposite to this case.

(B). The Corporate Funds At Issue Here Are Not "Personal Funds" Within the Meaning of the Regulation

Even if Section 110.10 were facially applicable to facts such as these, the contributions in this case do not meet the test set forth in that regulation for determining whether funds are "personal."

Section 110.10(b) provides a two-prong definition of "personal funds." Personal funds are assets to which, under applicable state law, at the time the candidate becomes a candidate, the candidate has a legal right of access to or control over and with respect to which the candidate has either legal and rightful title or an equitable interest. 11 C.F.R. § 110.10(b). An equitable interest in an asset includes "an ownership or pecuniary interest which is not one of legal title." Explanation and Justification of Regulations Concerning a Candidate's Use of Property in Which Spouse has an Interest, 48 Fed. Reg. 19019, 19020 (Apr. 27, 1983). The Commission, in clarifying the definition of personal funds provided in Section 110.10(b), stated:

... (I)t is made clear that the criteria of "legal and rightful title" and "equitable interest" must each be linked with "legal right of access to or control." The latter criterion is the standard set out in the legislative history of the 1974 Amendments to 18 U.S.C. § 608 pertaining to the limitations of expenditures of personal funds by a candidate, also cited in Buckley v. Valeo, 424 U.S. 1, 51, 52, n.57.

Id.

Texas law gives Harrison as an individual no direct legal right of access to or control over the assets of Harrison Properties. This conclusion is best demonstrated by Byerly v. Camey,

⁸ From its inception in 1977, the personal funds regulation has been placed in Part 110 of the regulations, concerning limitations and prohibitions on contributions and expenditures by persons other than corporations, rather than in Part 114, concerning corporate and labor organization activity.

161 S.W. 2d 1105 (Tex. Civ. App. 1942). There, successors in interest to persons who had bought subscriptions in a colonization company near the turn of the century sued decades later to quiet title to, and take possession of, land purchased by the company but never distributed or developed. Plaintiffs conceded that their claims relied in part on stock certificates that the colonization company had issued to the subscribers and which plaintiffs now held. The court therefore treated plaintiffs as stockholders, and observed that

Under elemental corporation law, the title to the corporation's property is in the corporation, and not in the stockholders. The stockholder is in no sense the legal owner of the property of the corporation. The stockholder has a right to his share of the profits while the corporation is a going concern, and to a share of the proceeds of its assets, when sold for distribution in case of its dissolution and winding up. Even then, rights of creditors are superior to those of the shareholders.

161 S.W. 2d at 1110 (citations omitted). From these principles, the court reasoned that the stockholders had neither title to the property held by the corporation nor a right to possession of it. *Id.* at 1111. See also *In re Lawler*, 50 B.R. 110, 118 (Bankr. N.D. Tex. 1985) (applying *Byerly*).

Texas law recognizes that Harrison has an equitable interest in the assets of Harrison Properties that does not rise to the level of title. *Lawler*, 50 B.R. at 118. Nevertheless, like the shareholders in *Byerly*, Harrison has no immediate legal right as an individual to possess the corporate assets — that is, to have access to them or control over them. While he has a “right to his share of the profits” during the life of the business and a right to the assets remaining after liquidation, 161 S.W. 2d at 1110, he cannot even exercise those rights without first taking action in his capacity as officer and director to declare a dividend or to liquidate the corporation.⁹ In

⁹ As Harrison pointed out in response to the reason to believe finding, he “could have received the same moneys from Harrison Properties in the form of salary or bonus, or by declaring a dividend, or by using my stock in (Footnote continued on next page)

response to the reason to believe finding, Harrison argued that "[i]t is beyond dispute that I have exclusive control over Harrison Properties' assets and have discretion under its bylaws to sell assets, withdraw moneys, declare dividends, make payments and make loans." However, his "exclusive control" is not as an individual but as a corporate officer, and in that capacity, any access to or control over the corporate assets could only be exercised for the use and benefit of the corporation. Consequently, the "link" between his equitable interest and access to or control over the corporate assets contemplated by the Commission, supra at 13, is absent here.¹⁰

Accordingly, with respect to the \$50,000 loan dated August 14, 1993, there is probable cause to believe that Edward Carl Harrison, E.C. Harrison Properties, Inc., and Friends of Ed Harrison and Paul Johnson, as treasurer, violated 2 U.S.C. § 441b(a).¹¹

3. Use of Corporate Facilities

Harrison acknowledged in response to the complaint in this matter that he wrote a letter to the Clerk of the U.S. House of Representatives, dated July 1, 1993, admitting that the Committee had used the address of Harrison Properties as its legal address, and had placed that

the company as collateral for a bank loan." At least with respect to declaring a dividend prior to his candidacy or using his stock as collateral for a bank loan, we do not dispute this. There are a number of ways in which Harrison could have permissibly employed his equitable interest for campaign purposes, but none of them occurred here.

¹⁰ Moreover, it is not clear that Harrison's assertion of "exclusive control" is correct. The powers he asserts he has under the corporate bylaws are not specifically mentioned in that document. They would appear to be statutorily granted general corporate powers which, under the bylaws, are vested in Harrison and his wife as directors. Even if the two of them, as directors, delegated these powers to Harrison, as president, he would still exercise "exclusive control" only in that capacity and not as an individual.

¹¹ Twice in recent years, the Commission has found probable cause to believe that closely held corporations principally owned by candidates violated Section 441b in situations similar to that presented here. In MUR 3119, the candidate borrowed funds totaling \$266,000 from a corporation of which she owned 85 percent of the stock, and in turn loaned the money to her principal campaign committee. The loans were fully reported to the Commission. The Commission found probable cause to believe that the corporation and the committee violated, inter alia, various provisions of Section 441b. Similarly, in MUR 3191, the candidate drew \$209,000 from his equity in a corporation that was wholly owned by him and his wife; on its books, the corporation recorded the equity draws as loans to the candidate. The Commission found probable cause to believe that the loans violated Section 441b.

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address and the Harrison Properties telephone number on brochures and letterheads. Harrison included with the letter an amendment to the Committee's Statement of Organization noting its new address. The letter was printed on letterhead that listed a new campaign telephone number. Furthermore, the Committee began paying rent to "Buddy Morahan" at 515 N. Cedar Ridge, Suite 9, Duncanville, Texas 75116, in July 1993, shortly after sending the letter stating that it would no longer use the corporate address. Thus, the Committee changed its address approximately eight months before the March 8, 1994 primary election, and only used the corporate address for two or three months, during which, Harrison claimed, there was little campaign activity. In response to the complaint and the reason to believe finding, Harrison asserted that "[t]he listing of the telephone number and post office box did not result in anything more than an incidental use of corporate facilities," and that he "did not realize that the minor use I made of my corporate facilities in the early stages of the campaign could be improper."

Nevertheless, the use of the corporate address and phone number constituted a corporate contribution. The continuous use of the corporation's post office box and telephone by the Committee for a period of two or three months is far more than the hour-per-week or four-hour-per-month "incidental" standard of 11 C.F.R. § 114.9(a)(iii). The short duration and early corrective action may mitigate, but do not vitiate, the violation. Therefore, with respect to the use of corporate facilities, there is probable cause to believe that Edward Carl Harrison, E.C. Harrison Properties, Inc., and Friends of Ed Harrison and Paul Johnson, as treasurer, violated 2 U.S.C. § 441b(a).

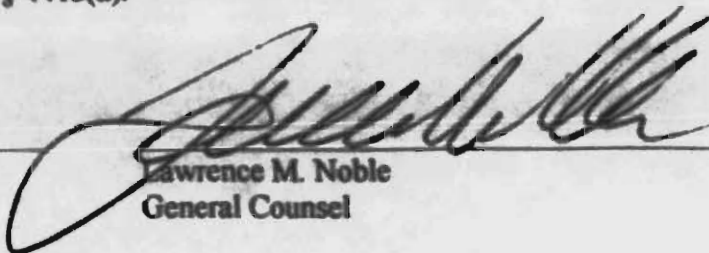
III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe that Friends of Ed Harrison and Paul Johnson, as treasurer, violated 2 U.S.C. §§ 434(b) and 441b(a).

2. Find probable cause to believe that Edward Carl Harrison and E.C. Harrison Properties, Inc. violated 2 U.S.C. § 441b(a).

Date

6/5/96



Lawrence M. Noble
General Counsel

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Edward C. Harrison
1314 Indian Creek
DeSoto, TX 75115

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

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June 17, 1996

Lawrence M. Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

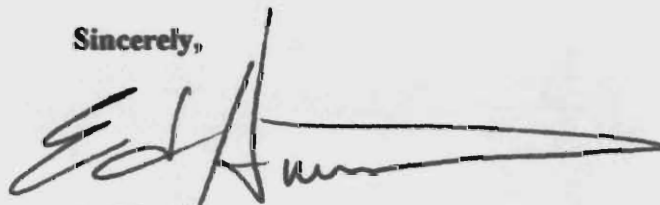
RE: MUR 3951

Dear Mr. Noble:

I received a brief containing your recommendation to the Federal Election Commission regarding MUR 3951 on Friday, June 7. According to your letter, I have 15 days to formulate and file a responsive brief pertaining to this matter.

I would like to request an extension to Monday, July 15, 1996 in filing my responsive brief in order to properly respond to your findings. Other business has kept me quite busy in the last few days, placing great time constraints on my ability to respond to the matter at hand. Additional time to respond would be very helpful in this endeavor.

Sincerely,



Ed Harrison

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
JUN 24 3 06 PM '96

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 25, 1996

BY FACSIMILE AND FIRST CLASS MAIL

Mr. Edward C. Harrison
1314 Indian Creek
DeSoto, Texas 75115

RE: MUR 3951
Edward Carl Harrison
Friends of Ed Harrison and
Paul Johnson, as treasurer
E.C. Harrison Properties, Inc.

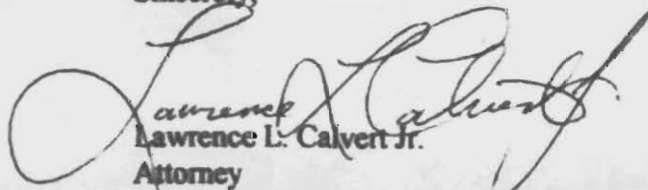
Dear Mr. Harrison:

This is in response to your letter dated June 17, 1996, which we received on June 24, 1996, requesting an extension until July 15, 1996 to respond to the General Counsel's Brief in the above-referenced matter. After considering the circumstances presented in your letter, the Office of the General Counsel granted the requested extension.

We note that even though your letter was dated June 17, 1996, it was not received by us until the date your responsive brief otherwise would have been due. Because you transmitted your letter more than five days before the due date, this Office has granted the extension. However, you should bear in mind the occasional slowness of the mail in ensuring that your responsive brief is received by this Office and the Secretary of the Commission not later than the close of business, Eastern time, Monday, July 15, 1996.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,


Lawrence L. Calvert Jr.
Attorney

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

97043780253

Edward C. Harrison
1314 Indian Creek
DeSoto, TX 75115

July 12, 1996

Lawrence M. noble
General Council
Federal Election Commission
999 E. Street, N.W.
Washington, DC 20463

RE: MUR 3951

Dear Mr. Noble

Enclosed is my responsive brief in the matter of MUR 3951. Should you have any questions please feel free to call.

Sincerely,


Ed Harrison

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

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**Edward C. Harrison
1314 Indian Creek
DeSoto, TX 75115**

July 12, 1996

The Honorable Lee Ann Elliott
Chairman
Federal Election Commission
Washington, D.C. 20463

RE: MUR 3951
Edward Carl Harrison
Friends of Ed Harrison and
Paul Johnson, as treasurer
E.C. Harrison Properties, Inc.

Dear Chairman Elliott:

This is the response of the parties listed above ("Respondents") to the brief of the Office of General Counsel in this matter. For the reasons discussed below, the Respondents believe that the Commission should find no probable cause and dismiss this matter.

This complaint was filed by my opponent in the midst of the hard-fought 1994 general election.

At issue is the General Counsel's absolutist reading of 2 U.S.C. § 441b that refuses to recognize the facts of individual cases. This is placing form over substance and is: (1) an incorrect reading of the law and (2) a nonsensical public policy

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precedent that flies in the face of the Commission's stated objective to exert its prosecutorial discretion over cases that should not be pursued.

The General Counsel's brief also touches on a technical reporting violation and notes that the committee "took corrective action when contacted by RAD" and the limited use at the start of the campaign of corporate facilities that was corrected once the campaign realized its error.

Respondents ask that the Commission take no further action on these issues.

FACTS

This complaint concerns my relationship with E.C. Harrison Properties, Inc., a Texas corporation of which I have owned 100 percent of the outstanding stock since 1984 and have been president since at least 1986. I am the only person employed by the corporation. My wife is an officer of the corporation, and she and I are its sole directors.

As the General Counsel's brief notes, the board (which consists of just my wife and me) manages the corporation and exercises all "powers of the corporation." Under Texas law, this includes the power to lend money to, and otherwise assist, the corporation's employees, officers, and directors. My company's bylaws vest in me as president the powers and duties of the office and the charge to see that all orders and resolutions of the Board of Directors are in effect.

In other words, pursuant to Texas law, it is my company, and I am the sole owner of its assets and have exclusive control over them. The corporate bylaws allow me, as the sole stockholder, to borrow from the corporation. I have done so on other occasions since 1986. The loan at issue here was executed between me and Harrison Properties in the same ordinary course

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of business that my other loans from Harrison Properties have been executed, and included a commercially reasonable rate of interest.

DISCUSSION

There is no dispute that the funds involved were ones to which I was entitled. As the General Counsel's brief states:

As Harrison pointed out in response to the reason to believe finding, he 'could have received the same moneys from Harrison Properties in the form of salary or bonus, or by declaring a dividend, or by using my stock in the company as collateral for a bank loan.' At least with respect to declaring a dividend prior to his candidacy or using his stock as collateral for a bank loan, we do not dispute this. There are a number of ways in which Harrison could permissibly employed his equitable interest for campaign purposes, but none of them occurred here.

Brief of the General Counsel at 14 n.9 (emphasis supplied). Therefore, at most, the General Counsel is arguing that I did not engage in each ministerial act that was necessary for me to obtain these funds.

This concession by the General Counsel, buried in a footnote, demonstrates that, at worst, any violation is form over substance. Yet, as detailed below, the General Counsel asks the Commission to adopt an absolutist, unbending position for purposes of 2 U.S.C. § 441b. This assertion, which would back the Commission into a very difficult corner for future matters, is unsupported by the case law, by Texas law and by a reasonable person, common sense, public policy analysis.¹

¹ This would appear to be a case of first impression for the Commission. The MURs cited in the General Counsel's brief all involve corporations with more than one shareholder, and therefore are not applicable to this situation. See Brief of the General Counsel at p. 14, n.11. It is also worth noting that the General Counsel's probable cause brief does not even refer to MUR 3228, upon which the General Counsel's reason to believe brief relied extensively.

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A. The Holdings of the United States Supreme Court Make Clear That the Reasons Supporting 2 U.S.C. § 441b Are Not Present for Harrison Properties.

The gravamen of the United States Supreme Court's decisions upholding bans on the use of corporate funds in elections is the corrupting influence in politics that can come from the aggregation of massive amounts of corporate wealth and the injustices that can occur to the stockholders of a company who do not agree with corporate management's spending in politics.² These factors are not present in this case involving Harrison Properties, a company owned and operated by just one person.

As for the stockholder, I can assure the Commission that he is in agreement with all corporate management's decisions.

The possibility of corruption is not present either. For example, *Austin v. Michigan Chamber of Commerce*, 494 U.S. 652 (1990), relied on by the General Counsel, upheld a state law prohibiting corporate expenditures for individual candidates. The Court (and the General Counsel) cited a corporation's various advantages in accumulating wealth and said these should not be used to help a corporation amass wealth to obtain "an unfair advantage in the political marketplace." *Austin* at 659 (quoting *Massachusetts Citizens for Life*, 479 U.S. 238, 257 (1986)); General Counsel's Brief at 9-10. But that is not this case here. It is one thing to prevent "the corrosive and distorting effects of immense aggregations of wealth that accumulated with the help of the corporate form and have little or no correlation to the public's support for the corporation's political ideas." *Austin* at 660. But that is not the case here. Here, as the General

² E.G., *Buckley v. Valeo*, 424 U.S. 1 (1976); *First National Bank of Boston v. Bellotti*, 435 U.S. 765, 776 (1978); *FEC v. National Right to Work Committee*, 459 U.S. 197 (1982); *FEC v. Massachusetts Citizens for Life*, 479 U.S. 238 (1986); *Austin v. Michigan Chamber of Commerce*, 494 U.S. 652 (1990).

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Counsel agrees, we are talking about funds to which I was entitled under the structure of my corporation.

Furthermore, the holding of *MCFL* contradicts the General Counsel's absolutist assertion that all corporations are treated alike for purposes of 2 U.S.C. § 441b. Despite the misplaced attempts of the General Counsel's Brief at n.7, *MCFL* demonstrates that not all corporations are treated alike for purposes of 2 U.S.C. § 441b. The Court ruled that corporations like *MCFL* did have to be treated differently from large publicly-traded corporations, or else the statute was unconstitutional as applied.

The General Counsel's reliance, at p. 9, on *FEC v. National Right to Work Comm.*, 459 U.S. 197 (1983) is similarly misplaced. The Court's opinion addresses corporate wealth that is amassed and converted into political warchests. This would be applicable if Harrison Properties was using its corporate resources to influence elections. That is not the case here, where the issue is whether I was entitled to this money. The answer, as the General Counsel concedes at n. 9, is yes. Indeed, this inherent contradiction in the General Counsel's position is further illustrated by comparing two sections of its brief.

On page 9, the Brief cites *Austin*: "[T]hese state-created advantages not only allow corporations to play a dominant role in the nation's economy, but ...also permit them to use 'resources amassed in the economic marketplace' to obtain 'an unfair advantage in the political marketplace.'" *Id.* at 658-59. Yet the Brief at 13, n.9 agrees that I could have "received the same moneys [in question] from Harrison Properties in the form of salary or bonus, or by declaring a dividend or by using my stock in the company as collateral for a bank loan."

In deciding this matter, the Commission must be aware of this basic contradiction. The funds at issue here are, as all parties agree, moneys to which I am entitled. It is inconsistent and unjust, to then be punished on the grounds they are impermissible aggregations of corporate wealth used to obtain an unfair advantage in the political marketplace.

B. The Funds at Issue Were Personal Funds of Harrison

The General Counsel's Brief fails to address the arguments set forth in my reason to believe brief concerning why these funds are my personal funds and permissible under 11 C.F.R. § 110.10. All the funds I put into the campaign were personal funds. In reaching its conclusion, the General Counsel fails to address the plain wording of 11 C.F.R. § 110.10 (b) and the structure and bylaws of Harrison Properties and my relationship to it.

It is mystifying how the General Counsel can concede, as the Brief does at n.9, that I could have received the very funds at issue by taking one more ministerial step, and then argue these are not my personal funds. Their assertion is contradicted by Section 110.10 (a) of the Commission's Regulations, which states that candidates for federal office may make unlimited expenditures to aid their candidacies from "personal funds".

Personal funds are defined in 11 C.F.R. § 110.10(b) as:

(1) Any assets which, under applicable state law, at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either:

(i) Legal and rightful title, or

(ii) An equitable interest.

(2) Salary and other earned income from bona fide employment.

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In my case, all the funds involved fall under this definition. I own 100 percent of the company's outstanding stock, am the company's employee, have been the President since at least 1986, and have been an officer and director since 1983. It is beyond dispute that I have exclusive control over Harrison Properties' assets and have discretion under its bylaws to sell assets, withdraw moneys, declare dividends, make payments and make loans. In other words, under any conceivable definition, I have legal and rightful title to all the assets of the corporation, and an equitable interest in it under Texas law.

In 1992 and 1993, I received, as I have every year, a salary and bonus from the corporation. In addition, consistent with the bylaws of Harrison Properties, I received a \$50,000 personal loan from Harrison Properties on August 14, 1993. (The Dunn & Bradstreet report attached to the original complaint shows over \$150,000 in retained earnings by Harrison Properties at the time I borrowed these funds).

The General Counsel's Brief does not address the fact that I have received loans from Harrison Properties on other occasions. Id.; see also 11 C.F.R. § 116.3. In other words, I have borrowed money in the same manner as I did for the August 14, 1993 loan at issue here. On September 14, 1993, using my personal assets, I loaned my campaign committee \$50,000. A proper loan document calling for the usual and normal interest rate (8% at the time) was executed, with repayment by the campaign required by August 14, 1994. The loan was repaid by me to Harrison Properties on April 15, 1994.

Since, as the General Counsel seems to agree, Harrison Properties' assets are my equitable interest in an asset I own totally, I believe that the money I loaned to my campaign was my money. These funds were in my personal account at the time of the loan; this was my

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money. This is consistent with 11 C.F.R. §110.10. See also Buckley v. Valeo, 424 U.S. 1, 51-53 (1976).

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However, assuming for the sake of argument the General Counsel's position that since I was a candidate, any loan I received (whether or not in the same manner as I had received them before from Harrison Properties) could only be as an agent of the campaign, then this transaction still comports with 11 C.F.R. § 110.10. The Commission's Explanation and Justification accompanying a 1983 change to the Regulation stipulates that the term "equitable interest" applies to "an ownership or pecuniary interest that is not one of legal title" and that an equitable interest must be "linked with 'legal right of access to or control over.'" 48 Fed. Reg. 19020 (1983). This definition and explanation fits my situation since section 110.10 plainly states that "personal funds" are any assets which the candidate has control over and an equitable interest in. That is what I have over Harrison Properties' assets.

The flaw in the General Counsel's Brief is that it does not dispute my right to the funds; this matter is rather over the form I used to get the money out of the corporation I own totally. The corporation did not loan the campaign money. The corporation loaned me money, as it has on other occasions. There was nothing improper about this time, either. These were personal funds over which I had a legal right of access and control (as evidenced by the fact the corporation loaned me money in 1993 and previously) and over which I had an equitable interest. In other words, I used my personal assets from my personal bank account to help my campaign. That is permitted under the Act and the Regulations.

In attempting to make the argument that these funds were not really my funds, the General Counsel relies on a 1942 Texas case concerning a corporation with multiple shareholders

trying to enforce a claim from the turn of the century. The case is not applicable to the situation of Harrison Properties, with its one shareholder and a pattern and practice of making loans to that shareholder. The facts are that in my case, despite the General Counsel's statement to the contrary at 13, the assets at issue are totally mine, either as an individual or as an officer or director.

Texas law supports my position. Although not cited by the General Counsel, the Texas Business Corporation Act ("Act") states, under the same section the General Counsel cites, that directors can "make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of this state, for the administration and regulation of the corporation." Article 2.02 (13) of the Act. As the sole owner and director of Harrison Properties, I exercised my right under Texas law to create bylaws that agreed with my managing style for this corporation. According to Article 2.23 of the Act, "the [company] bylaws may contain *any* provision for the regulation and management of the officers of the corporation not inconsistent with the law or articles of incorporation." Article 2.23 of the Act (emphasis added). Accordingly, what I did here was permissible under state law and the bylaws of Harrison Properties.

The General Counsel further relies on a case that has no bearing on this matter. The case, *Lawler v. Lomas & Nettleton Financial Corp.*, 50 B.R. 110 (Bankr. N.D. Tex. 1985), supports well founded corporate doctrine that a corporation and the owner of that corporation are distinct, separate entities. As a matter of law, I am separate and distinct from Harrison Properties, Inc. But the bylaws of the company permit me as the sole owner to utilize funds as they were here, and have been on several other occasions.

The General Counsel's position that my "access to control over the corporate assets could only be exercised for the use and benefit of the corporation" is not consistent with Texas corporate law. The bylaws permit me to do what I did in this case.

Moreover, the General Counsel, in a footnote on p.14, cited two MURs that are not factually relevant to this proceeding. Both MUR 3119 and MUR 3191 deal exclusively with individuals who *share* ownership with others in a closely held corporate entity. The individuals in those proceedings did not have complete legal rights to or undisputed unlimited access to corporate funds, as I do with Harrison Properties. Other parties in those MURs were involved in ownership and control.

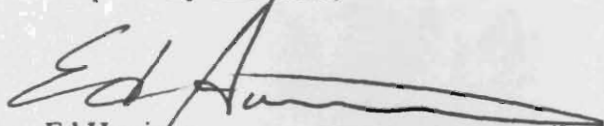
Therefore, I contend that this transaction comports with the law of the State of Texas, and 11 C.F.R. § 110.10 (b).

CONCLUSION

For the foregoing reasons, Respondents request that the Commission vote to find no probable cause in this matter.

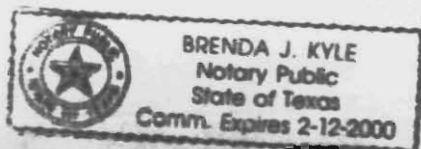
The above statements are true and correct to the best of my knowledge, information and belief.

Respectfully submitted,


Ed Harrison

Subscribed and Sworn before me this 12 day of July 1996.

My Commission Expires: 2-12-2000



BEFORE THE FEDERAL ELECTION COMMISSION

JUN 9 2 56 PM '96

SENSITIVE

In the matter of

Edward Carl Harrison

Friends of Ed Harrison
and Paul Johnson, as treasurer

E. C. Harrison Properties, Inc.

MUR 3951

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter was generated by a complaint filed by Kenneth H. Molberg. On June 6, 1995, the Commission found reason to believe that Ed Harrison for Congress Committee and Paul Johnson, as treasurer ("the Committee") violated 2 U.S.C. §§ 434(b)(2) and 441b(a), and that Edward Carl Harrison and E.C. Harrison Properties, Inc. ("Harrison Properties") violated 2 U.S.C. § 441b(a).¹ The Office of the General Counsel conducted an investigation pursuant to 2 U.S.C. § 437g(a)(2).

On December 14, 1995, the Commission rejected the Respondents' request to take no further action and entered into conciliation with the Respondents prior to a finding of probable cause to believe.

Pursuant to 2 U.S.C.

¹ On April 29, 1996, the Commission received from the Committee by first-class mail a letter, previously transmitted by facsimile to the Clerk of the House of Representatives, in which the Committee advised that it was changing its name to Friends of Ed Harrison. Johnson remains the Committee's treasurer.

In this report, the Committee, Harrison Properties, and Harrison personally are referred to collectively as "the Respondents." For the Commission's information, Harrison Properties has not elected "Subchapter S" tax status under the Internal Revenue Code. MUR 3951, General Counsel's Report, November 27, 1995, at 3.

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§ 437g(a)(3), this Office submitted to Respondents a brief dated June 5, 1996 (hereinafter cited as "General Counsel's Brief"). In the brief, this Office recommended that the Commission find probable cause to believe that the Committee violated 2 U.S.C. §§ 434(b) and 441b(a), and that Harrison and Harrison Properties violated 2 U.S.C. § 441b(a). After receiving an extension of time to respond, Harrison, on behalf of all the Respondents, submitted a responsive brief dated July 12, 1996 (hereinafter cited as "Respondents' Brief").

This report analyzes the arguments presented in the Respondents' brief, renews the recommendations made in this Office's brief, and recommends approval of a proposed conciliation agreement.

II. ANALYSIS

(General Counsel's Brief dated June 5, 1996 incorporated herein by reference).

A. Reporting Violation and Use of Corporate Facilities

Respondents do not contest that the Committee violated 2 U.S.C. § 434(b) by failing to completely report loans it received from Harrison, as described in this Office's brief. Nor do they directly contest that Respondents violated 2 U.S.C. § 441b(a) when the Committee used Harrison Properties' post office box and telephone as its own in the early weeks of the Committee's existence. However, they request that the Commission take no further action with respect to these violations. Respondents' Brief at 2.

The Commission rejected the Respondents' request for no further action last December, and Respondents' brief provides no new information that would justify taking no further action.

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B. Corporate Contributions

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Respondents contend that the \$50,000 loan from Harrison Properties to the Committee through Harrison was not a corporate contribution. Distilled, their argument amounts to the following: Section 441b(a) does not apply because the funds at issue were Harrison's personal funds; and the funds at issue were Harrison's personal funds because he had plenary control over the corporate assets, derived from his status as owner of 100 percent of the corporation's stock. There are a number of flaws with this reasoning.

First, Respondents' failure to contest liability concerning the Committee's use of corporate facilities undercuts their argument with respect to the corporate loan. If all of Harrison Properties' assets were Harrison's personal property to use as he wished, the Committee's use of Harrison Properties' telephone number and mailing address would not have violated the law. Yet, Respondents essentially concede that the Committee's use of corporate facilities amounted to a prohibited corporate contribution. Respondents offer no theory under which the law permits the use of a corporation's money by a candidate's authorized committee while prohibiting the use of the same corporation's facilities by the same authorized committee.

Second, Respondents do not address the explanation in this Office's brief that the definition of personal funds at 11 C.F.R. § 110.10(b) should not be read to detract from Section 441b's bright-line prohibition of corporate contributions. General Counsel's Brief at 11-12. Nor do they argue that Section 441b is inapplicable to them either by its terms or by its structure.

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Instead, their entire argument for the inapplicability of Section 441b hinges on their "personal funds" argument. They contend that in this matter, there is no risk that "substantial aggregations of wealth amassed by the special advantages which go with the corporate form of organization [will] be converted into political 'war chests.'" See Respondents' Brief at 5 (criticizing reliance of General Counsel's brief on quoted passage from FEC v. Nat'l. Right to Work Comm. ("NRWC"), 459 U.S. 197, 207 (1983)). However, they concede that "[t]his [rationale] would be applicable if Harrison Properties was using corporate resources to influence elections." Respondents' Brief at 5. Harrison then argues that Harrison Properties was not "using corporate resources to influence elections" because "I was entitled to this money." Id. Thus, Respondents implicitly concede that if their personal funds argument falls, their entire argument falls.

In their personal funds argument, Respondents give virtually no weight to Texas law holding that shareholders have no immediate legal right as individuals to access to or control over corporate assets. See generally General Counsel's Brief at 12-13 (discussing Byerly v. Camey, 161 S.W.2d 1105 (Tex. Civ. App. 1942)). While they do not contest this general rule, they assert that it "is not applicable to the situation of Harrison Properties, with its one shareholder and a pattern and practice of making loans to that shareholder." Respondents' Brief at 9. But in support of this assertion, Respondents cite only general provisions of the Texas Business Corporation Act regarding the writing and adoption of corporate bylaws. Id. Nothing in the cited provisions would appear to create a "sole shareholder" exception to the rule stated in Byerly, and Respondents cite no Texas cases that would do so either.

Indeed, a more recent Texas case, without citing Byerly, reaffirms its rule with respect to sole shareholder corporations. In El T. Mexican Restaurants v. Bacon, 921 S.W.2d 247 (Tex. Ct. App. 1995), the sole shareholder of an incorporated insurance agency that had lost its corporate

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charter for failure to pay franchise taxes sued one of his customers for back premiums. The shareholder "argue[d] that, as sole shareholder, he own[ed] the cause of action. This is not the case. Although [the sole shareholder] owns all the stock in the . . . corporation, the corporation itself holds all the assets, including the cause of action." 921 S.W.2d at 251 (citation omitted). The court held that the shareholder had a cause of action only as a representative of the dormant corporation, not in his individual capacity. Because the shareholder had sued only in his individual capacity, the court held, the suit should have been dismissed. *Id.* at 251, 254. Thus, the equitable interest held by the sole shareholder of a Texas corporation does not give the shareholder, as an individual, any legal "control" over the corporate assets. Without a legal right of access to or control over the assets that flows from the equitable interest, the assets cannot be the shareholder's "personal funds" as defined at 11 C.F.R. § 110.10(b).

Respondents make much of footnote 9 of this Office's brief. Respondents' Brief at 3 (quoting General Counsel's Brief at 14 n.9). Harrison asserts that footnote 9 amounts to a concession by this Office that "there is no dispute that the funds involved were ones to which I was entitled." Respondents' Brief at 3. No such concession has been made. However, it is easy to see how Harrison could reach this conclusion, because later in his brief he argues that "Harrison Properties' assets are my equitable interest in an asset I own totally." *Id.* at 7.

The equation of "Harrison Properties' assets" with "my equitable interest" is, of course, the critical error that permeates Harrison's entire argument. Instead, as demonstrated in this Office's brief and again immediately *supra*, under Texas law Harrison Properties' assets are one thing and Harrison's equitable interest in them, which has its tangible representation in his shares of stock in the corporation, is quite another. All footnote 9 of this Office's brief says is that if Harrison can convert his equitable interest -- i.e., his shares of stock -- into cash, using the

normal mechanisms for doing so (such as putting up shares as collateral for a bank loan), he is permitted, for purposes of the Federal Election Campaign Act, to use the funds thus generated in a way that he is not permitted to use funds taken straight from the corporate treasury. Far from being "form over substance," Respondents' Brief at 1, this is a critical distinction: at law, the former is his money and the latter is not. Because the funds at issue in this matter were the assets of the corporation, rather than being derived from Harrison's equitable interest, they were not "personal funds" within the meaning of the regulation, and Respondents' entire argument falls.² Thus, there is probable cause to believe that all Respondents violated 2 U.S.C. § 441b(a).

III. CONCILIATION AGREEMENT AND CIVIL PENALTY

This Office recommends that the Commission approve the attached proposed conciliation agreement

² Moreover, because Harrison's status as sole shareholder gives him no greater legal right of access to or control over the corporate assets under Texas law, Respondents' attempts to distinguish MURs 3119 and 3191 on the same basis are unavailing.

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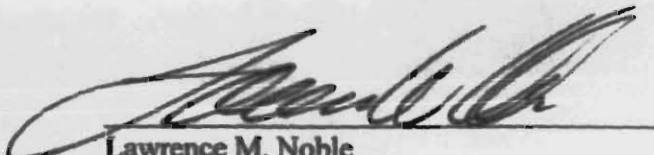
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IV. RECOMMENDATIONS

1. Find probable cause to believe that Friends of Ed Harrison and Paul Johnson, as treasurer, violated 2 U.S.C. §§ 434(b) and 441b(a).
2. Find probable cause to believe that Edward Carl Harrison and E.C. Harrison Properties, Inc. violated 2 U.S.C. § 441b(a).
3. Approve the attached proposed conciliation agreement.

4. Approve the appropriate letters.

Date 8/7/96


Lawrence M. Noble
General Counsel

Attachment:

1. Proposed Conciliation Agreement

Staff Assigned: Lawrence L. Calvert Jr.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Edward Carl Harrison;
Friends of Ed Harrison and
Paul Johnson, as treasurer;
E.C. Harrison Properties, Inc.

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MUR 3951

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 14, 1996, the Commission decided by a vote of 5-0 to take the following actions in MUR 3951:

1. Find probable cause to believe that Friends of Ed Harrison and Paul Johnson, as treasurer, violated 2 U.S.C. §§ 434(b) and 441b(a).
2. Find probable cause to believe that Edward Carl Harrison and E.C. Harrison Properties, Inc. violated 2 U.S.C. § 441b(a).
3. Approve the proposed conciliation agreement, as recommended in the General Counsel's Report dated August 9, 1996.

(continued)

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Federal Election Commission
Certification for MUR 3951
August 14, 1996

Page 2

4. Approve the appropriate letters, as recommended in the General Counsel's Report dated August 9, 1996.

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

Attest:

8-15-96
Date

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

Received in the Secretariat: Friday, Aug. 09, 1996 2:56 p.m.
Circulated to the Commission: Monday, Aug. 12, 1996 11:00 a.m.
Deadline for vote: Thurs., Aug. 15, 1996 4:00 p.m.

bjr

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 19, 1996

BY FACSIMILE AND FIRST-CLASS MAIL

Mr. Edward C. Harrison
1314 Indian Creek
DeSoto, Texas 75115

RE: MUR 3951
Edward Carl Harrison
Friends of Ed Harrison and
Paul Johnson, as treasurer
E.C. Harrison Properties, Inc.

Dear Mr. Harrison:

On August 14, 1996, the Federal Election Commission found that there is probable cause to believe that Friends of Ed Harrison ("the Committee") and Paul Johnson, as treasurer, violated 2 U.S.C. §§ 434(b) and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended, in connection with the incorrect reporting of loans received by the Committee from you, and in connection with the receipt of illegal corporate contributions. The Commission also found that there is probable cause to believe that both you personally and E.C. Harrison Properties, Inc. violated 2 U.S.C. § 441b(a) in connection with the corporate contributions.

The Commission has a duty to attempt to correct such violations for a period of 30 to 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement during that period, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make the check for the civil penalty payable to the Federal Election Commission.

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MUR 3951

Edward C. Harrison

Page 2

If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Lawrence L. Calvert Jr., the attorney assigned to this matter, at (202) 219-3690 or (800) 424-9530.

Sincerely,

Lawrence Noble 98

Lawrence M. Noble
General Counsel

Enclosure

Conciliation Agreement

97043780276

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

OCT 23 11 20 AM '96

In the matter of

Edward Carl Harrison

Friends of Ed Harrison
and Paul Johnson, as treasurer

E.C. Harrison Properties, Inc.

SENSITIVE

MUR 3951

OCT 29 1996

EXECUTIVE SESSION

GENERAL COUNSEL'S REPORT

I. **BACKGROUND**

This matter involves contributions to a candidate's principal campaign committee made in violation of 2 U.S.C. § 441b(a) by a corporation wholly owned by the candidate. It also involves violations of 2 U.S.C. § 434(b) arising from incomplete reporting by the committee of several loans received from the candidate.

On August 14, 1996, the Commission found probable cause to believe that Friends of Ed Harrison and Paul Johnson, as treasurer ("the Committee") violated 2 U.S.C. §§ 434(b) and 441b(a), and that E.C. Harrison Properties, Inc. ("Harrison Properties") and Edward Carl Harrison violated 2 U.S.C. § 441b(a). On the same date, the Commission approved a proposed conciliation agreement, directed to all Respondents jointly and severally

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II. ANALYSIS

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approve the proposed conciliation agreement at Attachment 2.

Moreover, we recommend that the Commission authorize this Office to sue all respondents for

relief in U.S. District Court if they do not sign and submit the agreement within ten days.

III. RECOMMENDATIONS

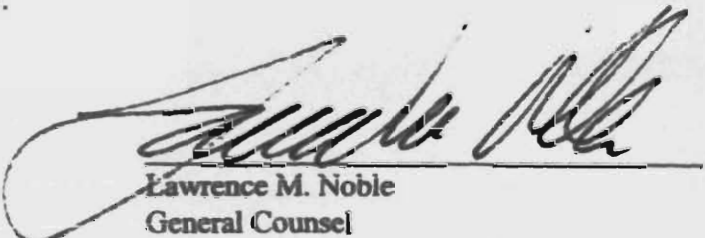
Approve the proposed conciliation agreement at Attachment 2.

Authorize the Office of General Counsel to file a civil suit for relief in United States District Court against Edward Carl Harrison, Friends of Ed Harrison and Paul Johnson, as treasurer, and E.C. Harrison Properties, Inc., if respondents do not sign and submit the proposed conciliation agreement at Attachment 2 within ten days of receipt.

Approve the appropriate letter.

97043780281
Date

10/23/96


Lawrence M. Noble
General Counsel

Staff assigned: Lawrence L. Calvert Jr.

Attachments:

Proposed conciliation agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3951
Edward Carl Harrison;)
Friends of Ed Harrison and)
Paul Johnson, as treasurer;)
E.C. Harrison Properties, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on October 29, 1996, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 3951:

Approve the proposed conciliation agreement at Attachment 2 to the General Counsel's October 23, 1996 report.

Authorize the Office of General Counsel to file a civil suit for relief in United States District Court against Edward Carl Harrison, Friends of Ed Harrison and Paul Johnson, as treasurer, and E.C. Harrison Properties, Inc., if respondents do not sign and submit the proposed conciliation agreement at Attachment 2 of the General Counsel's October 23, 1996 report within ten days of receipt.

(continued)

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Federal Election Commission
Certification for NUR 3951
October 29, 1996

Page 2

Approve the appropriate letter as
recommended in the General Counsel's
October 23, 1996 report.

Commissioners Aikens, Elliott, McDonald, and Thomas
voted affirmatively for the decision. Commissioner
McGarry was not present at the time of the vote.

Attest:

10-30-96
Date

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

97043780283



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 4, 1996

BY FACSIMILE AND FIRST CLASS MAIL

Mr. Edward C. Harrison
1314 Indian Creek
DeSoto, Texas 75115

RE: MUR 3951
Edward Carl Harrison
Friends of Ed Harrison
and Paul Johnson, as treasurer
E.C. Harrison Properties, Inc.

Dear Mr. Harrison:

This letter is to confirm the Federal Election Commission's receipt of the proposed conciliation agreement submitted on behalf of yourself, Friends of Ed Harrison and Paul Johnson, as treasurer ("the Committee"), and E.C. Harrison Properties, Inc. ("Harrison Properties") on October 17, 1996. on October 29, 1996,

the
Commission, on the same date, approved the enclosed proposed conciliation agreement, which we submit for your signature.

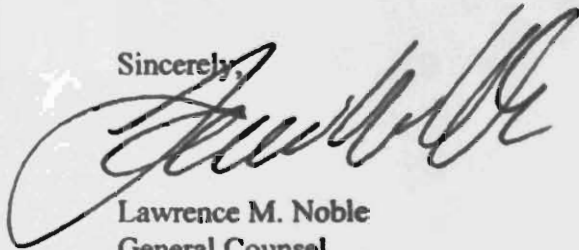
please be advised that in the absence of your acceptance of the enclosed agreement within ten days, the Commission has authorized this Office to institute a civil suit in the U.S. District Court.

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Edward C. Harrison
MUR 3951
Page Two

Should you have any questions, please contact Lawrence L. Calvert Jr., the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", written over the word "Sincerely,".

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

97043780295



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

JAN 23 11 26 AM '97

January 23, 1997

SENSITIVE

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble *[Signature]*
General Counsel

Richard B. Bader *[Signature]*
Associate General Counsel

Stephen E. Hershkowitz *[Signature]*
Assistant General Counsel

Holly J. Baker *[Signature]*
Attorney

DATE: January 17, 1997

RE: Proposed Settlement of MUR 3951 (Edward Carl Harrison, et al.)

Attached for the Commission's consideration is a signed conciliation agreement in proposed settlement of this matter. Attachment 1. For the reasons stated below, this Office recommends that the Commission accept the proposed conciliation agreement and close the file. Checks for the proposed civil penalty have been received.

Background

On October 29, 1996, the Commission approved a final offer in this matter and authorized civil suit if respondents did not sign and submit the conciliation agreement within ten days of receipt.

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Mr. Harrison
previously submitted a check to the Commission for \$17,500 and submitted another check for \$2,500 along with the signed agreement. Attachment 3.

RECOMMENDATIONS:

1. Approve the attached conciliation agreement and appropriate letters.
2. Close the file.

Attachments:

Proposed conciliation agreement

Copy of check dated January 4, 1997

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Edward Carl Harrison, et al.)

MUR 3951

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 28, 1997, the Commission decided by a vote of 4-0 to take the following actions in MUR 3951:

1. Accept the conciliation agreement and appropriate letters, as recommended in the General Counsel's Memorandum dated January 23, 1997.
2. Close the file.

Commissioners Aikens, Elliott, McGarry, and Thomas voted affirmatively for the decision; Commissioner McDonald did not cast a vote.

Attest:

1-29-97
Date

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

Received in the Secretariat: Thurs., Jan. 23, 1997 11:25 a.m.
Circulated to the Commission: Thurs., Jan. 23, 1997 4:00 p.m.
Deadline for vote: Tues., Jan. 28, 1997 4:00 p.m.

bjr

97043780208



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

February 4, 1997

Edward C. Harrison
1314 Indian Creek
DeSoto, TX 75115

RE MUR 3951
Edward Carl Harrison, Friends of Ed Harrison
and Paul Johnson, as treasurer, E.C. Harrison
Properties, Inc

Dear Mr. Harrison

On January 29, 1997, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your behalf in settlement of a violation of U.S.C. §§ 434(b) and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

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

Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437(g)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Celebrating the Commission's 25th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

97043780289

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

Sincerely,

A handwritten signature in black ink, appearing to read "Holly J. Baker". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Holly J. Baker
Attorney

Enclosure
Conciliation Agreement

9704378029C

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Edward Carl Harrison

Friends of Ed Harrison
and Paul Johnson, as treasurer

E. C. Harrison Properties, Inc.

MUR 3951

JUN 16 2 06 PM '97

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Kenneth H. Molberg. The Federal Election Commission ("Commission") found probable cause to believe that Edward Carl Harrison, E. C. Harrison Properties, Inc., and Friends of Ed Harrison ("Committee") and Paul Johnson, as treasurer ("Respondents"), violated 2 U.S.C. § 441b(a). The Commission also found probable cause to believe that the Committee and Paul Johnson, as treasurer, violated 2 U.S.C. § 434(b).

NOW, THEREFORE, the Commission and the Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.
- II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondents enter voluntarily into this agreement with the Commission.
- IV. The pertinent facts in this matter are as follows:
 1. Friends of Ed Harrison is a political committee within the meaning of 2 U.S.C. § 431(4).
 2. Paul Johnson is the treasurer of Friends of Ed Harrison.

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3. E. C. Harrison Properties, Inc. is a corporation organized under the laws of the state of Texas.

4. Edward Carl Harrison owns 100 percent of the stock of E. C. Harrison Properties, Inc., and is an officer and director of the corporation.

5. Edward Carl Harrison filed a Statement of Candidacy on May 19, 1993 as a candidate for the U.S. House of Representatives.

6. The Federal Election Campaign Act of 1971, as amended (the "Act"), prohibits any corporation from making a contribution in connection with a federal election, or any candidate or political committee from knowingly accepting any prohibited contribution, or any officer or director of any corporation from consenting to any prohibited contribution. 2 U.S.C. § 441b(a).

7. Pursuant to 2 U.S.C. § 431(8)(A)(i), the term "contribution" includes, inter alia, any loan or anything of value made by any person for the purposes of influencing any election for federal office.

8. Any candidate who receives a loan for use in connection with his or her campaign shall be considered as having received the loan as an agent of his or her authorized committee. 2 U.S.C. § 432(e)(2).

9. Article 2.02(6) of the Texas Business Corporation Act grants to Texas corporations the power "[t]o lend money to, and otherwise assist, [the corporation's] employees, officers, and directors if such a loan or assistance reasonably may be expected to benefit, directly or indirectly, the lending or assisting corporation." Harrison contends that, as owner of 100 percent of the shares of E.C. Harrison Properties, Inc., he was empowered by the corporation's by-laws to loan money from the corporate treasury to anyone at his sole discretion.

10. On August 14, 1993, Edward Carl Harrison executed and signed a loan agreement for \$50,000 from E. C. Harrison Properties, Inc. to Edward C. Harrison.

11. On August 31, 1993, the candidate, Edward Carl Harrison, executed loans to Friends of Ed Harrison, then known as the Ed Harrison for Congress Campaign, for \$56,590.

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12. On September 14, 1993, Michael Neill, then treasurer of the Ed Harrison for Congress Campaign, executed and signed a loan agreement for \$50,000 from Edward Carl Harrison to Ed Harrison for Congress Campaign.

13. Edward Carl Harrison was a candidate for the U.S. House of Representatives when he received the loan from E. C. Harrison Properties, Inc. on August 14, 1993.

14. Pursuant to 2 U.S.C. § 432(e)(2), Edward Carl Harrison was an agent of Friends of Ed Harrison for any loan he received during the pendency of his candidacy.

15. Friends of Ed Harrison, then known as the Ed Harrison for Congress Campaign, used the address of E. C. Harrison Properties, Inc. as its legal address and placed the corporation's mailing address and telephone number on campaign brochures and letterheads for a limited period at the start of the 1994 campaign. Harrison himself notified the Commission, through the Clerk of the House of Representatives, of these facts by letter dated June 1, 1993, prior to any action by the Commission. Harrison contends he took corrective action immediately upon discovering the error.

16. The Act requires each treasurer of a political committee to file periodic reports of the committee's receipts and disbursements. 2 U.S.C. § 434(a). Each report must include, inter alia, the total amount of all loans made or guaranteed by the candidate and all other loans, calculated both for the reporting period and for the calendar year. 2 U.S.C. §§ 434(b)(2)(G) and (H). Each report must also include the identification of each person who makes a loan to the reporting committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and the date and amount or value of the loan; and the identification of each person who receives a loan repayment from the reporting committee during the reporting period, together with the date and amount of each loan repayment. 2 U.S.C. §§ 434(b)(3)(E) and (5)(D). Each report must also include the amount and nature of outstanding debts and obligations owed by the committee. 2 U.S.C. § 434(b)(8). All debts must be continually reported until extinguished. 11 C.F.R. § 104.11(a).

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17. Friends of Ed Harrison, then known as the Ed Harrison for Congress Campaign, failed to report one loan of \$1,900 as a receipt on its Schedule A to the 1993 Mid-Year Report. The loan was, however, reported on Schedule C of that report; all information required to be reported on Schedule C about the loan was so reported. Ed Harrison for Congress Campaign filed an amendment to the 1993 Mid-Year Report dated March 30, 1994, correcting the failure to report the loan on Schedule A. The amendment was filed after the Ed Harrison for Congress Campaign received a Request for Additional Information from the Commission regarding reporting of the same loan on the 1993 Year End Report.

18. Friends of Ed Harrison, then known as the Ed Harrison for Congress Campaign, failed to report the loan of \$1,900 as outstanding or repaid on its 1993 Year End Report. Ed Harrison for Congress Campaign filed an amendment to the 1993 Year End Report dated March 30, 1994 that reported the loan as outstanding. The amendment was filed after the Ed Harrison for Congress Campaign received a Request for Additional Information from the Commission regarding this omission.

19. Friends of Ed Harrison, then known as the Ed Harrison for Congress Campaign, failed to file a Schedule C to its 1994 12-Day Pre-Primary Report, and it did not report on either Schedule C or Schedule D total debts of \$110,470.

V. 1. E.C. Harrison Properties, Inc. loaned \$50,000 to its sole stockholder, Edward C. Harrison, who in turn loaned the money to Friends of Ed Harrison, then known as the Ed Harrison for Congress Campaign. E.C. Harrison Properties, Inc. violated 2 U.S.C. § 441b(a) by making the loan to Harrison at a time when he was acting as an agent of his campaign; Harrison violated 2 U.S.C. § 441b(a) in his capacity as an officer and director of E.C. Harrison Properties, Inc. by approving the loan and in his capacity as candidate and agent of his campaign by accepting it; and Friends of Ed Harrison, then known as the Ed Harrison for Congress Campaign, and its treasurer violated 2 U.S.C. § 441b(a) when its agent, Harrison, accepted the loan. Harrison disclosed the existence of both the loan received from E.C. Harrison Properties, Inc. and the loan made to his campaign on his personal financial disclosure statement required by the

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Ethics In Government Act, 5 U.S.C. app. 6 § 101 et seq., and contends that the loans were made at a fair market rate of interest. Respondents contend that the violations were not knowing and willful.

2. Friends of Ed Harrison, then known as Ed Harrison for Congress Campaign, and its treasurer used the address and telephone number of E. C. Harrison Properties, Inc. as their own for a limited period at the start of the 1994 campaign, in violation of 2 U.S.C. § 441b(a). Harrison notified the Commission of these facts prior to any action by the Commission. Respondents contend that the violation was not knowing and willful.

3. Friends of Ed Harrison, then known as Ed Harrison for Congress Campaign, and its treasurer, did not report loans on each applicable schedule of its original 1993 Mid-Year, 1993 Year End, and 1994 Pre-Primary Reports, in violation of 2 U.S.C. § 434(b). Ed Harrison for Congress Campaign and its treasurer filed corrective amendments after receiving a Request for Additional Information from the Commission regarding the 1993 Year End Report. Respondents contend that the violation was not knowing and willful.

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of twenty thousand dollars (\$20,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. 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.

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

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

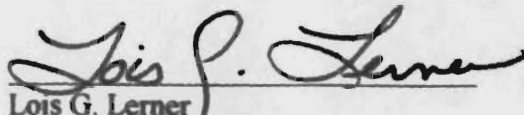
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X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not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

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

BY:

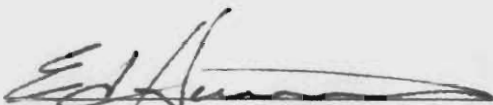

Lois G. Lerner
Associate General Counsel

Date

2/4/97

FOR THE RESPONDENTS:

Name
Position



Date

1/4/96

97043780296

FRIENDS OF ED HARRISON
P.O. BOX 381697
DUNCANVILLE, TX 75136-1697

88-571
1119
0048736

1009

DATE 11/15/96

PAY TO THE
ORDER OF

Federal Elections Commission \$17,500.00
Seventeen thousand five hundred $5 \frac{no}{100}$ DOLLARS



972-283-5000
219 E. Camp Wisdom Rd.
Duncanville, Texas 75116

MEMO

MUR 3951

Tickie Blair

⑆⑆⑆⑆9057⑆9⑆ ⑆009⑆0048736⑆

97043780297

FRIENDS OF ED HARRISON
P.O. BOX 381897
DUNCANVILLE, TX 75138-1897

88-571
1119
0048736

1031

DATE 1/4/97

PAY TO THE ORDER OF Federal Elections Commission \$2,500.00
Two thousand five hundred & no/100 DOLLARS



972-385-5000
219 E. Camp Wisdom Rd.
Duncanville, Texas 75116

MEMO

Vickie Blair

⑆111905719⑆ 1031⑆0048736⑆

97043780298



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 6, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Judith L. Corley, Esq.
Perkins Coie
607 Fourteenth Street, N.W.
Washington, D.C. 20005

RE: MUR 3951
Edward C. Harrison
Friends of Ed Harrison and
Paul Johnson, as treasurer
E.C. Harrison Properties, Inc.

Dear Ms. Corley:

This is in reference to the complaint your client, Kenneth Molberg, filed with the Federal Election Commission on March 23, 1994, concerning Edward C. Harrison, Friends of Ed Harrison (then known as Ed Harrison for Congress Committee) and its treasurer, and E.C. Harrison Properties, Inc.

After conducting an investigation in this matter, the Commission found that there was probable cause to believe that Friends of Ed Harrison and Paul Johnson, as treasurer ("the Committee") violated 2 U.S.C. §§ 434(b) and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended, and that E.C. Harrison Properties, Inc. and Edward Carl Harrison violated 2 U.S.C. § 441b(a). On January 28, 1997, a conciliation agreement signed on behalf of the respondents was accepted by the Commission, thereby concluding the matter. Accordingly, the Commission closed the file in this matter on February 4, 1997. A copy of this agreement is enclosed for your information.

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Judith L. Corley, Esq.
MUR 3951
Page 2

If you have any questions, please contact me at (202) 219-3690.

Sincerely,



Lawrence L. Calvert Jr.
Attorney

Enclosure
Conciliation Agreement

97043780300



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3951

DATE FILMED 3-10-97 CAMERA NO. 4

CAMERAMAN JMH

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