

LAW OFFICES

GAVIN, COX, PUGH, ETHERIDGE AND WILHOIT, L.L.P.  
119 WORTH STREET  
ASHEBORO, NORTH CAROLINA 27203

W. ED GAVIN  
RICHARD L. COX  
ALAN V. PUGH  
SCOTT C. ETHERIDGE  
ROBERT E. WILHOIT

TELEPHONE  
(336) 629-2600

FACSIMILE  
(336) 629-4734  
RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL  
MAR 26 3 12 PM '99

March 24, 1999

Mr. Xavier K. McDowell, Attorney  
Federal Election Commission  
Washington, D.C. 20463

RE: MUR 4797 & MUR 4798  
Randolph County Executive Committee, and Laverne A. Williams, as  
Treasurer; and Sixth Congressional District Republican Party, and  
Collette Hoover, as Treasurer

Dear Xavier:

I have carefully reviewed your letter dated 1 March 1999 and the enclosures therein. We received same on 5 March 1999.

I have conveyed the proposed conciliation agreement and the substance of our subsequent telephone conversations to my clients. We appreciate your courtesies in dealing with this matter and understand the Commission's view that its proposed settlement is proportionate to what they believe to be a violation of the letter and perhaps the intent of the statutes and regulations. In return, we hope you and the Commission appreciate our cooperation and full and prompt disclosure of all matters and things requested by your office.

We are of the opinion that there is an honest disagreement between the Commission and us concerning the nature of the alleged violation. Our position is that the Randolph County Republican Executive Committee is solely a local committee authorized by North Carolina law to receive and contribute without limitation funds in support of state and local candidates and, generically in support of the Republican Party slate in North Carolina. We do not believe that the Congress intended that a local party's expenditures on behalf of the Republican ticket in general trigger federal regulation because a candidate for Congress, the U.S. Senate, or the Presidency is mentioned along with the other candidates on the ticket.

We are of the opinion that the Sixth District Republican Executive Committee is a dual entity, being a federal committee in so far as it supports federal candidates, files reports of same with the FEC and, in that regard subject to federal regulations; and a state committee in so far as it supports state candidates, files reports of same with the North Carolina Board of Elections, and in that regard is subject to the applicable state regulations.

We believe no dispassionate fact finder could make the

Mr. Xavier K. McDowell  
Page 2  
March 24, 1999

conclusion after reviewing the evidence that there was any attempt to do anything in the ads other than to promote the state candidate. The term "Bill Clinton liberals" or the display of Representative Taylor's picture to use his coattails for the state candidates is so de minimus relative to the purpose of the federal law that we think no court would sustain an action based on those facts.

In any event, if the Commission says that the content of the ads are irrelevant to the matter in dispute, what is the violation? In our view, the only question is the potential commingling of the contribution from the Randolph Committee to the Sixth District in the Sixth District's sole bank account.

I wish the Sixth District had maintained a separate federal and a separate state account. In that event, I believe no violation would have occurred or even been alleged. Nevertheless, doesn't the clear and undisputed record demonstrate that the Randolph contribution to the Sixth District was immediately used in toto for the support of state legislative candidates? Doesn't that meet the Commission's standard of separate accounts or other means that unequivocally show that there was no commingling? Isn't that the gravamen of this whole matter?

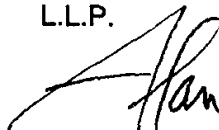
Don't the facts reflect that there was no attempt or intent to hide secret contributions or expenditures, or otherwise circumvent the law? If there is a violation, isn't it technical and easily correctable by these volunteer organizations staffed by lay people?

Which brings me to my final plea. Neither of my clients has the resources either to pay me for all (or any) of the time I have spent in this matter, nor to pay these proposed penalties, nor most sadly to litigate our honestly held and good faith disagreements over the interpretation of federal law in federal court.

Please let me know if this is acceptable at your earliest convenience.

Sincerely,

GAVIN, COX, PUGH, ETHERIDGE and WILHOIT,  
L.L.P.



Alan V. Pugh

AVP/ada