

FEDERAL ELECTION COMMISSION

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FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

MUR 4818: DATE COMPLAINT FILED: 10/9/98
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RAD # 99L-10: DATE ACTIVATED: 7/23/99

STAFF MEMBER: Xavier K. McDonnell

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RAD # 99L-10: INTERNALLY GENERATED

RESPONDENTS: Walt Roberts
Walt Roberts for Congress
Chris Clark, as treasurer
Gene Stipe
McAlester Industrial Credit Corporation, Inc.
W.H. Layden, *et al*

RELEVANT STATUTES: 2 U.S.C. § 441a(a)(1)(A) and (f)
2 U.S.C. § 441b(a)
2 U.S.C. § 434
2 U.S.C. § 441f
11 C.F.R. § 101.2(a)

INTERNAL REPORTS CHECKED: DISCLOSURE REPORTS

FEDERAL AGENCIES CHECKED: NONE

I. GENERATION OF MATTER

MUR 4818 is a complaint filed by Senators Don Nickles and James M. Inhofe, and Representatives Tom Coburn, Ernest Istook, Jr., Steve Largent, Frank D. Lucas, Wes W. Watkins and J.C. Watts, Jr., and their respective campaign committees (collectively "complainants"). The complaint alleges that Walt Roberts, a 1998 candidate for Oklahoma's

Third Congressional District ("candidate"), his authorized committee, Walt Roberts for Congress Committee, and its treasurer ("Roberts campaign" or "committee"), engaged in an illegal laundering scheme in connection with funds totaling up to \$217,500, that were reported as loans from the candidate. The funds at issue include a \$67,500 candidate loan, claimed to be proceeds from the sale of cattle, the original source of which was an undisclosed friend. The material attached to the complaint indicates that the undisclosed friend might be Gene Stipe.¹ Other funds at issue include \$150,000 raised through an auction, alleged to be a campaign event, at which the candidate purportedly sold bronze western sculptures he had created.

The complainants contend that Mr. Roberts and his campaign knowingly and willfully accepted the contributions and misreported the true source of such funds, in violation of 2 U.S.C. §§ 441a(f) and 434(b). The complainants urge that criminal violations of Title 2 and/or any violation of 18 U.S.C. § 1001 be referred to the Department of Justice (or "DOJ").

The Reports Analysis Division ("RAD") referred RAD Referral 99L-10 to this Office on July 12, 1999. It involves a \$50,000 loan made to the Roberts campaign on September 1, 1998, consistently reported as a candidate loan, the source of which appears to have been McAlester Industrial Credit Company, Inc. ("McAlester Inc."), a corporation. The loan to McAlester Inc. was apparently repaid on March 31, 1999, at which time the loan was assigned to a lending institution.

¹ Gene Stipe was notified of the complaint on March 30, 1999, and responded on April 15, 1999. See Attachment 1.

II. APPLICABLE LAW

The Federal Election Campaign Act of 1971, as amended (the "Act"), limits the amount that persons other than multicandidate committees may contribute to any candidate for federal office to \$1,000 per election. 2 U.S.C. § 441a(a)(1)(A). Candidates and political committees are prohibited from knowingly accepting contributions in excess of the limitations at Section 441a. 2 U.S.C. § 441a(f). Candidates for Congress may make unlimited expenditures from their "personal funds." 11 C.F.R. § 110.10(a).²

Any candidate who receives a contribution or obtains any loan in connection with his or her campaign shall be considered as having received such contribution or obtained such loan as an agent of his or her authorized committee. 2 U.S.C. § 432(e)(2); 11 C.F.R. § 101.2(a).

The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purposes of influencing a federal election.

2 U.S.C. § 431(8)(A)(i). The term "anything of value" includes all in-kind contributions and providing any goods or services without charge, or at a charge which is less than the usual and normal charge. 11 C.F.R. § 100.7(a)(1)(iii)(A). The "usual and normal" charge is the price of the goods in the market from which they ordinarily would have been purchased at the time of the contribution, i.e., the fair market value. 11 C.F.R. § 100.7(a)(1)(iii)(B); *see also* Advisory Opinions ("AO") 1995-24, 1995-8, 1991-10, n. 1, 1984-60.

² The Commission's regulations define "personal funds" as: (1) "Any assets which, under the 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"; or (2) Salary or other earned income from bona fide employment, dividends and proceeds from the sale of the candidate's stocks or other investments, bequests to the candidate; income from trusts established before candidacy; income from trusts established after candidacy of which the candidate is a beneficiary; gifts of a personal nature which had been customarily received prior to candidacy; proceeds from lotteries and similar legal games of chance. 11 C.F.R. § 110.10(b)(1) and (2). A candidate may also use a portion of assets jointly owned with his or her spouse, as provided in 11 C.F.R. § 110.10(b)(3).

The entire amount paid as the purchase price for a fundraising item sold by a political committee is a contribution. 11 C.F.R. § 100.7(a)(2). A review of several AOs demonstrates how the Commission has applied the rule. For example, the Commission has stated that a political committee's sale of artwork donated by artists is fundraising activity and thus subject to the limitations and reporting requirements of the Act. AO 1980-34; AO 1982-24. The Commission has also stated that when the sale of goods or services is for the purpose of raising funds for a campaign, rather than for "genuine commercial purposes," contributions result and in such circumstances, the activity was subject to the Act and its limitations, prohibitions, reporting and notice requirements. AO 1989-21 (sale of goods); AO 1992-24 (proceeds from candidate's non-political speeches); AO 1980-24 (sale of tickets to event hosted by volunteer entertainers).

The Act states that it is unlawful for any corporation to make a contribution or expenditure in connection with a federal election. 2 U.S.C. § 441b(a). Candidates and political committees are prohibited from knowingly accepting contributions from corporations. *Id.* The Act exempts from the definition of "contribution" a loan of money made by certain institutions, e.g., a State Bank, a federally chartered depository institution, or a depository institution, the deposits or accounts of which are insured by the Federal Deposit Insurance Corporation ("FDIC") or the National Credit Union Administration, made in the ordinary course of business, but specifies that such loan: (i) shall be considered a loan by each endorser or guarantor, in that proportion that each endorser or guarantor bears to the total number of endorser or guarantors; (ii) shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and (iii) shall bear the usual and customary interest rate of the lending institution. 2 U.S.C. § 431(8)(B)(vii).

All contributions made by a candidate to his or her committee, including candidate loans, and all loans guaranteed by the candidate, must be reported in accordance with 2 U.S.C.

§ 434(b)(B),(G). If a candidate or political committee obtains a loan from a permissible lending institution, the political committee must provide specific information set forth in 11 C.F.R.

§ 104.3(d)(1) and (2), including a certification from the lending institution that the borrowers' responses are accurate, and a copy of the loan agreement.

Political committees must report the identification of each person who makes a contribution or contributions with an aggregate value of in excess of \$200 during the reporting period, together with date and amount. 2 U.S.C. § 434(b)(3). A principal campaign committee of a candidate must, within 48 hours of receipt of any contribution of \$1,000 or more received after the 20th day but more than 48 hours before any election, submit notices setting forth the name of the candidate, office sought, identification of the contributor(s), date of receipt and amount. 2 U.S.C. § 434(b)(6)(A).

The Act provides that no person shall make a contribution in the name of another person or knowingly permit his or her name to be used to effect such a contribution and no person shall knowingly accept a contribution made by one person in the name of another person. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b).

The Act provides that the Commission may find that violations are knowing and willful. 2 U.S.C. § 437g. The knowing and willful standard requires knowledge that one is violating the law. *Federal Election Commission v. John A. Dramesi for Congress Committee*, 640 F. Supp. 985 (D. N.J. 1986). An inference of a knowing and willful violation may be drawn "from the defendants' elaborate scheme for disguising" their actions and that they "deliberately conveyed information that they knew to be false to the Federal Election Commission." *United States v. Hopkins*, 916 F.2d 207, 214-215 (5th Cir. 1990). "It has long been recognized that 'efforts at concealment [may] be reasonably explainable only in terms of motivation to evade' lawful obligations." *Id.* at 214, *quoting Ingram v. United States*, 360 U.S. 672, 679 (1959).

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III. BACKGROUND/ALLEGATIONS

Walt Roberts garnered the most votes in the primary election held on August 25, 1998, and he won the runoff election held on September 15, 1998. Mr. Roberts lost the general election on November 3, 1998 to Representative Wes Watkins.

According to news reports, Roberts is a former state legislator, a rancher and an auctioneer. The Roberts campaign's reports indicate that the candidate was the source of the following funds, totaling \$182,650:

DATE	AMOUNT
March 31, 1998	\$ 35,500
August 5, 1998	\$ 67,500 loan ³
August 17, 1998	\$ 17,000 loan
September 1, 1998	\$ 50,000 loan
September 22, 1998	\$ 10,000 loan
December 1, 1998	\$ 2,650 loan
TOTAL	\$182,650

The complainants point to information in the public record suggesting a pattern of illegal fundraising. The attachments to the complaint question how Mr. Roberts, with limited income and assets, could make loans of these amounts. Complaint at Exhibits 1 and 3.⁴ They urge the Commission to "fully investigate the campaign activities" of the Roberts campaign "with particular emphasis upon the unreported, excessive and unlawful third-party contributions." Complaint at page 5. The complaint focuses on the \$67,500 loan made to the campaign on

³ In response to inquiries from RAD about the \$67,500 loan, the Committee reported that "The candidate used personal funds only to fund the loan from himself to the campaign." Complaint at Exhibit 8.

⁴ The candidate's Ethics in Government Act ("EIGA") statement, dated July 6, 1998, and his amended statement, dated October 9, 1998, disclose income of \$17,251 for the covered months of 1998 and \$64,862 for all of 1997. Attachment 3. On his EIGA statements, the candidate's total assets consisted of an "Auction Building" valued at between \$50,001 and \$100,000 (but with a mortgage of between the same listed amounts) and horses valued at \$15,001 to \$50,000. As discussed in footnote 7, in his amended EIGA statement, the candidate included the "artwork" he claimed to have sold at the auction for \$150,000.

August 5, 1998, and on the candidate's sale of self-made sculptures through which he allegedly generated approximately \$150,000 for the campaign.

According to news reports, when questioned about the source of the \$67,500 loan to his campaign, the candidate claimed that he borrowed funds from a friend, purchased cattle with the funds, promptly sold the cattle without making any profit and then loaned the proceeds to his campaign. The candidate refused to identify the friend. It appears that the amount which the candidate borrowed from the friend was \$67,500, the same amount that he loaned to his campaign on August 5, 1998.⁵

During the campaign, the candidate reportedly stated that the loan from the undisclosed friend was a "handshake deal with no paperwork and no payments for a year." Complaint at Exhibit 2. News articles suggest that the friend may have been State Senator Gene Stipe who is said to be a "major backer" of Roberts.⁶ Complaint at Exhibits 1 and 5. Stipe is characterized as Roberts' "main fund-raiser" and whose law office "doubles as Roberts' campaign headquarters." Complaint at Exhibit 1. Roberts reportedly denied that the source of the loan was Mr. Stipe. Complaint at Exhibit 5.

In support of the allegations about the loan and cattle purchases and sales, the complaint points to the conflicting or at least differing assertions which the candidate reportedly made about the transactions. At one point, the candidate reportedly claimed that he received the loan from the friend on August 1, 1998. Complaint at Exhibit 1. As news articles point out, since the

⁵ Two news reports indicate that the loan from the undisclosed friend was \$67,500, the exact amount of the loan made to the campaign. See Complaint at Exhibits 7 and 9. Another article indicates that the loan from the undisclosed friend was \$65,000. Complaint at Exhibit 1.

⁶ Mr. Stipe, attorneys from the Stipe Law Firm and what appear to be their spouses contributed approximately \$28,000 to the Roberts campaign. See Attachment 5 at pages 3-4. As discussed in detail below beginning on page 21, secretaries, paralegals and other support staff of the Stipe Law Firm reportedly contributed \$12,530 in individual contributions of close to \$1,000 each. See also Attachment 5 at page 1. Mr. Roberts also reported on his EIGA statement that he received compensation from the Stipe Law Firm for consulting services. Attachment 3 at page 5.

loan was made to the campaign on August 5, the alleged cattle purchases and sales would have occurred almost immediately. Another report indicates that the candidate claimed that he received the loan from the unknown source about sixty days before selling the cattle, which, the article concludes, would mean that he borrowed it in late May or early June. Complaint at Exhibit 5. The complaint and news articles point out that neither the loan nor the cattle were reported on the candidate's Ethics in Government Act ("EIGA") statement, which was signed July 6, 1998. In response to questions about this, the candidate, at one point reportedly claimed that the cattle was left off his EIGA statement by accident, but a day later the candidate is claimed to have asserted that he did not yet own the cattle at the time the form was filed. Complaint at Exhibit 3.

The complaint alleges that the purchase and sale of cattle, if it occurred at all, was not a bona fide business transaction, but a sham transaction to raise funds for Roberts' campaign. Included with the complaint is a news article which questions whether the cattle was sold to the same friend who made the \$67,500 loan to the candidate. Complaint at Exhibit 1. The complaint points out that Roberts reportedly refused repeated requests from reporters to disclose any documents related to the alleged cattle purchases or sales.

The complaint asserts that other funds used in connection with the campaign were excessive contributions, specifically funds raised through the sale of artwork created by the candidate. Roberts apparently sold 29 pieces of art, western bronze sculptures that he allegedly created, and used the funds (or some portion of them) in connection with his campaign. Complaint at page 4. According to the complaint and press reports, the candidate sold the sculptures for a total of \$150,000 at a single auction held sometime during the Summer of 1998, probably in August or early September. Complaint at page 4 and at Exhibit 9. Roberts allegedly used part of the proceeds from the sale of the sculptures to repay his undisclosed friend the

previously discussed \$67,500. He also reportedly used the funds from the alleged sale of sculptures to make the \$17,000 loan to his campaign on August 17, 1998. Complaint at Exhibit 4.

The complainants argue that the sale of the sculptures was a fundraising activity of the campaign, and, as sculptures were reportedly sold for as much as \$12,000 each, were excessive contributions. Complaint at Exhibit 9. The complaint also states that sale of the artwork resulted in excessive contributions because the prices paid would appear to exceed market value. Complaint at page 4. In support of the claim that the sale of the sculptures were not bona fide transactions, the complaint points out that in the initial EIGA statement, dated July 6, 1998, the candidate did not include with his assets any sculptures. It was only after the sale of the artwork which yielded \$150,000, and the failure to report it on his EIGA, received press attention that the candidate amended his EIGA statement to include such artwork.⁷ The complainants further allege that given the apparent time of the auction, probably in late August or early September of 1998, the campaign should have filed 48 hour disclosure notices for the contributions raised at the auction. *See* 2 U.S.C. § 434(a)(6)(A).

IV. RESPONSES TO THE COMPLAINT

The Roberts campaign and the candidate do not respond to the substance of any of the allegations or information at hand. Instead, they seek dismissal, generally denying that they violated any statute or regulation in which the Commission has jurisdiction and asserting that the complaint does not comply with 11 C.F.R. § 114.4, the regulation which sets forth criteria for

⁷ On October 9, 1998, after news reports in September of 1998, indicated that the candidate had allegedly raised \$150,000 by auctioning off sculptures he had created, but that such assets were not reported on his EIGA, the candidate amended his EIGA statement. Attachment 3 at pages 7-11. The amended EIGA statement revealed that, during the period covered by the initial filing, the candidate had possessed: "artwork created and produced by the candidate." The candidate valued the artwork at between \$100,001 and \$250,000. In a cover letter with the amended EIGA, the candidate provided two reasons why these assets were not initially included: "(1) These were not considered by me to be income producing assets as I did not have any intention of selling them at the time; and

complaints. Gene Stipe, who was also notified of the complaint, raises the same defense, and adds that the complaint itself does not mention him by name. Attachment 1.

V. RAD REFERRAL # 99L-10

The Roberts campaign's October Quarterly Report disclosed a \$50,000 personal loan from the candidate on September 1, 1998. In response to RAD's inquiries about the source of the loan, the committee stated that the funds were loaned to the candidate by the McAlester Industrial Credit Company, Inc. ("McAlester Inc."). Upon further inquiry from RAD, the campaign provided copies of the loan documents, which indicate that the loan was secured through a second mortgage on real estate in the city of McAlester. The mortgage had an 11% interest rate, and was payable in two \$25,000 installments on March 31 and August 31, 1999. Attachment 2 at page 4.

In a response to RAD's inquiries, counsel for the Roberts campaign insisted that there is "obviously some misunderstanding" as the "loan was never made to the Committee or to the campaign by the company" and is thus a personal loan. Attachment 2 at page 1. Counsel explained that the loan was secured through "a building owned by the candidate." *Id.* This is apparently a second mortgage on the Auction Building (the only piece of real estate identified on the candidate's EIGA statement, see fn. 4). A press report indicates that State Senator Gene Stipe and his wife co-signed the first mortgage on the Auction Building. Complaint at unmarked exhibit.⁸ Another press report states that McAlester Inc. "is owned by a longtime friend and political ally of Stipe." Complaint at Exhibit 2. This ally is apparently W. H. Layden, the

(2) I felt that since they were my own creations and no fair market value had been established for them, that if they had been reported, the value would not have reached the reportable amount of \$1000.00." Attachment 3 at page 6.

⁸ This news article is the very last exhibit. It would have been Exhibit 17, but it was not included in the exhibit list.

president of McAlester Inc., who appears to have signed the supplement to Schedule C which was eventually provided to RAD.

In response to RAD's letters and calls informing them that the loan was not from a permissible source, in March of 1999, McAlester Inc. assigned the \$50,000 mortgage to "The Bank N.A.," which appears to be a qualified lending institution. In exchange for the assignment, McAlester Inc. received \$50,000 from The Bank N.A. in the form of a cashier's check. Attachment 2 at pages 8-12. The Roberts campaign provided documentation in an attempt to show the assignment of the mortgage and that the loan to McAlester has been repaid. *Id.*

VI. ANALYSIS Procedural Defense

The campaign, the candidate and Mr. Stipe generally deny violations of the Act, but do not address or specifically contest the allegations about the sources of the loans in question. Instead, the respondents mistakenly assert that the complaint does not comply with subsections 111.4(c) and d(1) and (2) and that the alleged failure to comply with those subsections requires dismissal of the complaint.

Contrary to the respondents' assertions, the complaint substantially provides the information sought by subsections 111.4(c) and (d)(1) and (3). The complaint makes clear that the allegations are based on statements purportedly made by the candidate taken from news reports and on the candidate's EIGA statement. It is thus evident that the allegations are based upon information and belief rather than personal knowledge. 11 C.F.R. § 111.4(c). As the complainants explicitly name the candidate and the committee and allege that they violated specific provisions of the Act and regulations, the complaint satisfies subsection 111.4(d)(1) as it pertains to them. With respect to Mr. Stipe, the complaint contains specific allegations about an undisclosed friend who loaned the candidate \$67,500 and a news article attached to the

complaint indicates that Mr. Stipe, the reported chief fund-raiser for the campaign, may be that source. The complaint thus contains information sufficient to meet the criteria of subsection 111.4(d)(1) as it pertains to Mr. Stipe. The complaint also contains a clear and concise recitation of facts describing violations of the Act and regulations, and thus meets the criteria of subsection 111.4(d)(3).

Moreover, the respondents' assertion that dismissal would be required if the complaint failed to provide the information listed in the above-discussed subsections is in error. Dismissal is only required if a complaint fails to comply with the criteria set out in 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4(b). The complaint in this matter clearly meets those requirements as the complainants are identified and it is signed and sworn to in the presence of a notary. Unlike a failure to comply with Section 437g(a)(1) or subpart b of the Commission's regulations, there is no requirement that a complaint be dismissed if it fails to provide all the information set forth in subparts (c) and (d). This distinction was made clear in the Explanation and Justification which the Commission included when transmitting Part 111.4 to Congress in 1980. There, the Commission stated that subsection (b) "sets forth the statutory requirements with which a complaint must comply in order for the Commission to act upon it," while subsection (d) "should be complied with" and "may" be a basis for the Commission "to take no action on a complaint" if it fails to provide sufficient information. 45 Fed. Reg. 15088, March 7, 1980; *see also* MURs 3667, 3110, 2782. As discussed above, the complaint meets the statutory requirements and provides information sufficient for the Commission to make the necessary initial determinations in this matter, and thus should not be dismissed.

The facts surrounding the candidate loans and contributions raise serious questions and suggest multiple violations of the Act and regulations. Each of the transactions is discussed below.

\$67,500 Loan

As the Roberts campaign's response to the complaint fails to address the allegations about the \$67,500 loan, we are left with the information in press accounts, which are mainly based upon the candidate's purported statements about the loan. As discussed in detail below, the information at hand strongly suggest the loan from the undisclosed source was taken by the candidate for the purpose of financing his campaign and was an excessive contribution. In particular, we discuss the timing of the loans, the secret nature of the loan from the friend, and the information indicating that the loan from the friend was not arms length and that, at best, the cattle transactions were undertaken to make the initial loan from the friend have, or at least appear to have, a business purpose rather than a campaign-related purpose.

First, there is the short duration between when the loan from the undisclosed source was assertedly taken and the candidate loaned his "personal funds" to the campaign. Although the candidate reportedly made differing statements about when he received the loan from the unknown friend (see supra page 8), in any case it was a relatively short time between the time the funds were loaned by the friend and funds of the same or nearly the same amount were deposited into the campaign's account. In addition, just five days after the campaign received the \$67,500 "candidate loan" on August 5, 1998, it reported making a payment of exactly \$67,500 to a consultant for a "media buy." See Attachment 4. This suggests that the initial loan from the friend was targeted from the outset for the campaign, and, moreover, even for a specific media purchase.

Second, the loan from the undisclosed source does not appear to have been an arms length business transaction. To begin with, the loan was from a "friend." And although this loan was a substantial sum—in fact exceeding the candidate's total annual income-- it was reportedly made only on a "handshake" (meaning no documentation) and --without any collateral.

As for the cattle transactions, while the candidate has revealed very little about them -- other than that the cattle were bought and sold almost immediately, and without any profit—it appears they were either: (a) undertaken based upon the mistaken assumption that such purchases and sales would actually convert the \$67,500 loan from the undisclosed source into the candidate's "personal funds"; (b) undertaken in an attempt to make the \$67,500 loan from the undisclosed friend appear to have a bona fide business purpose, thus enabling the candidate to pass the proceeds off as his "personal funds"; or (c) as suggested in the press, the cattle transactions never even occurred but were used to give the loan from the friend the appearance of a business purpose.

Finally, and perhaps most telling, is the secret nature of the source of the loan. The candidate refused repeated requests to disclose to the press the name of the person who loaned him the funds. Although it is unclear exactly why the source was not revealed, given the totality of the information at hand, it is reasonable to infer that it may have been that the parties to the transaction knew that the true purpose of the loan was to assist Roberts' candidacy--not to undertake a business venture to purchase cattle. Therefore, to minimize or avoid answering questions about the purpose and nature of the loan, the parties agreed to keep the source secret.

In short, although investigation is necessary, at this point the information at hand suggests that the \$67,500 loan was an excessive contribution from the undisclosed source, and that it was improperly reported. It thus appears that the Roberts campaign and its treasurer violated 2 U.S.C. §§ 441a(f) and 434(b). As the candidate appears to have obtained the loan from the undisclosed source for the purpose of financing his campaign, he is personally liable for this section 441a(f) violation. Accordingly, this Office recommends that the Commission find

⁹ As noted, one news article questioned whether the same person who made the \$67,500 loan may have also sold and then purchased the cattle (again, to make the transactions appear to all be part of a business deal). See Complaint at Exhibit 1.

reason to believe that the Roberts campaign and its treasurer violated Section 441a(f) and 434(b), and that Mr. Roberts violated Section 441a(f).¹⁰

Regarding the source of the loan, it appears that, as indicated in news reports, it may have been Gene Stipe. Mr. Stipe was reportedly the candidate's major fund-raiser and prime political supporter, and had previously co-signed a mortgage on the candidate's behalf. Members of Mr. Stipe's law firm, both attorneys and support staff, and members of the Stipe family, contributed heavily to the campaign. *See supra* fn. 6 and Attachment 5. Also as previously discussed, Mr. Stipe did not deny making the loan but essentially relies on the same procedural defense as the other respondents. Accordingly, in light of the information at hand, this Office recommends that the Commission find reason to believe that Gene Stipe violated Section 441a(a)(1)(A) by making the \$67,500 loan.

\$150,000 Raised through the Auction of Candidate's Artwork

The alleged sales of the candidate's sculptures, which reportedly yielded approximately \$150,000, all or some portion of which was used to finance the campaign, also raise serious questions. The candidate reportedly sold the 29 bronze western sculptures at the auction for up to \$12,000 apiece.

Proceeds from the sale of assets of a candidate are considered "personal funds" within the meaning of 11 C.F.R. § 110.10. However, the sale of goods for the purpose of financing a campaign is a fundraising event. As noted, the entire amount paid by a contributor for the purchase of a fundraising item is a contribution, and is thus subject to the Act's limitations, prohibitions and reporting requirements. *See* 11 C.F.R. § 100.7(a)(2).

¹⁰ Initially, on August 13, 1998, the Roberts campaign reported the \$67,500 only as a contribution from Mr. Roberts, but not a loan. The report was amended on September 11, 1998 to show that the \$67,500 as a loan, and it has been reported as a loan ever since. As part of its investigation in this matter, this Office will determine whether this change was the result of a misreporting, or whether this was a retroactive change in the terms of the transaction. See AO 1977-58 (retroactive change from gift to loan is not permissible.)

As the respondents have failed to address the allegations, there is limited information at hand. Thus, it is unclear whether the auction was advertised as an event that would benefit the Roberts campaign. It is also unclear whether those who purchased the sculptures did so as a way to contribute to the Roberts campaign.

While little is known about the auction, the limited information at hand suggests that it was a fundraising event. To begin with, the auction was reportedly held in late August or early September, 1998. This was right in the midst of the campaign, in fact in close proximity to both the primary and runoff elections. In addition, while the candidate admitted he was not in the business of selling his own artwork and he acknowledged in a letter that accompanied his amended EIGA statement that as late as July of 1998, there was no established market value for it, he claims to have sold it for up to \$12,000 apiece, and for a total of \$150,000, just a few weeks later. See *supra* fn. 7. In fact, he asserted that in July that he believed that the market value of all his artwork was \$1,000, yet at the auction--- held just several weeks later---he sold it for \$150,000. These facts together suggest that the auction was a fundraising vehicle for the Roberts campaign and that the amounts purportedly paid for the sculptures were "contributions" under the Act.

If the auction was a campaign event, then as noted, the entire amount paid by any person to purchase the items sold was a contribution. See 11 C.F.R. 100.7(a)(2). Given the news reports state that 29 pieces of Mr. Roberts' artwork allegedly sold for \$150,000, most of the contributions would appear to have been well in excess of the limitations of the Act, and the acceptance of such funds was a violation of Section 441a(f).

It is currently unclear whether all the funds received at the auction were used on the Roberts campaign. At this point, however, it appears that some of the funds were the source of what were reported as loans of personal funds of the candidate. For example, the candidate

apparently used the funds raised at the auction to repay the \$67,500 loan to the undisclosed friend. It also appears that the proceeds from the auction were used in part to make a \$17,000 loan to the campaign on August 17, 1998. It is unclear whether funds from the auction were also used for other loans, such as the \$10,000 candidate loan made on September 22, 1998. However, in light of the candidate's limited resources (see fn. 4 and attachment 3) and the timing of the loan, it appears probable.

There is no indication that any of the funds received from the purchasers of the sculptures were treated as "contributions" by the campaign. Thus, at this point, it appears that the campaign failed to properly report the receipt of such contributions, or to itemize where required, in violation of Section 434(b). As the proceeds were apparently not treated as contributions, this Office currently has no knowledge regarding the identity of the contributors or whether they had otherwise contributed to the campaign. Once this Office discovers the identity of these contributors, it will, if appropriate, make recommendations regarding any excessive contributions made by such persons.¹¹ Accordingly, this Office recommends that the Commission find reason to believe that the Roberts campaign and its treasurer violated Section 441a(f) and 434(b), and that Walt Roberts violated Section 441a(f).

In addition to regular disclosure reports, as the complainants assert, the campaign was required to file 48 hour notices regarding contributions of \$1,000 or more received between August 6 and 22, 1998, for the primary, and again between August 27 and September 12, 1998, for the runoff. As the auction was likely held in August or early September of 1998, and the amounts received at the auction would appear to have been in excess of \$1,000 per election, this

¹¹ It is unclear at this point whether the campaign used any solicitation in connection with the auction, and, if so, whether any such solicitation was distributed through general public advertising. If so, and this was a campaign event, then disclaimers were required pursuant to Section 441d(a). This Office intends to inquire about such solicitations during discovery and make any appropriate recommendations.

Office recommends that the Commission find reason to believe that the Roberts campaign and its treasurer also violated Section 434(a)(6)(A).

Additional Candidate Contribution

The candidate reportedly contributed \$35,500 to his campaign on March 31, 1998. As noted, the candidate's total 1997 income was \$64,862 according to his EIGA statement, and his income for the first six months of 1998 was reportedly \$17,251. See *supra* fn. 4. The candidate also reported limited assets on his EIGA statement. *Id.* The candidate contribution of March 31, an outright gift, assertedly from personal funds, equaled more than one half his 1997 income. In light of this fact and the serious issues raised about the other contributions discussed above, it is questionable whether the candidate was the actual source of this large contribution.

Accordingly, with respect to this \$35,500 contribution, this Office recommends that the Commission find reason to believe that Walt Roberts violated Section 441a(f). In addition, this Office recommends that the Commission find reason to believe that the Roberts campaign and its treasurer violated Sections 441a(f) and 434(b).

\$50,000 Loan from McAlester Industrial Credit Company, Inc. (RAD Referral)

The \$50,000 loan from the candidate on September 1, 1998, which is the subject of RAD Referral # 99L-10, appears to have been a prohibited corporate contribution. The loan document is signed September 1, 1998, and the loan was reportedly made to the committee that same day. According to news articles, most of the funds, approximately \$40,000, were used to purchase television ads that aired just before the runoff election on September 15, 1998. See Complaint at Exhibits 2 and 5. These facts clearly suggest that the loan was obtained from McAlester Inc. for the purpose of financing the Roberts campaign. The loan appears to have been repaid on March 31, 1999, approximately seven months later.

McAlester Inc. is a corporation which, the candidate reportedly stated, normally finances industrial projects. Complaint at Exhibit 5. McAlester Inc. does not appear to be a qualified lending institution within the meaning of 2 U.S.C. § 431(8). It thus appears that a corporate contribution was made and accepted by the Roberts campaign and its treasurer, in violation of Section 441b(a). As the candidate was involved in obtaining the loan, he is also liable for the Section 441b(a) violation. In addition, Mr. Layden, an officer of the corporation, signed the FEC form and appears to have consented to the making of the loan, in violation of 2 U.S.C. § 441b(a).

The information at hand also raises other questions about the loan. According to Dun & Bradstreet, McAlester Inc. was dissolved on March 2, 1998. The date of dissolution of the corporation was approximately six months before the loan was made. The owner and/or president of McAlester Inc. is W.H. Layden,¹² a political ally of Mr. Stipe as well as the candidate. Mr. Layden, the corporate president who signed the Supplement to Schedule C which set forth the terms of the loan, and persons who appear to be related to him, contributed heavily to the campaign.¹³ In addition, the candidate's EIGA statement indicates that there was an existing mortgage on the Auction Building (see fn. 4), the alleged collateral for the \$50,000 loan, and it is reported that Mr. Stipe and his wife had co-signed that mortgage. Given that, according to the candidate's EIGA statement, the first mortgage was included within the same dollar range as the value of the Auction Building (\$50,001 and \$100,000) and that Mr. Stipe and his spouse signed the first mortgage, it is questionable whether the candidate's equity interest in the Auction Building equals the \$50,000 that McAlester Inc. purportedly loaned him in September of 1998,

¹² Dun and Bradstreet lists the address for McAlester Inc. as 320 E. Carl Albert Parkway, in McAlester, while the address for Gene Stipe's law firm is 323 E. Carl Albert Parkway.

¹³ Mr. Layden contributed \$3,000 to the campaign, while persons with the same surname and from the same city contributed an additional \$11,900. Attachment 5 at page 2.

during the heat of the campaign. The foregoing suggests that the actual source of the funds may not have been McAlester Inc., but that Mr. Layden, or perhaps others, may have used the name of this apparently dormant corporation to funnel their contributions to Mr. Roberts. If so, this would have resulted in violations of Section 441a(a)(1)(a) and 434(b) for making contributions in excess of the Act's limitations and reporting requirements. If the investigation indicates that this is what transpired, this Office will make the appropriate recommendations.

In short, the above information suggests that the mortgage was not an arms length transaction in the ordinary course of McAlester Inc.'s business. In light of all the foregoing, this Office recommends that the Commission find reason to believe the Roberts campaign and its treasurer, Walt Roberts, McAlester Inc. and W.H. Layden, as president, violated Section 441b(a).

Contributions from Stipe Law Firm Personnel

As previously discussed, the Roberts campaign was, according to news reports, operated in part from Mr. Stipe's law office, and Mr. Stipe was the candidate's mentor and chief fundraiser. Complaint at Exhibit 1. Upon reviewing the committee's disclosure reports, it came to our attention that numerous support staff of the Stipe Law Firm had reportedly donated substantial sums to the campaign. Specifically, eight members of the law firm's support staff

made the following contributions, totaling \$12,530:

WALT ROBERTS FOR CONGRESS					
CONTRIBUTIONS MADE BY STIPE LAW FIRM EMPLOYEES					
NAME	TITLE	DATE	PRIMARY	RUN-OFF	GENERAL
Barnes, Ginger	Admin. Asst.	10/17/98			\$500.00
Benson, Jamie	Secretary	3/28/98	\$1,000.00		
Benson, Jamie	Self	8/14/98		\$990.00	
Dusenberry, Shelly	Paralegal	8/14/98		\$950.00	
Dusenberry, Shelly	Self	10/17/98			\$300.00
Ervin, Gloria	Accountant	8/18/98		\$990.00	
Ervin, Gloria	Inspector	8/17/98	\$980.00		
Montgomery, Cynthia	Secretary	3/31/98	\$1,000.00		
Montgomery, Cynthia	Paralegal	8/17/98		\$970.00	
Spears, Charlene	Management	3/30/98	\$1,000.00		
Spears, Charlene	Admin. Asst.	8/14/98		\$950.00	
Thetford, Dana	Paralegal	9/3/98		\$950.00	
Thetford, Dana	Paralegal	10/29/98			\$1,000.00
Tumer, Deborah	Paralegal	8/14/98	\$950.00		
		TOTALS	\$4,930.00	\$5,800.00	\$1,800.00 ¹⁴

Many of the above contributions were received within the period covered by Section 434(b)(6), but because they were in amounts just below the threshold, e.g., \$950, \$970, 48 hour notices, which might bring these contributions to public attention prior to the election, were not required. These contributions from Stipe Law Firm support staff, and the fact that they fell just short of the 48 hour reporting threshold, were discussed in a press report that appeared during the campaign. Complaint at Exhibit 6.

The above contributions, each close to \$1,000, were of very sizable amounts to be given by support staff. Many of the contributions were reportedly received on the same dates. In light

¹⁴ In two instances contributors who were first identified as staff of the Stipe Law Firm were later listed as self employed (Jamie Benson, Shelly Dusenberry). In two other instances the employees listed different positions, one position which would not make them appear to be support staff (Charlene Spears and Gloria Ervin). In addition, in another report covering November of 1998 for a contribution to a different committee, Ms. Spears was identified as a secretary. It is unclear whether these changes reflect: a change in status from staff member to contract employee or different positions; that some of these persons were actually no longer employed by the Stipe Law Firm; a reporting error or; is evidence of attempts to minimize any connection to Mr. Stipe or his firm. This Office intends to investigate these facts.

of the facts at hand, specifically the large amounts contributed by this support staff, that the campaign allegedly operated from the Stipe Law Firm, Mr. Stipe's substantial involvement in Roberts' campaign efforts and that the amounts were often just below the 48 hour reporting threshold, it appears that these contributions may have been made by Mr. Stipe and/or the Stipe Law Firm in the names of support staff. Indeed, these appear to be more evidence of "unlawful third party contributions" which the complainants urge the Commission to investigate.

Complaint at page 5. Thus, this Office believes that investigation into the source of these contributions is warranted. Accordingly, this Office recommends that the Commission find reason to believe that Gene Stipe and the Stipe Law Firm violated Sections 441f and 441a(a)(1)(A) by making contributions in the names of others that exceeded the limits of the Act. Given that the Stipe Law Firm reportedly doubled as the Roberts' campaign headquarters, that Gene Stipe was the campaign's chief fund-raiser and Walt Roberts' close political ally and that the candidate himself provided consulting services to the Stipe Law Firm, this Office recommends that the Commission find reason to believe that Walt Roberts, the Roberts campaign and its treasurer violated 2 U.S.C. §§ 441f and 441a(f) by knowingly accepting such contributions.

Regarding the conduits, this Office recommends that the Commission make Section 441f findings against them as well. This Office will informally question these conduits, and if they are cooperative, this Office anticipates recommending that no further action be taken against them. Accordingly, this Office recommends that the Commission find reason to believe that Ginger Barnes, Jamie Benson, Shelly Dusenberry, Gloria Ervin, Cynthia Montgomery, Dana

Thetford, Deborah Turner and Charlene Spears violated Section 441f by allowing their names to be used to effect contributions made to the Roberts campaign.¹⁵

VII. NATURE OF THE VIOLATIONS

The information at hand supports the complainants' assertions that the respondents knowingly and willfully violated the Act through "sham financial transactions and fraudulent campaign filings." Complaint at page 1.

The respondents, through the various transactions, appear to have engaged in a deliberate attempt to circumvent the Act's limitations and reporting requirements. First, there is the manner in which they attempted to keep from public disclosure information about most of the transactions. Specifically, during the course of the campaign, the candidate repeatedly refused to divulge information about the source of the \$67,500 loan, the alleged cattle sales or the auction. One inference that can be drawn from the way in which the transactions were kept secret is that the respondents knew that the various transactions were impermissible. As the courts have recognized, "'efforts at concealment [may] be reasonably explainable only in terms of motivation to evade' lawful obligations." *United States v. Hopkins*, 916 F.2d at 214.

Second, the facts at hand suggest that at least some of the transactions may not have been bona fide but rather created to make the funds appear to be from permissible sources. As previously discussed in detail, if the cattle sales occurred at all, they may have been undertaken in an attempt to make the \$67,500 loan appear legal. The facts also suggest that the auction of the candidate's artwork may have been a last-minute scheme to circumvent the Act's limitation on contributions. Regarding the \$50,000 loan from McAlester Inc., a corporation, there is

¹⁵ As noted in footnote 6, the Roberts campaign reports substantial contributions from persons identified as attorneys of the Stipe Law Firm (including Gene Stipe) or what appear to be their spouses. See chart of contributions at Attachment 5 at pages 3-4. It is unclear whether any of these contributions may also be part of a reimbursement scheme. If, during the investigation, this Office finds evidence that these contributions were also reimbursed, we will make the appropriate recommendations.

information suggesting McAlester Inc. was not even in business at the time in question, and the facts suggest that the loan was not arms length and made by a political ally in the midst of the campaign. And then there are the numerous contributions of close to \$1,000 from support staff of the law firm of the campaign's alleged chief fund-raiser, Gene Stipe, that may have been reimbursed by him or the Stipe Law firm. In short, the sum of the facts suggest that the foregoing transactions were not genuine, and if they occurred at all, they were undertaken only to make the source of the funds appear legitimate. The "elaborate scheme[s] for disguising" the true source of the funds suggests that the violations were knowing and willful. *Hopkins*, 916 F. 2d at 214-215.

Finally, there is the pattern of the transactions. The sum of the known facts—including the loan from the undisclosed friend, the alleged cattle sales, the auction, the corporate loan and the apparently reimbursed contributions, suggests a concerted scheme or series of schemes. These fundraising schemes appear to have begun with the \$67,500 loan in early August, then the auction in late August or early September, the corporate loan in September and the apparently reimbursed contributions, mainly in mid-August and up until October. In each case, the actual source of the funds was disguised on campaign reports. And with respect to all but the apparently reimbursed support staff contributions, the Roberts' campaign repeatedly reported the source of the illegal contributions as the candidate's "personal funds."

Given the foregoing, it appears that most of the violations were knowing and willful. Accordingly, this Office recommends that the Commission find reason to believe that Walt Roberts, Walt Roberts for Congress and Chris Clark, as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441a(f), 441b(a) and 441f, that Walt Roberts for Congress and Chris Clark, as treasurer, knowingly and willfully violated 2 U.S.C. § 434(b), that Gene Stipe and the Stipe Law Firm knowingly and willfully violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f.

VIII. DISCOVERY PLAN

In light of the candidate's prior resistance to reveal information about the source of the funds, the inconsistent claims made in connection with these loans and other transactions and the seriousness of the apparent violations, this Office recommends that the Commission approve Subpoenas and Orders designed to identify the source of the loans, the terms of the financial arrangements, the circumstances surrounding the auction and information about the loan from McAlester, Inc. Attachment 7. These Subpoenas and Orders also request copies of bank statements of the campaign and Mr. Roberts so that we can determine the timing of the alleged cattle loan and to trace which of the funds raised through the auction sales were given to the campaign. This Office further recommends Subpoenas and Orders be issued to Mr. Stipe and the Stipe Law Firm to determine whether contributions were made in the names of law firm support staff and the identity of the bank used to issue any such reimbursements. Subpoenas and Orders are also attached for McAlester Inc. and its president regarding the \$50,000 loan.¹⁶

¹⁶ Regarding the complainants' assertion that any criminal violations of Title 2 or violations of 18 U.S.C. § 1001, be referred to the Department of Justice, this Office will, consistent with the Act, make the recommendations at a later stage of the proceedings if that is appropriate. *See* 2 U.S.C. § 437g(a)(4)(C)(providing for referral to DOJ after a finding of probable cause)

IX. RECOMMENDATIONS


1. Deny the respondents' requests that the Commission dismiss MUR 4818.
2. Find reason to believe that Walt Roberts, Walt Roberts for Congress and Chris Clark, as treasurer, knowingly and willfully violated 2 U.S.C. § 441a(f).
3. Find reason to believe that Walt Roberts for Congress and Chris Clark, as treasurer, knowingly and willfully violated 2 U.S.C. § 434(b).
4. Find reason to believe that Walt Roberts for Congress and Chris Clark, as treasurer, violated 2 U.S.C. § 434(a)(6)(A).
5. Find reason to believe that Walt Roberts, Walt Roberts for Congress and Chris Clark, as treasurer, knowingly and willfully violated 2 U.S.C. § 441f.
6. Find reason to believe that Gene Stipe and the Stipe Law Firm knowingly and willfully violated 2 U.S.C. §§ 441f and 441a(a)(1)(A).
7. Find reason to believe that Ginger Barnes, Jamie Benson, Shelly Dusenberry, Gloria Ervin, Cynthia Montgomery, Dana Thetford, Deborah Turner and Charlene Spears violated 2 U.S.C. § 441f.
8. Open a MUR with respect to RAD Referral # 99L-10.
9. Find reason to believe that Walt Roberts, Walt Roberts for Congress and Chris Clark, as treasurer, knowingly and willfully violated 2 U.S.C. § 441b(a).
10. Find reason to believe that McAlester Industrial Credit Company, Incorporated and W.H. Layden, as president, violated 2 U.S.C. § 441b(a).
11. Approve the attached factual and legal analyses (6).¹⁷

¹⁷ One of the six attached factual and legal analysis is a sample of what will be sent to each of the eight law firm employee/consultants who may have been reimbursed.

12. Approve the attached Subpoenas and Orders (6).

Lawrence M. Noble
General Counsel

9/23/99
Date

BY: 
Lois G. Lerner
Associate General Counsel

Attachments:

1. Response of Mr. Stipe
2. Responses to RAD (loan documents)
3. EIGA statements (initial and amended)
4. Disclosure report (one page)
5. Charts of contributions
6. Factual and legal analyses
7. Subpoenas and Orders

ST-04-406-0148

UNITED STATES HOUSE OF REPRESENTATIVES
FINANCIAL DISCLOSURE STATEMENT

FORM B
For use by candidates
and new employees

RECEIVED
LEGISLATIVE RESOURCE CENTER

Period Covered: January 1, 1997 - July 1, 1998

28 JUL 20 AM 11:24

Walter L. Roberts

(Full Name)

507 W Choctaw

(Mailing Address)

MCalester OK 74501

918 423 9258

Daytime Telephone:

Filer
Status

☒ Candidate for the
House of Representatives

State: OK
District: 3

Date of
Election:

☐ New officer or
employee

Employing Office:

Check if
Amendment
☐

A \$200 penalty shall be assessed
against anybody who files more
than 30 days late.

JUL 14 1998

(Office Use Only)

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

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of \$200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	IV. Did you hold any reportable positions on or before the date of filing in the current calendar year or in the prior two years? If yes, complete and attach Schedule IV.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
II. 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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>	V. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule V.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
III. 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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>	VI. 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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Each question in this part must be answered and the appropriate schedule attached 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, pages 10–11.)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>

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. The Statement will be available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct or its designee. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil penalties and criminal sanctions (See 5 U.S.C. app. 4, § 104 and 18 U.S.C. § 1001).

SIGNATURE OF REPORTING INDIVIDUAL

Walter L. Roberts

DATE (Month/Day/Year)

7/10/98

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Name Walter L Roberts

SCHEDULE I—EARNED INCOME (INCLUDING HONORARIA)

List the source, type, and amount of earned income, including honoraria, from any source (other than your current employment by the U.S. Government) totalling \$200 or more during the current year to the filing date *and*, separately, the preceding calendar year. For a spouse, list the source and amount of any honoraria; list only the source for other spouse earned income exceeding \$1,000. For further information, see Instructions, pages 12-14.

[illegible]

This page may be copied if more space is required.

SCHEDULE III — LIABILITIES

Name **Walter L. Roberts**

Page 1 of 1

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. Mark the highest amount owed during the reporting period. **Exclude:** Any mortgage on your personal residence (unless there is rental income); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report revolving charge accounts only if the balance at the end of the reporting period exceeded \$10,000. For further information, see Instructions, pages 21-22.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability										
			B	C	D	E	F	G	H	I	J	K	
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main Street, Dover, Del.	\$10,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	
	White Building	Real estate Mortgage			X								
	Truck The Bank N A	Auto Loan		X									
	The Bank N A	Revolving Account		X									
	Banc First	Revolving Account		X									
	First National Bank and Trust	Revolving Account		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 26.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
None	

Use additional sheets if more space is required.

ATTACHMENT

Page

of

1

Name **Walter L. Roberts**

SCHEDULE V--AGREEMENTS

[illegible]

----- OF OF 000 PAID BY ONE SOURCE

SCHEDULE VI—COMPENSATION IN EXCESS OF \$5,000 PAID BY ONE SOURCE

Report sources of such compensation received by you or your business affiliation for services provided directly by you during the two prior years. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any nonprofit organization if you directly provided the services generating a fee or payment of more than \$5,000. **Exclude:** Payments by the U.S. Government and any information considered confidential as a result of a privileged relationship.

For instructions, see Instructions, page 27.

Section of Duties

Source (Name and Address)		Brief Description of Duties
Example: Doe Jones & Smith, Hometown, Homestate	Accounting services	
Stipe Law Firm, 323 E. Carl Albert McAlester, OK	Consulting Services	
Kiamichi Electric Coop. Inc.- Wilburton, OK	Consulting Services	

ATTACHMENT 3
Page 15 of 11



OCT 9 1998

RECEIVED
LEGISLATIVE RESOURCE CENTER

98 OCT 15 AM 10:09

CLERK OF THE CLERK
HOUSE OF REPRESENTATIVES

Walt Roberts

★ DEMOCRAT ★ U.S. CONGRESS ★

October 9, 1998

The Clerk, U. S. House of Representatives
Legislative Resource Center
B106 Cannon House Office Building
Washington, DC 20515-6612

✓
cc

RE: Amended Financial
Disclosure Statement

6

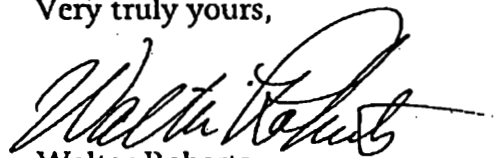
Dear Clerk:

Enclosed please find my Amended Initial Financial Disclosure Statement for the period of January 1, 1997 through July 1, 1998. This amendment was necessitated by a misunderstanding on my part as to what was to be included as assets as well as a misunderstanding of the method of valuing items which are included in this amendment but were not included in the original.

I had numerous pieces of artwork that I had created. I did not believe these to be includable assets under the disclosure rules. There are two reasons for my belief: (1) These were not considered by me to be income producing assets as I did not have any intention of selling them at the time; and (2) I felt that since they were my own creations and no fair market value had been established for them, that if they had been reported, the value would not have reached the reportable amount of \$1,000.00.

I hope this clarifies any questions there might be and that the statement is not complete.

Very truly yours,


Walter Roberts

P. O. Box 3301 • McAlester, OK 74502 • 918.423.WALT (9258)
PAID FOR BY WALT ROBERTS FOR CONGRESS COMMITTEE • CHRIS CLARK, TREASURER

ATTACHMENT

Page

of

7

3

AMENDED STATEMENT

UNITED STATES HOUSE OF REPRESENTATIVES
FINANCIAL DISCLOSURE STATEMENT

Period Covered: January 1, 1997 - July 17, 1998

Walter L. Roberts

507 West Choctaw

McAlester, Oklahoma 74501

Filer Status: ☒ Candidate for the House of Representatives

☐ New officer or employee

State: 3

District: 3

Employing Office:

(Full Name)

(Mailing Address)

(918) 423-9258

Daytime Telephone:

Check if Amendment ☐

A \$200 penalty shall be assessed against anybody who files more than 30 days late.

(Office Use Only)

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

PRELIMINARY INFORMATION — ANSWER EACH OF THESE QUESTIONS

I. Did you or your spouse have "earned" income (e.g., salaries or fees) of \$200 or more from any source in the reporting period? If yes, complete and attach Schedule I.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	IV. Did you hold any reportable positions on or before the date of filing in the current calendar year or in the prior two years? If yes, complete and attach Schedule IV.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
II. 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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>	V. Did you have any reportable agreement or arrangement with an outside entity? If yes, complete and attach Schedule V.	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
III. 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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>	VI. 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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>

Each question in this part must be answered and the appropriate schedule attached for each "Yes" response.

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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 <input type="checkbox"/>	No <input checked="" type="checkbox"/>

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

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SIGNATURE OF REPORTING INDIVIDUAL

DATE (Month/Day/Year)

10/9/98
ATTACHMENT
Page 1 of 1

AMENDED STATEMENT

AMENDED STATEMENT

SCHEDULE II — ASSETS AND "UNEARNED" INCOME

Name Walter L. Roberts

Page 1 of 1

BLOCK A Asset and/or Income Source													BLOCK B Value of Asset													BLOCK C Type of Income													BLOCK D Amount of Income																																						
Identify (a) each asset held for investment or production of income with a fair market value exceeding \$1,000 at the end of the reporting period, and (b) any other asset or source of income which generated more than \$200 in "unearned" income during the period. For rental property or land, provide an address. For an IRA or retirement plan that is self-directed, list the underlying assets worth more than \$1,000. For an IRA or retirement plan that is not self-directed, name the institution holding the account. Exclude: Your personal residence(s) (unless there is rental income); any debt owed to you by your spouse, or by your or your spouse's child, parent, or sibling; any deposits totalling \$5,000 or less in personal savings accounts; any financial interests in or income derived from U.S. Government retirement programs. If you so choose, you may indicate that an asset or income source is that of your spouse (SP) or dependent child (DC) or is jointly held (JT), in the optional column on the far left.													at close of reporting period. If you use a valuation method other than fair market value, please specify the method used. If an asset was sold and is included only because it generated income, the value should be "None."													If other than one of the listed categories, specify the type of income by writing a brief description in this block.													For IRA's and retirement plans that are not self-directed, you may write in "NA" for income.																																						
													A B C D E F G H I J K													DIVIDENDS RENT INTEREST CAPITAL GAINS EXCEPTED TRUST QUALIFIED BLIND TRUST													Current Year													Preceding Year																									
													None - \$1,000 \$1,001 - \$15,000 \$15,001 - \$50,000 \$50,001 - \$100,000 \$100,001 - \$250,000 \$250,001 - \$500,000 \$500,001 - \$1,000,000 \$1,000,001 - \$5,000,000 \$5,000,001 - \$25,000,000 \$25,000,001 - \$50,000,000 Over \$50,000,000																										None - \$200 \$201 - \$1,000 \$1,001 - \$2,500 \$2,501 - \$5,000 \$5,001 - \$15,000 \$15,001 - \$50,000 \$50,001 - \$100,000 \$100,001 - \$1,000,000 \$1,000,001 - \$5,000,000 Over \$5,000,000													None - \$200 \$201 - \$1,000 \$1,001 - \$2,500 \$2,501 - \$5,000 \$5,001 - \$15,000 \$15,001 - \$50,000 \$50,001 - \$100,000 \$100,001 - \$1,000,000 \$1,000,001 - \$5,000,000 Over \$5,000,000													None - \$200 \$201 - \$1,000 \$1,001 - \$2,500 \$2,501 - \$5,000 \$5,001 - \$15,000 \$15,001 - \$50,000 \$50,001 - \$100,000 \$100,001 - \$1,000,000 \$1,000,001 - \$5,000,000 Over \$5,000,000												
SP Mega Corp. Stock													X													X													X													X																									
DC, Examples: 123 Main St., Dover, Del.																																																																													
JT 1st Bank of Paducah, KY accounts																																																																													
Auction Building													X																																							X																									
Horses																																																																													
Artwork created and produced by the candidate													X													X																																																			

24-00000-013

SCHEDULE III — LIABILITIES

Name **Walter L. Roberts**

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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. Mark the highest amount owed during the reporting period. Exclude: Any mortgage on your personal residence (unless there is rental income); loans secured by automobiles, household furniture, or appliances; and liabilities owed to a spouse, or the child, parent, or sibling of you or your spouse. Report revolving charge accounts only if the balance at the end of the reporting period exceeded \$10,000. For further information, see Instructions, pages 21-22.

SP, DC, JT	Creditor	Type of Liability	Amount of Liability										
			B \$10,001 - \$15,000	C \$15,001 - \$50,000	D \$50,001 - \$100,000	E \$100,001 - \$250,000	F \$250,001 - \$500,000	G \$500,001 - \$1,000,000	H \$1,000,001 - \$5,000,000	I \$5,000,001 - \$25,000,000	J \$25,000,001 - \$50,000,000	K Over \$50,000,000	
	Example: First Bank of Wilmington, Delaware	Mortgage on 123 Main Street, Dover, Del.				X							
	White Building	Real Estate Mortgage			X								
	Truck - The Bank N.A.	Automobile Loan		X									
	The Bank N. A.	Revolving Account		X									
	Banc First	Revolving Account		X									
	First National Bank & Trust	Revolving Account		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 26.

Exclude: Positions held in any religious, social, fraternal, or political entities; positions solely of an honorary nature; and positions listed on Schedule I.

Position	Name of Organization
None	

Use additional sheets if more space is required.

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SCHEDULE V—AGREEMENTS

SCHEDULE V--AGREEMENTS

Identify the date, parties to, and general terms of any agreement or arrangement with respect to: future employment; a leave of absence during the period of government service; continuation or deferral of payments by a former or current employer other than the U.S. Government; or continuing participation in an employee welfare or benefit plan maintained by a former employer. For further information, see Instructions, pages 26-27.

Terms of Agreement

Date	Parties To	Terms of Agreement
	None	

SCHEDULE VI—COMPENSATION IN EXCESS OF \$5,000 PAID BY ONE SOURCE

[illegible][illegible]

SCHEDULE B
ITEMIZED DISBURSEMENTS

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

PAGE 2 OF 5
FOR LINE NUMBER 17

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)

Walt Roberts for Congress

A. Full Name, Mailing Address and ZIP Code McCurtain co. Rental LLC Idabel, Oklahoma	Purpose of Disbursement speaking fee Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8-6-98	Amount of Each Disbursement This Period 140.00
B. Full Name, Mailing Address and ZIP Code New Horizons Box 3271 McAlester, Ok 74502	Purpose of Disbursement T-Shirts ADV. Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8-7-98	Amount of Each Disbursement This Period 807.85
C. Full Name, Mailing Address and ZIP Code Annie Prather Kiowa, Ok	Purpose of Disbursement Reimbursement Exp. supplies Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8-7-98	Amount of Each Disbursement This Period 68.59
D. Full Name, Mailing Address and ZIP Code Kelli Cook Crowder, Ok	Purpose of Disbursement Cnt lbr, clerical Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8-8-98	Amount of Each Disbursement This Period 145.49
E. Full Name, Mailing Address and ZIP Code Strategy Source 675 N. Firsr St, Ste 700 San Jose, Ca 95112	Purpose of Disbursement Brochure & graphics Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8-10-98	Amount of Each Disbursement This Period 3,967.17
F. Full Name, Mailing Address and ZIP Code APT 1029 N. Royal St, Suite 350 Alexandria, Va 22314	Purpose of Disbursement Mail List Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8-11-98	Amount of Each Disbursement This Period 1044.55
G. Full Name, Mailing Address and ZIP Code Strother, Duffy & Strother 1400 Eve St., NW #450 Washington, DC 20005	Purpose of Disbursement Media Buy Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8-10-98	Amount of Each Disbursement This Period 67,500.00
H. Full Name, Mailing Address and ZIP Code Strategy Source 675 Norht First St., Ste 700 San Jose, Ca 95112	Purpose of Disbursement Direct Mail Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8-11-98	Amount of Each Disbursement This Period 3,436.47
I. Full Name, Mailing Address and ZIP Code ReMax 315 E Wyannnote McAlester, OK 74501	Purpose of Disbursement Rental Disbursement for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year) 8-12-98	Amount of Each Disbursement This Period 450.00

SUBTOTAL of Disbursements This Page (optional)

ATTACHMENT

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TOTAL This Period (last page this line number only)

STAFF

MUR 4818 WALT ROBERTS FOR CONGRESS
CONTRIBUTIONS MADE BY STIPE LAW FIRM EMPLOYEES

NAME	TITLE	DATE	PRIMARY	RUN-OFF	GENERAL
Spears, Charlene	Management	3/30/98	\$1,000.00		
Spears, Charlene	Admin. Ast.	8/14/98		\$950.00	
Montgomery, Cynthia	Secretary	3/31/98	\$1,000.00		
Montgomery, Cynthia	Paralegal	8/17/98		\$970.00	
Thetford, Dana	Paralegal	9/3/98		\$950.00	
Thetford, Dana	Paralegal	10/29/98			\$1,000.00
Tumer, Deborah	Paralegal	8/14/98		\$950.00	
Barnes, Ginger	Admin. Ast.	10/17/98			\$500.00
Ervin, Gloria	Accountant	8/18/98		\$990.00	
Ervin, Gloria	Inspector	8/17/98	\$980.00		
Benson, Jamie	Secretary	3/28/98	\$1,000		
Benson, Jamie	Self	8/14/98		\$990.00	
Dusenberry, Shelly	Paralegal	8/14/98		\$950.00	
Dusenberry, Shelly	Self	10/17/98			\$300.00
		TOTALS	\$3,980.00	\$6,750.00	\$1,800.00

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Layden Family

MUR 4818 Walt Roberts for Congress
Contributions made by

NAME	DATE	PRIMARY	RUN-OFF	GENERAL
Layden, Bill	10/13/98	\$1,000.00		
Layden, Bill	10/13/98	\$1,000.00		
Layden, Bill	10/13/98			\$1,000.00
Layden, Joe	10/13/98	\$1,000.00		
Layden, Joe	10/13/98		\$1,000.00	
Layden, Joe	10/13/98			\$1,000.00
Layden, Patrick	10/13/98	\$900.00		
Layden, Patrick	10/13/98		\$1,000.00	
Layden, Patrick	10/13/98			\$1,000.00
Layden, W.H.	3/31/98	\$1,000.00		
Layden, W.H.	10/13/98	\$1,000.00		
Layden, W.H.	10/13/98			\$1,000.00
Layden, Yvonne	3/31/98	\$500.00		
Layden, Yvonne	10/13/98	\$500.00		
Layden, Yvonne	10/13/98		\$1,000.00	
Layden, Yvonne	10/13/98			\$1,500.00
Layden, Yvonne	10/14/98			-\$500.00
	TOTAL	\$6,900.00	\$3,000.00	\$5,000.00

ATTORNEYS

MUR 4818 WALT ROBERTS FOR CONGRESS							
CONTRIBUTIONS MADE BY STIPE LAW FIRM ATTORNEYS							
NAME	DATE	PRIMARY	RUN-OFF	GENERAL			
Allen, J	8/24/98		\$250.00				
Belote, James	3/11/98	\$1,000					
Belote, James	7/10/98			\$1,000.00			
Belote, James	9/28/98			\$1,000.00			
Belote, Susan*	3/11/98	\$1,000					
Belote, Susan*	7/10/98			\$1,000.00			
Edwards, Mark	8/17/98	\$900.00					
Edwards, Candice*	8/17/98	\$990.00					
Edwards, Tony	3/6/98	\$1,000.00					
Edwards, Tony	6/30/98			\$1,000.00			
Edwards, DeVonna*	3/6/98	\$1,000.00					
Falling, James R.	9/28/98			\$1,000.00			
Falling, Julie*	9/28/98			\$1,000.00			
Harper, Eddie	2/27/98	\$1,000.00					
Harper, Eddie	6/30/98	\$1,000.00					
Harper, Eddie	9/1/98			\$1,000.00			
Howell, Bart	6/9/98	\$250.00					
Howell, Bart	8/17/98		\$750.00				
Laizure, Anthony	3/11/98	\$1,000.00					
Laizure, Anthony	6/30/98			\$1,000.00			
Laizure, Brenda*	3/31/98	\$1,000.00					
Maxcey, Tim	3/28/98	\$250.00					
Maxcey, Tim	6/24/98	\$250.00					
Maxcey, Tim	8/17/98		\$400.00				
Stipe, Clyde	3/3/98	\$1,000.00					
Stipe, Clyde	7/10/98			\$1,000.00			
Stipe, Clyde	9/1/98		\$1,000.00				
Stipe, Gene	2/27/98	\$1,000.00					
Stipe, Gene	7/29/98			\$1,000.00			
Stipe, Gene	8/3/98			\$1,000.00			
Stipe, Gene	8/28/98		\$1,000.00				
Thetford, John	8/14/98		\$980.00				
Thetford, Barbara*	8/14/98		\$950.00				
Thetford, Barbara*	8/31/98		\$1,000.00				
Thetford, Barbara*	9/28/98			\$998.00			
Thetford, John	8/31/98		\$1,000.00				
Thetford, John	9/28/98			\$996.00			

ATTORNEYS

Thetford, John	8/14/98		\$980.00				
Thetford, Mark S.	8/14/98		\$950.00				
Thetford, Mark S.	9/3/98		\$950.00				
Thetford, Mark S.	10/29/98			\$1,000.00			
Thetford, Dana*	9/3/98		\$950.00				
Thetford, Dana*	10/29/98			\$1,000.00			
Thetford, Mark S.	10/29/98			\$1,000.00			
Useton, Russell	2/27/98	\$1,000.00					
Useton, Russell	6/30/98			\$1,000.00			
Useton, Russell	8/28/98						
	TOTALS	\$4,400.00	\$10,910.00	\$12,994.00			
<i>* Indicates that this person has same last name and same address</i>							

ATTACHMENT

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