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September 6, 2001

By Hand

Xavier K. McDonnell, Esq.
Office of the General Counsel
6th Floor
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 4818

Dear Mr. McDonnell:

Pursuant to 11 C.F.R. §111.16(c), enclosed are three copies of the Brief of Respondents The Honorable Gene Stipe and The Stipe Law Firm in Response to the Brief of the General Counsel Recommending Finding of Probable Cause.

The original and nine copies of the brief have been filed with the Secretary of the Commission.

Sincerely yours,


Joseph E. Sandler
Attorneys for Respondents The Honorable Gene
Stipe and The Stipe Law Firm

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COMMISSION
OFFICE OF GENERAL
COUNSEL

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**BEFORE THE
FEDERAL ELECTION COMMISSION**

In the matter of:)
)
)

The Honorable Gene Stipe)
The Stipe Law Firm)
)
_____)

MUR 4818

**BRIEF OF THE HONORABLE GENE STIPE AND
THE STIPE LAW FIRM
IN RESPONSE TO
BRIEF OF THE GENERAL COUNSEL RECOMMENDING
FINDING OF PROBABLE CAUSE**

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Dated: September 6, 2001

SEP 6 4 59 PM '01

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COUNSEL

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IN RESPONSE TO
BRIEF OF THE GENERAL COUNSEL RECOMMENDING
FINDING OF PROBABLE CAUSE**

Respondents The Honorable Gene Stipe ("Sen. Stipe") and The Stipe Law Firm submit this brief in response to the Brief of the General Counsel, dated July 11, 2001 ("OGC Brief"), recommending that the Commission find probable cause to believe that Sen. Stipe and The Stipe Law Firm knowingly and willfully violated the Federal Election Campaign Act of 1971 as amended ("the Act"), 2 U.S.C. §§441f and 441a(a)(1)(A).

I. INTRODUCTION

Walt Roberts was an unsuccessful candidate for U.S. Congress from the Third Congressional District of Oklahoma in 1998. Using shards of selected testimony, assertions without basis in the record and unsupported assumptions, the General Counsel has woven together a story of a vast conspiracy between Sen. Stipe and Roberts to funnel nearly \$200,000 onto Roberts' campaign in deliberate violation of the Act's limits. (E.g., OGC Brief at 9, 41).

The full factual record tells a very different story. It tells a story of a lifelong friendship between Sen. Stipe and Roberts, involving substantial mentoring and personal financial support for Roberts by Sen. Stipe, and business dealings between Stipe and Roberts, over a period of many years. From Sen. Stipe's standpoint, he engaged in several transactions with Roberts during a period overlapping with the period of the congressional campaign, in which payments were made to Roberts personally either for full consideration in legitimate business transactions or as a continuation of the lifelong pattern of personal support for Roberts and his non-political vocational pursuits. In addition, several of the transactions challenged by the General Counsel did not, from Sen. Stipe's standpoint, involve Roberts in any way, but were legitimate, arms-length business dealing with other individuals, who in turn engaged in transactions with Roberts that the General Counsel insists were disguised contributions to the Roberts campaign.

Roberts and the other individuals implicated by the General Counsel, including Jim E. Lane, Charlene Spears and Louise Crosslin, will presumably be called upon to answer for and explain their actions in their own responses to the General Counsel's investigation. Sen. Stipe can, of course, only be held liable for his own actions and intentions as he experienced them and understood them. To be sure, Sen. Stipe certainly wanted to assist Roberts in every way possible as he had done during Roberts' entire lifetime, and Sen. Stipe clearly supported and was involved in Roberts' candidacy and wanted Roberts to succeed in his congressional race. The facts show, however, that none of the transactions put at issue by the General Counsel was intended by Sen. Stipe to be, or by any objective measure should be considered to be, a means of making secret contributions to Roberts' campaign, as demonstrated below.

In that regard, the General Counsel has from the outset assumed that every action taken and word spoken by every individual involved in this case was intended to perpetuate the conspiracy pre-conceived by the General Counsel. The General Counsel, in essence, has treated Sen. Stipe's refusal to assent to the General Counsel's theory of the case as an effort to cover up and to "impede and obstruct this investigation." (OGC Brief at 44). The General Counsel has treated every honest confusion and gap in memory, the normal inconsistencies in testimony of witnesses trying to remember transactions, and differing interpretations of agreements, all as part of an effort to conceal the facts from the Commission, and has accused Sen. Stipe and others of doctoring documents or taking other actions to make unlawful payments appear legitimate after the investigation began. (Id.)

The General Counsel's allegations of obstruction are utterly unfounded and outrageous. Sen. Stipe is the longest-serving elected official in the United States. His distinguished career of public service stretches for nearly 50 years. The General Counsel's attempts to smear Sen. Stipe with what amount to unsupported allegations of serious misconduct are uncalled for and regrettable. Sen. Stipe and The Stipe Law Firm have provided all documents in their custody and possession that have been subpoenaed or otherwise requested by OGC. Sen. Stipe sat for two full days of depositions and answered every question truthfully and to the best of his recollection. Neither Sen. Stipe nor anyone acting under his direction or with his knowledge ever altered or created any documents after the investigation commenced or at any other time.

At this juncture, and with respect to these particular respondents, the Commission should focus on the facts of record with respect to Sen. Stipe's own specific actions and knowledge. The facts of record show, in summary, that:

1. Sen. Stipe was not involved in any way in the sale of a horse trailer by Roberts to Lane for \$20,000, which funds Roberts deposited in his campaign account and reported as a personal loan to his campaign. Although the General Counsel claims that Sen. Stipe was the source of this \$20,000 payment, a \$20,000 payment from Sen. Stipe to Lane at that time was part of a series of payments, long predating the congressional campaign, for purchase by Sen. Stipe of a parcel of land owned by a company then jointly owned by Sen. Stipe and Lane. The suggestion that the payment was made by Sen. Stipe to Lane as part of some kind of scheme to make a disguised contribution to Roberts is completely unsupported.

2. In the summer of 1998, Sen. Stipe asked Roberts, an experienced livestock handler and trader who had served as an official of the Texas Cattlemen's Association, to acquire cattle for Sen. Stipe's ranch. Roberts has admitted that he misappropriated the payment made by Sen. Stipe for this purpose and that, without Sen. Stipe's knowledge, Roberts immediately loaned those funds to his congressional campaign. Roberts acquired additional funds from Sen. Stipe's account through Charlene Spears, again without Sen. Stipe's knowledge at the time, to pay for the actual cattle that were delivered.

Sen. Stipe believed that all of the cattle delivered were longhorns, not usable on the ranch, and demanded his money back. He believed that other, non-longhorn cattle that were delivered—the ones Roberts actually paid for—were part of a different transaction. Roberts repaid the initial payment to Sen. Stipe within a few weeks. Sen.

Stipe kept the remaining cattle that Roberts had actually delivered. At the time, then, Sen. Stipe believed he had not in fact paid for the returned longhorn cattle and that he had paid a different broker for the cattle he kept. After this investigation began, Sen. Stipe discovered the truth about the entire transaction.

Despite Roberts' improper conduct, his misrepresentations to the press during the campaign and his failure to report the transaction accurately on his EIGA report, the fact remains that Sen. Stipe ultimately paid once, and paid a fair market price, for cattle he actually received and kept. From Sen. Stipe's standpoint based on what he knew and understood at the time, this transaction was legitimate and arms' length purchase of a cattle through a trusted friend with extensive experience in livestock dealings.

3. During the summer of 1998, Roberts approached Sen. Stipe about getting paid for previous promotions of the Stipe Law Firm by Roberts on radio programs that Roberts had hosted in previous years. Roberts asked for \$17,000, which Sen. Stipe and Roberts agreed was more than the work had been worth, but Sen. Stipe agreed to have the law firm make the payment with the understanding that Roberts would perform additional services to make up the difference. Consistent with the longstanding friendship and business and personal dealings over the years, Sen. Stipe has not pursued Roberts to perform the additional services. There is no evidence at all that this payment was made as a contribution to Roberts' campaign.

4. Well before Roberts had decided to run for Congress, and consistent with the lifelong pattern of mentoring and financial support for Roberts by Sen. Stipe, Sen. Stipe and Roberts had discussed a plan for long-term support by Sen. Stipe of Roberts' efforts to make a career of creating bronze sculptures with Western themes. These

discussions resulted in an agreement that Sen. Stipe would acquire an interest in Roberts' art in exchange for payments to Roberts of costs and living expenses over a period of ten years to enable Roberts to pursue his art career. At Sen. Stipe's suggestion, this "option agreement" was reduced to writing. Pursuant to this agreement, Sen. Stipe has made payments to Roberts every year from and including 1998, the year after the agreement was signed, through the present. Sen. Stipe continues to make those payments.

Roberts has not sold any artwork since the agreement other than pieces sold during his art auction in September 1998, which pieces were created before the agreement was signed; Sen. Stipe and Roberts disagree on whether the agreement covers these sales. Although the General Counsel makes much of the fact that Sen. Stipe has not pursued his potential legal rights against Roberts, it would not be expected that individuals who enjoy the kind of relationship Sen. Stipe and Roberts have maintained for many years, would start threatening to sue each other. The fact is that the agreement relating to Roberts' art was a bona fide agreement for fair consideration.

5. As Sen. Stipe has made clear from the outset of this investigation, as part of a lifelong pattern of personal support for Roberts, Sen. Stipe also paid certain of Roberts' living expenses during 1998. These payments were clearly in addition to the payments made under the art agreement in the years 1998-2001. There is no evidence that Roberts used any of these funds in his campaign. Further, there is no evidence that these payments were other than what Sen. Stipe has always represented them to be—personal gifts.

6. The General Counsel makes much of an art auction held by Roberts, to obtain funds to repay Sen. Stipe for the funds Roberts misappropriated when Sen. Stipe

had paid Roberts for the purchase of cattle. The record is clear that Sen. Stipe did not attend the auction and did not purchase any art there. Thus, regardless of whether the auction involved bona fide sales undertaken in the ordinary course of business, no funds of Sen. Stipe passed to Roberts at or in connection with the auction. While the General Counsel contends that funds provided to Louise Crosslin by Sen. Stipe were used by Crosslin to purchase art at the auction, the factual record makes clear that Sen. Stipe's payment to Louise Crosslin at the time of the auction was one of a long series of payments to Crosslin by Sen. Stipe in connection with real estate ventures in which they were partners.

7. At the very outset of this investigation, Sen. Stipe made clear to OGC that his funds had been used by Charlene Spears to reimburse law firm staff for contributions to Roberts. Spears has acknowledged using funds from Sen. Stipe to advance or reimburse these contributions. There is not a shred of evidence cited by the General Counsel after interviewing all of the staff involved as well as deposing Ms. Spears and Sen. Stipe, that Sen. Stipe had any knowledge of these payments, at the time they were made.

For these reasons, the Commission should find no probable cause to believe that Sen. Stipe or The Stipe Law Firm violated the Act, let alone that they did so knowingly or willfully. The complaint should be dismissed and the file closed.

II. APPLICABLE LAW

Candidates for Congress may make unlimited expenditures from their "personal funds." 11 C.F.R. §110.10(a); see OGC Brief at 3. The Commission's rules define "personal funds" to include:

- (1) "Any assets which, . . . 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 or other earned income from bona fide employment, . . . and proceeds from the sale of the candidate's . . . investments; . . . gifts of a personal nature which had been customarily received prior to candidacy; . . ."

11 C.F.R. §110.10(b)(1) & (2).

When a candidate sells assets or renders services, and contributes or loans the proceeds to his or her campaign, the issue in determining whether the funds received in those transactions are "personal" is whether the sale was a sale for fair value of assets actually owned by the candidate, or whether the payment for services was bona fide. That a candidate elects to engage in otherwise bona fide transactions during a campaign so that he can use the funds to benefit his candidacy, does not make the funds other than "personal" or their use illegal. For example, in MUR 4314, the Commission found no reason to believe that a candidate had violated the Act when he caused a loan to his state campaign to be repaid during his campaign for federal office. Finding the loan itself to be legitimate, the General Counsel stated that:

The repayment appears accelerated or made specifically for the candidate to use these funds for his federal campaign. Although this may give the appearance of wrongful conduct, this appears not to be a violation of the federal election laws.

First General Counsel's Report, MUR 4314, Oct. 15, 1996 at 7 (emphasis added).

Thus, the issue in the instant MUR, with respect to Senator Stipe, is whether from his standpoint the business transactions at issue were bona fide. It is irrelevant that these transactions may have taken place during Roberts' campaign, and that Sen. Stipe also knew about and was involved in the campaign, notwithstanding the General Counsel's

repeated efforts to link Sen. Stipe's involvement in the Roberts campaign to these transactions.

With respect to funds provided as personal gifts, the Commission has found that such funds may constitute part of a pattern of "gifts. . . customarily received" even where the level of gifts increases in proximity to an election cycle. For example, in MUR 4353, a mother had given regular cash gifts to her son, who became a candidate for Congress in 1996. Her gifts in 1995 totaled \$55,396, an increase of about \$21,000 over amounts given in each of the two preceding years, and her gifts in 1996 amounted to \$62,100. The mother generally gave lesser gift amounts to her two daughters than to her son, and the son, the candidate, admitted that gifts received by him from his mother just before the hotly contested primary in 1996 were needed because the campaign was consuming the time he would otherwise have to devote to his business.

The General Counsel found that the mother "provided these questionable gifts to her son during the heat of the 1996 primary race, when she likely would have been influenced by his campaign needs into giving sooner and in larger amounts than she would have if he had not been a candidate." Nevertheless, the General Counsel recommended that the Commission take no further action, "in light of Respondents' apparent confusion as to how the divestiture of [the mother's] estate may be affected by the Act and its regulations, the small number of questionable checks in proportion to the total amount written since 1990 and the curtailment of large and frequent gifting during the general election." (MUR 4353, General Counsel's Report, Sept. 23, 1997 at 14). Here too, the Commission should take into account the lifelong pattern of support by Sen. Stipe for Roberts, not only in evaluating those funds specifically provided by Sen. Stipe

to Roberts as personal gifts but also in assessing and putting into context the informal manner in which they undertook business dealings with each other.

III. DISCUSSION

A. Background

1. Background on Sen. Stipe

Sen. Stipe is 75 years old. He has served in the Oklahoma Legislature for more than 50 years (Deposition of Gene Stipe, Jan. 11-12, 2001 ("Stipe Dep.") at 8), continues to serve in the Oklahoma Senate, and is the longest-serving elected official in the United States, at any level. Sen. Stipe is also a practicing trial lawyer, and has been a partner in his own law firm for more than 40 years. The Stipe Law Firm today has offices in four cities in Oklahoma, including McAlester, Oklahoma City, Tulsa and Muskogee. (Id. at 9-10).

Apart from public service, the active practice of law and community activities, Sen. Stipe has been involved in numerous business ventures over the years. He has participated in numerous real estate ventures and currently co-owns a construction company, which was in existence in 1998. (Id. at 12-13). With Louise Crosslin and others, Sen. Stipe has, through various companies, developed four hotels and several apartment complexes and other residential projects. (Id. at 18-20; Deposition of Charlene Spears, Dec. 6-7, 2000 ("Spears Dep.") at 55-57). During 1998, construction was underway on a multiplex housing project in Pryor, Oklahoma, which Sen. Stipe developed jointly with Louise Crosslin. (Spears Dep. at 56-57; Stipe Dep. at 19).

Sen. Stipe has also owned a newspaper and convenience stores, and has for many years co-owned, with his brother, four radio stations in McAlester, Oklahoma, stations which they owned and operated during 1998. (Stipe Dep. at 31-32). With another partner, Sen. Stipe has also, for about 25 years, owned and operated a number of abstract and title insurance companies. (Id. at 33). Sen. Stipe also owns more than 500 oil and gas properties. (Id. at 26).

The nature of Sen. Stipe's activities require him to be absent frequently from his law office and to travel around the state a great deal. The legislative session in Oklahoma City runs from February through May, and when the legislature is out of session, Sen. Stipe travels to Oklahoma City once or twice a week. (Spears Dep. at 47-48).

Because of his schedule and the numerous political, business and community activities in which he is involved, Sen. Stipe has necessarily been required to delegate much of the day-to-day responsibility for running his business and finances. Charlene Spears, his assistant, essentially runs his oil and gas business, (Spears Dep. at 32, 84-89; Stipe Dep. at 26-27), and writes and signs 100-200 checks per month on the Senator's oil and gas account. (Spears Dep. at 89). Spears has signatory authority over all of Sen. Stipe's bank accounts except for one personal account (id. at 94), makes deposits for him (id. at 94-96) and also writes checks to pay bills for the real estate ventures Sen. Stipe has undertaken with Crosslin. (Id. 107-08, 367, 369, 371; Stipe Dep. at 289-90). It is common for Spears to write and sign checks from Sen. Stipe's accounts without discussing those expenditures with him. (Stipe Dep. at 290-91; Spears Dep. at 88).

2. Relationship Between Sen. Stipe and Walt Roberts

As noted, the relationship between Sen. Stipe and Walt Roberts is relevant, not only in evaluating the funds provided by Sen. Stipe expressly intended to be personal gifts, but also in evaluating the manner in which they conducted business with each other.

Roberts has known Sen. Stipe for as long as Roberts can remember. (Deposition of Walt Roberts, January 9-10, 2001 ("Roberts Dep.") at 49-50). Roberts' parents and grandparents were supporters and friends of Sen. Stipe. (Id. at 49). Roberts did his first volunteer campaign work for Sen. Stipe when Roberts was as young as seven or eight years old. (Id.) Roberts testified that "Gene has always been inherently – been interested in me for whatever reason. I feel fortunate in that because he's always been my friend, and he's always had an interest." (Id. at 52).

Roberts graduated from high school in 1980 and then attended Conner State Junior College, where he obtained an associates degree in Criminal Justice in 1984. (Id. at 21). During that time, Sen. Stipe arranged for Roberts to obtain a job with the local sheriff's office, and arranged for or provided funds for that job. (Id. at 52). Upon graduation in 1984, Roberts attended Oklahoma University briefly but dropped out because of a riding accident. Sen. Stipe provided Roberts with a job in Sen. Stipe's campaign during that fall. (Id. at 53). Sen. Stipe then took Roberts to visit with a friend of Sen. Stipe's who was an advisor at University of Central Oklahoma and persuaded the advisor to enroll Roberts there. (Id. at 54). Sen. Stipe paid for Roberts' tuition for at least the first year at that school, and continued to provide Roberts with cash for living expenses while Roberts attended that school, where Roberts obtained his bachelor's degree in 1986. (Id. at 21, 23, 54-55).

In 1985, Roberts attended a polygraph school, and Sen. Stipe hired him to do polygraph examinations on employees of convenience stores owned by Sen. Stipe. (Roberts Dep. at 23; Stipe Dep. at 71).

With the encouragement of Sen. Stipe, Roberts ran for and was elected to the Oklahoma State House of Representatives later in 1986. (Id. at 21, 23-24). During his first term in the legislature, Roberts enrolled in law school at the Oklahoma City Law School; Sen. Stipe paid his tuition for a full year of law school, but Roberts dropped out after a few months. (Id. at 21; Stipe Dep. at 71).

Roberts served three terms in the Oklahoma House and worked closely with Sen. Stipe during that time. (Roberts Dep. at 27). At the end of his last term, in 1992, Roberts decided not to run for re-election because his family, which was in the cattle business, had accumulated substantial debts. (Id. at 28-29). Roberts took a job with the Texas Cattlemen's Association in San Antonio, Texas. (Id. at 29). After a year, Roberts left that job and, while still in Texas, began creating bronze sculptures with cowboy-related themes. (Id. at 37-39). Roberts then moved back to Oklahoma, continued to sculpt, sold just enough to cover his costs and otherwise supported himself as an auctioneer. (Id. at 38-42, 64).

In March 1997, Roberts wanted to purchase a building to use as an auction house, and located an old electrical supply building. Roberts approached Sen. Stipe, who agreed to jointly acquire the property with Roberts and to co-sign a mortgage on the building in the amount of \$75,361. (Stipe Dep. at 71-72; Roberts Dep. at 48; Stipe Answers to FEC Interrogatories, Dec. 3, 1999, Question 4). In April 1997, in order to remodel the building, so that it could be used as an auction barn, Roberts and Sen. Stipe jointly

obtained a loan of \$88,271.35, evidenced by a promissory note, which they jointly signed, and which was secured by an additional first mortgage on the property. (Stipe Answers to FEC Interrogatories, Dec. 3, 1999, Question 4).

In the fall of 1997, Roberts approached Stipe and discussed Roberts' plan to undertake a serious career in making bronze Western-art sculptures. They agreed that Sen. Stipe would support Roberts, by providing up to \$35,000 a year for living expenses, in exchange for Sen. Stipe acquiring a one-half interest in Roberts' artworks. (Roberts Dep. at 210-212; Stipe Dep. at 252). A written agreement memorializing that understanding was drawn up by Michael Blessington, an attorney who represents Roberts and also uses space at the Stipe Law Firm; the agreement was signed by Roberts and Sen. Stipe in December 1997. (Roberts Dep. at 211-212; Stipe Dep. at 261-62).

Roberts decided to run for Congress some time in January of 1998, and filed his Statement of Candidacy on February 12, 1998. (OGC Brief at 6). While Sen. Stipe was strongly supportive of Roberts' candidacy, advised Roberts and participated in several meetings and discussions, Sen. Stipe was not active day-to-day in Roberts' campaign. (Stipe Dep. at 77-78, 94-97; Roberts Dep. at 178-79). In particular, Sen. Stipe took a vacation in Ireland for approximately one month in the summer of 1998, in the middle of the campaign. (Stipe Dep. at 78).

B. Sale of Horse Trailer to Jim E. Lane

According to the General Counsel's Brief, Roberts has stated that \$20,500 of a \$35,500 loan Roberts made to his campaign in April 1998 came from the sale of a horse trailer by Roberts to Jim E. Lane. (OGC Brief at 10). A three-page attack on the legitimacy of this sale in the General Counsel's Brief does not even mention Sen. Stipe

(Id. at 10-12). The General Counsel claims that the sale may not have been legitimate—i.e., that Lane paid Roberts more than fair market value for the trailer, in order to support Roberts' campaign. (Id. at 10-12). Regardless of the legitimacy of the sale, however, Sen. Stipe had nothing to do with it.

Both Roberts and Lane testified that Sen. Stipe knew nothing about the sale of the trailer. Roberts testified that:

- Q. . . . Did you ever talk to Senator Stipe about where he got the money?
 A. I sure have not.
 Q. Did you know that the money came from Senator Stipe's—
 A. No, I did not know that.
 Q. --account? Well, you never talked to Senator Stipe about that?
 A. No I didn't talk to Senator Stipe about it.
 Q. Did Jimmy Lane ever tell you—
 A. In fact as far – if I knew –if Gene Stipe knew I sold Jimmy, Gene—Jimmy told him because I never told Gene about it. I never said a word to Gene about what I sold.

(Roberts Dep. at 303 (emphasis added)).

Lane testified that:

- Q. What about Gene Stipe? Did he ever suggest that you purchase this [trailer] or give this check –
 A. No. Gene Stipe didn't have anything to do with the trailer.
 Q. He never suggested that you purchase this trailer or forgive money to Mr. Roberts?
 A. No, he did not.

(Deposition of Jim E. Lane, June 7, 2000 ("Lane Dep.") at 116). Sen. Stipe confirmed that he had no idea that Lane had bought a trailer from Roberts and that he, Sen. Stipe, had never discussed any such transaction with Lane or Roberts. (Stipe Dep. at 175, 177-78).

The General Counsel claims that Sen. Stipe was the source of \$20,000 of the \$20,500 that Lane gave to Roberts. (OGC Brief at 13). The General Counsel further

claims that "Senator Stipe funneled \$20,000 through Mr. Lane for the purpose of funding Roberts campaign." (Id. at 15). There is not a shred of credible evidence to support that charge. The facts are that the \$20,000 payment at issue, from Sen. Stipe to Lane, was part of a series of payments going back to June 1997, for purchase by Sen. Stipe of Lane's interest in a parcel of land owned by a company, Bivco, Inc., which was jointly owned by Sen. Stipe and Lane.

In 1973, Sen. Stipe, Lane and another partner, Max Young, acquired the stock of Bivco from four shareholders, including Lane. At that point, Bivco owned a number of real and personal properties. See Stock Transfer Agreement attached as Exhibit 1 hereto. Bivco continued to develop its properties over the next twenty-plus years, including the Holiday Inn in Idabel, Oklahoma and several other motels or hotels. (Stipe Dep. at 18, 152-53). At some point, Lane bought out Young's interest, leaving Lane and Stipe as the sole stockholders. (Id. at 162-63). By the early 1990's, Bivco had developed and disposed of all of its assets, and the corporation was allowed to lapse. (Id. at 157). It was discovered, however, that Bivco still owned a parcel of land, on which taxes were owed. At that point, Sen. Stipe had formed a construction company with two other partners, Larry Bernhardt and Todd Bernhardt. (Stipe Dep. at 17). Sen. Stipe decided that he did not want to develop the land with Lane, but rather with his new company. The land was appraised for \$200,000 (Stipe Dep. at 160) and, in early 1997, Sen. Stipe agreed to pay Lane personally \$100,000 to buy out Lane's one-half interest in the land through Bivco. (Id. at 160-61, 170).

The land was transferred from Bivco to Sen. Stipe on June 11, 1997. See Warranty Deed attached as Exhibit 2 hereto. It was agreed that the payments by Sen.

Stipe to Lane would be made in installments. A down payment of \$20,000 was made by Sen. Stipe to Lane on June 12, 1997, one day after the deed was recorded. See General Ledger attached as Exhibit 3 hereto; Lane Dep. at 100.

During 1998, Sen. Stipe conveyed the land to S&B Company, a partnership between himself, Larry Bernhardt and Todd Bernhardt. S&B used the land to construct a motel, which became a Microtel. (Stipe Dep. at 17-18, 155). Sen. Stipe continued to make payments to Lane during 1998, and by the end of 1998 these payments totaled \$68,481. See Exhibit 3 hereto; OGC Brief at 14 & n. 14; Lane Dep. at 100.¹ At some point during construction, despite a clean environmental assessment that had been performed when the land was acquired, the Army Corps of Engineers informed the contractor that the land was partially located on protected wetlands. (Stipe Dep. at 155). At that point, Sen. Stipe stopped paying Lane until the wetlands issue could be resolved. (Id. at 160-161, 172; Lane Dep. at 101-02).

The General Counsel herself acknowledges that the \$20,000 payment was one of a series of seven payments from Sen. Stipe to Lane going back to June 1997—long before Roberts ever decided to run for Congress—and continuing through October 1998. (OGC Brief at 14 & n. 14). Nevertheless, the General Counsel insists that the one payment of \$20,000 made in April 1998 must be plucked out of this series of payments, and treated as an unlawful campaign contribution from Sen. Stipe, because Lane decided to use that particular payment to buy a horse trailer from Roberts. That contention is meritless.

¹ The General Ledger, Exhibit 3, referred to in OGC Brief at 13-14, shows a beginning balance owed by Lane to Sen. Stipe of \$16,000 as of January 1, 1997. See also OGC Brief at 15 n. 16. The ledger does not show when this payment was made by Sen. Stipe to Lane or what it was for, and it appears to be unrelated to the Bivco land sale.

The General Counsel challenges the legitimacy of the land sale from Bivco to Stipe on several specious grounds. First, the General Counsel points out that there was no sales contract for the purchase. (OGC Brief at 14). But Lane testified that it was commonplace for him to undertake transactions of this nature without a written agreement (Lane Dep. at 102), and it was clearly a common practice of Sen. Stipe as well. More critically, there can be no dispute that the land was in fact conveyed by Bivco to Sen. Stipe, as evidenced by the June 11, 1997 warranty deed.

Second, the General Counsel claims that there is no "credible explanation" for why the payment was made by Sen. Stipe to Lane rather than to Bivco. (OGC Brief at 14-15). The fact is that Sen. Stipe and Lane were the sole stockholders of Bivco at that point and that Lane was relinquishing his one-half interest in the land, which he owned through the corporation, in exchange for a payment to him personally of one-half the value of the land. That the form of the transaction was a personal payment obviously does not suddenly implicate a campaign finance problem in view of the fact that Stipe was receiving fair value from Lane—as clearly evidenced by the Warranty Deed—in a transaction that long predated Roberts' candidacy.

Third, the General Counsel cites Lane's supposedly contradictory testimony about the timing of the down payment. In fact, it was staff counsel's questioning that was confusing and misleading, and the OGC Brief is equally misleading. Contrary to what is asserted in the OGC Brief at 15, Lane never testified that the April 1998 payment from Sen. Stipe was the down payment. He testified as follows:

- A. I was supposed to get a payment on the land, almost this much, and I said, if it came in, we would complete this deal on the trailer. Well, it came in.
- Q. That was your down payment?
- A. Yeah. Well, that was the second payment.

(Lane Dep. at 97)(emphasis added).

- Q. Deeds were recorded before you actually got the down payment?
 A. No. This is not the down payment. This is the second payment.
 Q. I thought you said down payment.
 A. No. You said down payment.
 Q. Originally I thought you said it. I thought you said you were getting a down payment. Okay. So what was the down payment?
 A. 20,000.
 Q. When was the down payment received?
 A. I'm thinking it was along about September, I believe.
 Q. September the previous year?
 A. Of '97.
 Q. So that would have been when the land would have been—
 A. I believe that's when it was done, yeah.
 Q. That's when it would have been recorded the deed?
 A. It should have been recorded at the same time.

(Lane Dep. at 99-100)(emphasis added). Thus, although Lane identified the wrong month as the date of the conveyance—September, rather than June, of 1997—he testified consistently that the down payment was received in 1997 when the land was conveyed, and that the April 1998 payment was the second payment.

Finally, the General Counsel makes much of the fact that the seven payments from Sen. Stipe to Lane for the conveyance of the land were incorrectly recorded on Sen. Stipe's books as loans from Sen. Stipe to Lane, and that the records were corrected in 1999, after this investigation had commenced. (OGC Brief at 14). The correction to the records was appropriate since it is obvious that these were not loans to Lane. It makes no sense, for example, to conclude that the payment made to Lane one day after the warranty deed was recorded in June 1997 was anything but a payment in connection with the land conveyance. That the information was originally incorrectly recorded on the books is utterly irrelevant. Further, the "Adjusting Journal Entry" was clearly not, as the General Counsel implies, some sort of effort to doctor the record in connection with this case.

The adjustment is clearly dated as having been made in 1999, and the original ledger was provided to OGC before the adjustment was made.

In short, Sen. Stipe had nothing whatsoever to do with the sale of the trailer by Roberts to Lane, and Sen. Stipe's \$20,000 payment to Lane in April 1998 was clearly part of a legitimate business transaction, and not a disguised campaign contribution.

C. Purchase of Cattle By Sen. Stipe

The factual record regarding a purchase of cattle by Sen. Stipe in the summer of 1998 is confusing and contradictory, and for good reason. Walt Roberts has admitted that he misappropriated funds provided by Sen. Stipe to him for this purchase, and concealed that fact from Sen. Stipe at the time. To be sure, there is contradictory testimony about what each other individual involved knew about Roberts' misconduct and exactly when—after the fact—each of those individuals discovered the truth. The factual record makes clear, however, that from Sen. Stipe's standpoint, he believed that he provided funds to Roberts for the purchase of cattle; that the cattle were not satisfactory; that his money was quickly refunded; and that other cattle were delivered that he retained, and for which he paid.

1. Sen. Stipe's Purchase of Cattle in 1998

The essential facts now known about the cattle sale have been established in the course of the investigation. Sen. Stipe owns a cattle ranch of between 5,000 and 6,000 acres, located near Scipio, Oklahoma. (Stipe Dep. at 63). Sen. Stipe has kept cattle on the ranch when economic conditions warranted it, while keeping no cattle generally during periods of drought and/or low prices. (*Id.* at 63-64). During the summer of 1998,

substantial grass had grown on the ranch, cattle prices were high, and Sen. Stipe decided to acquire cattle for the ranch. (Stipe Dep. at 185; Roberts Dep. at 370).

Roberts had extensive experience in buying and selling livestock. His grandfather was a cattle trader, and his parents were in the cattle business. (Roberts Dep. at 28-30, 42). Roberts had bought and raised cattle over the years, and had leased several ranches. (Id. at 30-33). Roberts worked for the Texas Cattlemen's Association for about a year. (Id. at 29, 35). Roberts had also worked himself as an "order buyer," an individual who assembles herds of particular types of cattle for customers by purchasing cattle at livestock markets. (Roberts Dep. at 363-65).

During the summer of 1998, Sen. Stipe began to place orders with order buyers for cattle. (Stipe Dep. at 194). Sen. Stipe's regular order buyer was S.R. Phipps, who was unable to assemble the desired number of cattle quickly enough. (Id. at 194-95). Believing that Roberts had already put together a herd of cattle on his ranch, Sen. Stipe approached Roberts to purchase approximately 70 to 80 head of cattle consisting of cow/calf pairs. (Roberts Dep. at 370; Stipe Dep. at 185-86). Roberts told Stipe the cattle would cost between \$65,000 and \$70,000 dollars, and Sen. Stipe told Roberts to put together the cattle on Sen. Stipe's ranch (Roberts Dep. at 370). Roberts went to Charlene Spears, who wrote Roberts a check for \$67,500 on August 7, 1998. (Stipe Dep. Exhibit 16; Roberts Dep. at 370).

Unbeknownst to Sen. Stipe, Roberts had decided to place the order for the cattle, with an order buyer in Texas, Bryan Davis, but to put Sen. Stipe's payment into the Roberts campaign, as a personal loan, and to use those funds for a media buy just before the primary election. (Roberts Dep. at 372-73). Roberts believed that if he won the

primary, his campaign would receive a substantial number of new contributions, which Roberts would then use to repay himself and then pay for the cattle when they arrived.

(*Id.* at 372-373). Roberts testified that, "I knew it was wrong to spend Gene's money like that and against his trust. I knew it was." (*Id.* at 373). Roberts testified:

I cashed the check to put it in the auction account because I knew that I would end up paying for the cattle, you know. Because at this point in time, I was not intending to do that. I didn't go in and—number one, I didn't solicit this entire conversation with Gene about the cattle. He called me in and asked me about buying the cattle. It was a honest, straight up deal on his part. He gave me the money. I put it in the campaign account at that point in time. I—I'm sorry, I put it in the auction account at that point in time just to cash the check and have it available in my auction account. . . .

(Roberts Dep. at 391-92 (emphasis added)).

The record is clear that Sen. Stipe did not know that Roberts had diverted the \$67,500 in funds to Roberts' campaign at the time that diversion took place. Sen. Stipe testified that:

Q. So again, did you have an understanding of what Walt did with this money—

A. I had no idea what he did with it.

Q. At the time?

A. I do now.

Mr. Frasier: You're talking about the initial payment counsel?

Mr. McDonnell: Yes, the \$67,500.

A. Yeah.

Q. Do you know that he used it on a media purchase for \$67,500?

A. I do now. I do now. I did not at the time.

(Stipe Dep. at 201-02). Roberts testified that:

Q. And Gene Stipe was aware of you filming the first ad?

A. Yes, but I can tell you this, he didn't know about me spending that \$67,500 in this campaign. He hadn't the slightest idea, and I didn't tell him.

(Roberts Dep. at 378-79(emphasis added)).

Some days after the \$67,500 payment was made and diverted by Roberts, Roberts was informed by the order buyer he had contacted, Bryan Davis, that the cattle were enroute. (Roberts Dep. at 373). At that point Roberts-- who had not won the primary outright, had few new contributions, and had already spent the \$67,500 given to him for the cattle-- went to Charlene Spears and admitted the misappropriation. (*Id.* at 373-74). On August 27, 1998, Spears then prepared two cashier's checks to pay for the cattle—one in the amount of \$40,900 and the other in the amount of \$20,000. (OGC Brief at 18; Roberts Dep. at 374-75). The cattle were delivered to Walt Roberts' ranch, and the two cashier's checks were given to the truck driver. (Roberts Dep. at 374, 381, 416).

Presumably the truck drivers delivered the checks to Bryan Davis, the order buyer, who delivered them to the two ultimate sellers. One lot of cattle, consisting of 63 head of mixed breed cattle, was purchased from Charles Dooley for \$40,900. (OGC Brief at 18 n. 18; Sales slip produced by Dooley to OGC). The other lot consisted of 20 longhorn cattle, purchased from Jim Currie, a Texas cattle dealer who is president of the Texas Longhorn Association. (Roberts Dep. at 382).²

At the request of Sen. Stipe, who believed the cattle Roberts sold had been on Roberts' ranch to begin with (Stipe Dep. at 185-86), Lane went to inspect the cattle that had been delivered to Roberts' ranch. (Stipe Dep. at 198; Lane Dep. at 117, 119). Lane evidently saw the longhorn cattle, and, even though the longhorns constituted only part of the cattle herd, Lane told Stipe that the herd delivered consisted of longhorns. (Lane Dep. at 117-19; Stipe Dep. at 198-99; Roberts Dep. at 382-83). Lane testified that, "I'm sure he [Stipe] didn't know what kind of cattle they were because he was surprised when

² The information on the ultimate purchasers was provided by respondents' counsel to OGC. Apparently OGC contacted Mr. Dooley but did not contact Mr. Currie.

I said they were longhorns. He said, 'I don't want any longhorns.'" (Lane Dep. at 119-20).

Although the record is confusing and contradictory about which lot of cattle moved from where, it is undisputed that the longhorns ultimately remained on Roberts' ranch and that the other cattle were put on Sen. Stipe's ranch. (Stipe Dep. at 199-201; Roberts Dep. at 383-84, 393-95). Sen. Stipe demanded his money back (Stipe Interrogatory Answers, Dec. 7, 1999 at 4) and Roberts refunded the \$67,500 to Sen. Stipe on September 23, 1998. (*Id.*; Stipe Dep. at 192). Roberts has admitted that he obtained the money to repay Sen. Stipe from the art auction held on September 11, 1998. (Roberts Dep. at 387).

Sen. Stipe went out to his ranch at some later point and saw the cattle that had been sent there from the shipment, which were the mixed breed cattle (non-longhorn) that were satisfactory to him. (Stipe Dep. at 187). Sen. Stipe at that time assumed that the cattle he saw on his own ranch were part of a shipment from another order buyer, not from Roberts: "I thought all of the Roberts' cattle, I didn't think, they had ever been delivered. And the cattle that I saw, I didn't identify as having anything to do with the Roberts' deal." (Stipe Dep. at 221-22).

2. Sen. Stipe's Statement and Testimony

It is clear that Sen. Stipe was confused, during his deposition, about exactly when he discovered that Roberts had misappropriated Sen. Stipe's \$67,500 payment for the campaign. He testified consistently that, at the time the \$67,500 payment was made to Roberts on August 7, Sen. Stipe did not know that Roberts had put the funds into his campaign, and that Charlene "told me about it after the fact, yes, sir." (Stipe Dep. at 208).

Sen. Stipe also testified that he did not know the exact date when he found out about the diversion of his \$67,500 payment. (*Id.* at 190, 193). He testified at several points that he believed he found out about the misappropriation a few days after the cattle were delivered, on or about August 27, or at about the time the repayment was made, which was September 23. (*Id.* at 191-92, 225-26).

In his answers to the Commission's interrogatories submitted on December 7, 1999, Sen. Stipe stated that he had rescinded the purchase from Roberts and asked for his money back because he believed the herd delivered consisted of longhorn cattle. It is clear that, at that point, Sen. Stipe himself did not know that Roberts had actually purchased other cattle that had been delivered to Sen. Stipe's ranch, with the additional \$60,900 in cashier's checks issued by Spears. Sen. Stipe testified at his deposition in January 2001 that Roberts "hasn't told me that until fairly recently. . . . several months ago." (Stipe Dep. at 223). Sen. Stipe testified that:

- Q. Did you know when you filed this—when you filed this sworn statement in December of 1999?
- A. No, I didn't.
- Q. You did not know that was – or the cattle was purchased separately by Charlene on August 27th, 1998?
- A. I didn't understand it that way at the time.
- Q. What was your understanding at that time?
- A. I thought that the cattle were rejected because they had longhorns in them. I didn't know that Walt had not had any.

Sen. Stipe further testified that:

At the time that I gave the answer to the interrogatories, I was not aware that there weren't any cattle out at the Roberts' place. I was under the impression that the cattle had been inspected and rejected because there were longhorns in them. . . . But in any event I didn't find out that there wasn't any cattle out there until just fairly recently when Mr. Walt Roberts told me there wasn't.

(*Id.* at 225). See also Stipe Dep. at 350.

It seems clear that, during his deposition, Sen. Stipe telescoped in his mind what he knew in 1998 and what he had found out during 2000, in the course of the investigation. Having discovered in the last year the true nature of the transaction, Sen. Stipe obviously had difficulty, during his deposition, sorting out what he knew in 1998 from what he knew at the time of the deposition.

What is clear and uncontradicted, however, is that Sen. Stipe did not know at the time he authorized the \$67,500 payment to Roberts, on September 7, 1998, that Roberts misappropriated the funds and put those funds into his campaign. Sen. Stipe provided the funds to Roberts to purchase cattle and demanded that the sale be rescinded when he, Sen. Stipe, was informed that the cattle delivered were longhorns. Roberts refunded the \$67,500. At some later point, Sen. Stipe was informed of the misappropriation.

3. Purpose of the \$67,500 Payment

The General Counsel contends that the \$67,500 payment was made by Sen. Stipe, from the outset, in order to fund Roberts' media buy, and that the actual cattle purchase made on or about August 27 for \$60,900, was arranged after the fact to cover this scheme after questions were raised in the press. (OGC Brief at 19). First, the General Counsel points out that Sen. Stipe was aware in early August that Roberts was planning to run new commercials and was aware that money was needed for that purpose, citing an August 14, 1998 memo listing advertising that had been placed beginning on August 11. (Id. at 19-20). That memo was dated August 14, a week after the \$67,500 check was issued, so Sen. Stipe could not have known about it on August 7. In any event, there is no doubt that Sen. Stipe was supporting and advising the Roberts campaign and generally aware of the campaign's activity.

The record is also clear, however, as discussed above, that Sen. Stipe was not told, and was not aware at the time, that Roberts used the \$67,500 for his campaign. All of the witnesses testified to that fact, consistently. And the record is also clear that Sen. Stipe was in fact in the process of purchasing cattle at that time, from order buyers other than Roberts, and in fact received and paid for cattle from other order buyers during the fall of 1998. See, e.g., Stipe Cattle Ledger, attached hereto as Exhibit 4, entry of 10/22/99 (payment to Sherill Livestock); Stipe Dep. at 194, 221. It is undisputed that Roberts was an experienced livestock buyer and it makes sense that Sen. Stipe would turn to Roberts for assistance in acquiring additional cattle. That Sen. Stipe was generally aware of the Roberts' campaign need for money does not establish that the true purpose of the \$67,500 payment was anything but the purchase of cattle.

Second, the General Counsel argues that Sen. Stipe in fact knew about the \$60,900 payment to Roberts at the time it was made, even though both Roberts and Sen. Stipe consistently testified that Sen. Stipe did not know about that payment until after the fact. Although the cashier's checks are issued to and signed by Sen. Stipe, Roberts testified that he obtained the checks from Spears without telling Sen. Stipe. (Roberts Dep. at 374, 379). Sen. Stipe testified that he "didn't make out the check" and that Spears "had general authority to write checks and transact the business in my name," (Stipe Dep. at 207) and that she "told me about it after the fact, yes, sir." (id. at 208). The signatures on the backs of the cashier's checks may resemble Sen. Stipe's actual signature, but, in any event, it is clear that Spears routinely signs his name to checks and other documents. In short, there is no credible evidence that Sen. Stipe knew of the \$60,900 in cashier's checks at the time they were issued.

Finally, the General Counsel highlights the contradictory testimony, discussed above, concerning exactly when Sen. Stipe knew about Roberts' misappropriation and the issuance of the \$60,900 in replacement funds—some weeks after the event, September 23, versus some time after that or the last year. As discussed above, Sen. Stipe was clear that he did not about the misappropriation at the time, and his confusion about exactly when he found out is understandable given the course of events. That understandable confusion does not alter the fact, which has not been disputed by any witness, that Sen. Stipe's purpose in making the payment to Roberts on August 7 was for the purchase of cattle—not to put funds into Roberts' campaign.

D. Alleged Contributions by Stipe Law Firm

1. \$17,000 Payment to Walt Roberts for Services

On August 17, 1998, Sen. Stipe wrote a check for \$17,000 on the Stipe Law Firm account, to Roberts. (OGC Brief at 23). Sen. Stipe testified that:

He [Roberts] had told me that we still owed him some money, we hadn't paid him in full for some work he had done, and he wanted the \$17,000. He said we didn't owe him that much, but he would do some additional work for it, and I wrote him the check for the \$17,000.

(Stipe Dep. at 227). The work done in the past by Roberts for the law firm consisted of radio commercials for the firm, some of which were promotions of the law firm by Roberts on his own radio show, of which the law firm had been a sponsor, and some of which were recorded commercials. (Stipe Dep. at 228; Roberts Dep. at 231-34).

Both Sen. Stipe and Roberts acknowledged that, while Roberts had not previously demanded payment for this work and no records had been kept, the work that had already been performed was probably not worth the \$17,000 Roberts was requesting. (Roberts Dep. at 234; Stipe Dep. at 227, 231). Both Sen. Stipe and Roberts testified, however, that

Roberts then agreed to perform additional services in the future, to make up the difference. (Stipe Dep. at 227-28; Roberts Dep. at 234). Roberts admitted that he asked for the money at this particular time because he needed it in his campaign. (Roberts Dep. at 229-31). Both Sen. Stipe and Roberts, however, testified that Roberts never mentioned to Sen. Stipe at the time that he, Roberts, needed the money for his campaign or intended to use these funds in his campaign. Sen. Stipe stated that:

Q. He [Roberts] didn't mention to you that he needed the money for his campaign?

A. No, sir, it wasn't discussed.

(Stipe Dep. at 234). Roberts testified that, in his discussions with Sen. Stipe about the \$17,000, "I never mentioned the campaign." (Roberts Dep. at 234).

Sen. Stipe may well have been aware that Roberts needed money in his campaign at that time. Further, it is undisputed that Roberts has not performed the promised additional services.

The record is clear, however, that from Sen. Stipe's standpoint, the casual agreement at the time to pay Roberts for work he had already accomplished, and to allow him to perform future services to make up the difference, was a legitimate transaction for fair consideration to the law firm. The informal verbal nature of the agreement was consistent with the pattern of Sen. Stipe's and Roberts' dealings, long predating the campaign. At the time Roberts requested the \$17,000, Sen. Stipe did not know that Roberts would not fulfill his end of the bargain and would in fact fail to furnish the additional services promised. In short, Sen. Stipe believed this to be, and intended it to be, a legitimate business transaction between Roberts and The Stipe Law Firm.

2. Use of Law Firm by Campaign

The General Counsel alleges that the Roberts campaign "used the facilities of the Stipe Law Firm" for a two-and-a-half month period, resulting in an additional in-kind contribution in excess of the Act's limits. (OGC Brief at 42). The General Counsel asserts that from "the campaign's inception in February until the campaign opened its own campaign office in April, the Stipe law office in McAlester served as the campaign headquarters" and that the law firm's "fax machine, copy machines, computer and video equipment were used during the campaign." (*Id.* at 6). These assertions are not supported by a single citation to the record of this investigation, and with good reason. Those assertions have no foundation whatsoever in the evidence.

While the campaign made occasional use of the law firm's conference rooms and telephones, and several documents were faxed to Sen. Stipe or Spears at the firm, there is no evidence that the use of the firm's facilities by Sen. Stipe and Spears—who were unpaid volunteers for the campaign, at most—was anything more than occasional, isolated or incidental. 11 C.F.R. §114.9(a). There is no indication anywhere in the record that any employee's volunteer activities for the campaign interfered with the employee's completion of his or her normal work. The General Counsel does not assert otherwise.

Sen. Stipe specifically denied that campaign staff used the firm's offices for any extended period (Stipe Dep. at 100). Spears confirmed that Roberts himself did not spend any extended period of time doing campaign work at the law firm. (Spears Dep. at 195). Anne Prather, who managed the campaign headquarters and prepared FEC reports, testified that she never saw anyone from the campaign at the Stipe Law Firm.

(Deposition of Anne Prather, June 8, 2000 ("Prather Dep.") at 78). Deanna Coxsey, a law firm employee who volunteered to deposit contributions and issue checks for the campaign, kept the campaign checkbook in her home and did her campaign work at campaign headquarters, at Roberts' home, or at her home--not at the law firm.

(Deposition of Deanna Coxsey, June 8, 2000, at 38-41, 63; Roberts Dep. at 183; Spears Dep. at 193).

Thus, the record does not support the General Counsel's assertion that the campaign's occasional use of Stipe Law Firm resources constituted an unlawful in-kind contribution to the campaign.

E. Option Agreement for Interest in Roberts' Art

As noted above, prior to the time Roberts decided to run for Congress, he entered into an agreement with Sen. Stipe under which Sen. Stipe would finance Roberts' artistic endeavors, in exchange for a one-half interest in art thereafter created by Roberts.

Roberts timed the first two payments called for by this agreement so that he could use the funds in his campaign, a decision that was perfectly lawful provided that the agreement itself was legitimate and bona fide. See MUR 4314, First General Counsel's Report, supra, at 7 (timing a payment legitimately due to candidate to benefit the candidate's federal campaign does not violate the Act). The record shows that the option agreement relating to Robert's art was in fact legitimate and bona fide.

1. Entry Into and Implementation of the Agreement

As noted above, while Roberts was in Texas after he left his job with the Texas Cattlemen's Association, he began to create bronze sculptures with Western themes. (Roberts Dep. at 37). This work involves creating a clay cast, and then paying a foundry

to cast the sculpture in bronze. Roberts' first piece was called "After the Work Is Done," a bronze sculpture of a cowboy resting after a days' work, which was shown to Commission counsel. (Id.). Roberts sold a number of copies of that sculpture. (Id.). When Roberts returned to Oklahoma, in 1993, he continued to sculpt, and sold enough to pay his expenses, selling the sculptures to friends and acquaintances. (Id. at 40-41). In 1993, Roberts was commissioned to create a sculpture of a champion racehorse, named "First Down Dash." (Id. at 57-50). The sculpture was featured in a cover story in Speedhorse Magazine in 1994, and was also featured in Western Horseman magazine in June of that year. (Id. at 57; see Exhibit 5 hereto). Several copies of that sculpture were sold in 1994 or 1995. (Id. at 61-62).

In October of 1997, Roberts approached Sen. Stipe, told Sen. Stipe about his intent to pursue art seriously as a career and asked Sen. Stipe to consider financing his career by paying the expenses for the artwork and Roberts' living expenses. (Roberts Dep. at 210-211, 215; Stipe Dep. at 252). Roberts told Sen. Stipe he needed about \$35,000 a year for this purpose. (Roberts Dep. at 211). Sen. Stipe told Roberts that he, Sen. Stipe, would have Michael Blessington draw up a written agreement. (Id. at 211-212). Blessington is a lawyer who is a mutual acquaintance of Sen. Stipe and Roberts, who represents Roberts and who uses office space at the Stipe Law Firm. (Spears Dep. at 61; Stipe Dep. at 263). (The agreement is Exhibit 23 to the Stipe Deposition).

In December, 1997, Roberts was visiting Sen. Stipe in his office; Sen. Stipe showed Roberts the written agreement and had Roberts sign it. (Roberts Dep. at 212). The written agreement called for payment of \$1,000 for Sen. Stipe to exercise his option to acquire a one-half interest in Roberts' art for a period of ten years. Sen. Stipe provided

the option payment of \$1,000 to Roberts, at that meeting, in cash. (Roberts Dep. at 212; Stipe Dep. at 257). The agreement calls for Sen. Stipe to pay a minimum of \$35,000 a year to Roberts for ten years, in exchange for acquiring a one-half interest in Roberts' artwork.

In mid-August of 1998, when Roberts found himself in a run-off, Roberts approached Sen. Stipe and asked him for the two years' payments, of \$35,000 each that were due under the option agreement, for the years 1997 and 1998. (Roberts Dep. at 213, 410-11). Sen. Stipe agreed to make those payments and had a check issued to Roberts on August 19, 1998, for \$70,000. (Roberts Dep. at 214; Stipe Dep. at 235, 238). Roberts admitted that he asked for the payment at that particular time because he needed the money for his campaign. (Roberts Dep. at 410-11; OGC Brief at 29-30).

Roberts and Sen. Stipe both testified, however, that Roberts did not tell Sen. Stipe that he, Roberts, intended to use any of this payment for the campaign. Roberts testified that:

[H]e didn't ask me if it was for the campaign and I didn't say anything. I just said, I need money. And I need 70,000 bucks under the art option that you and I agreed upon. . . .

Q. So, you're sure you didn't say it was for any campaign purchase?

A. I did not tell him it was for the campaign.

Q. He didn't have any discussions that you needed it for the campaign?

A. No.

Q. He didn't ask you was this for the campaign?

A. He did not ask me.

(Roberts Dep. at 214). Sen. Stipe testified that:

Q. Okay. When you had a discussion with Walt Roberts about this \$70,000 check, did he tell you what he wanted the money for?

A. No, he didn't.

Q. Okay. This was on the 19th of—

A. Mainly because I owed it to him on the option agreement.

- Q. All right. Did he say what he was going to use it for?
 A. He did not.
 Q. Okay. Did you know that he used it to purchase a campaign media buy and—
 A. No, I didn't.

(Stipe Dep. at 238; see also Stipe Dep. at 239-40).

Sen. Stipe continued to make payments under the option agreement in 1999 and 2000, making certain payments to a bronze foundry company, Heritage Bronze, from April through August 1999 (Stipe Interrogatory Answers, Dec. 7, 1999, question 3; Roberts Dep. at 574), and paying some of Roberts' living expenses, at a total level of about \$35,000 a year. (Roberts Dep. at 571, 573; Stipe Dep. at 269). Although the General Counsel suggests that substantially more than those sums were paid to Roberts in 1999 and 2000 (OGC Brief at 32), the figures cited by the General Counsel include funds related to payments due on loans secured by the auction house jointly owned by Sen. Stipe and Roberts. (OGC Brief at 32 n. 31).

2. Legitimacy of Option Agreement

The General Counsel challenges the legitimacy of the option agreement on several grounds. First, the General Counsel suggests that there are no documents to substantiate when the contract was created or when the option was exercised, noting that the Dec. 12, 1997 date on the agreement "appears to be different hand-writing." (OGC Brief at 27). OGC suggests that the option contract was created in August 1998, or even later, and backdated to December 1997 in order to create a cover for what was, in the General Counsel's view, intended as campaign contribution. (*Id.* at 30).

Of course, most contracts are not notarized and there is rarely any other documentation to substantiate when a contract was entered other than the date written on

the contract itself. In any event, both Roberts and Sen. Stipe testified that they clearly remember signing the document in December 1997. Roberts testified that:

- Q. And what was the date that you believe you signed this?
 A. It was in December – it was around – I guess it was that day. I don't know.
 Q. What day?
 A. I guess it was the 12th day of December. I don't know.
 Q. What year was it in?
 A. '97.
 Q. Okay. You're sure of that?
 A. Yeah. Yeah, I remember it was in '97.

(Roberts Dep. at 445-46). Sen. Stipe testified that:

- Q. Okay. Going to the last page where you signed it, your name on here, when did you sign your name to this agreement?
 A. I don't remember exactly.
 Q. Was it in 1997, you believe?
 A. Oh, yes, I know it was. I think it—I think I signed it – I signed it the day he presented it to me, whatever day that was.

(Stipe Dep. at 261-62). The attorney who drew up the document, Michael Blessington, has told the Commission in an interview that the document was signed in December 1997. Further, if the contract was created merely to disguise a campaign contribution made in 1998, there would be no reason whatsoever for Sen. Stipe to continue making payments under the agreement in 1999 and 2000. In short, there is not a shred of actual evidence in the record to support the General Counsel's very serious accusation that the document was created after the fact and backdated.

Second, the General Counsel argues that Sen. Stipe has not received any proceeds from the sale of Roberts' artwork since the option agreement was entered. (OGC Brief at 28). At the same time, the General Counsel acknowledges that Roberts has not sold any artwork, since the end of 1997, other than the sales at the art auction. "In response to the Commission's Subpoena for all documents related to art sold from 1996 through 2000,

Mr. Roberts did not produce any documents disclosing any sales had occurred (other than those related to the art auction and the checks from Lane and Smart.” (OGC Brief at 35 n. 35 (emphasis added)).

With respect to the proceeds of the September 1998 art auction, both Sen. Stipe and Roberts testified that they had a dispute about whether the option agreement covered the art pieces sold at that auction. Clearly Roberts did not create any new pieces of art in 1998, between the signing of the agreement in mid-December 1997 and the time of the art auction in September 1998. Thus, the pieces sold at the art auction were copies of pieces created in 1997 or earlier. (Stipe Dep. at 255; Roberts told Sen. Stipe “all of it was created before the art auction”). Sen. Stipe interpreted the agreement to include all art pieces sold after the effective date of the agreement, regardless of when they were created. (Stipe Dep. at 253-54). Roberts, on the other hand, believed that “any future works that I did, anything that I had created after that would be—he would be—he would have [an] interest in.” (Roberts Dep. at 222). “My understanding is that it’s for future castings after that agreement of what I did.” (*Id.*). Thus, Roberts believes that he does not owe anything to Sen. Stipe under the agreement so far, while Sen. Stipe believes that money is in fact owed from the sales of art at the September 1998 art auction. (Stipe Dep. at 253-55).

The General Counsel casts the doubt on this existence of this dispute, arguing that Sen. Stipe has taken no action to pursue his legal rights “although Roberts failed to live up to the terms of the document.” (OGC Brief at 29). Whether Roberts has in fact failed to live up to the terms of the document, of course, depends on whose interpretation of the agreement is correct. The fact that Sen. Stipe has not threatened or filed suit against

Roberts, but has let the dispute linger (*id.*), is hardly surprising given the long-term relationship of friendship, mentoring and support between the two men. Lifelong friends do not instantly sue each other when a dispute arises between them.

Third, the General Counsel argues that no written notice of the exercise of the option was given, even though the agreement calls for the option to be exercised in writing, and that there is no documentation to substantiate the \$1,000 payment made for the exercise of the option. (OGC Brief at 28). Again, the lack of compliance with legal formalities is consistent with the nature of the relationship between Sen. Stipe and Roberts, long predating Roberts' campaign. And both Sen. Stipe and Roberts testified, without contradiction anywhere in the record, that Sen. Stipe made the \$1,000 payment for exercise of the option, in cash, when the agreement was signed. (Stipe Dep. at 257; Roberts Dep. at 212 ("he give me \$1,000 cash right then")).

Fourth, the General Counsel argues that Michael Blessington, the attorney who wrote the document, has been unable to produce documentation relating to these legal services, such as a record of payment received or a client file. At the same time, the General Counsel acknowledges that Blessington represents Roberts, and also uses space at the Stipe Law Firm. (OGC Brief at 27-28). It is hardly significant that there is no documentation of a piece of casual legal work obviously done by an attorney as a favor to two friends and business acquaintances.

Fifth, the General Counsel notes that, although the agreement states that payments made by Sen. Stipe pursuant to the agreement are to be tax-deductible, there is no indication that Sen. Stipe deducted any of the \$70,000 payment. (OGC Brief at 28). What the General Counsel fails to mention, however, is that while that payment might

form part of Sen. Stipe's basis in his interest in the art for purposes of determining capital gains when the artwork is sold, he would be required to capitalize that payment—not take any deduction when the payment is made. Internal Revenue Code, §§263A(a)(1)(B), 1221 (tangible personal property held by taxpayer for ultimate resale including artwork other than artwork created by the taxpayer). As Sen. Stipe noted during his deposition, any reference in the agreement to tax deductibility would not of course control his legal ability to take deductions: "I don't think whatever the agreement provides about taxes would have any bearing on how the taxes are handled. . . . I think the IRS regs would govern that." (Stipe Dep. at 258).

In sum, from Sen. Stipe's standpoint, he made an investment in Roberts' future art career before Roberts had decided to run for Congress. The \$70,000 payment was due under that agreement. In 1998 Roberts timed his receipt of that payment to benefit his campaign, a decision which is not a violation of the Act, even by Roberts and certainly not by Sen. Stipe. Sen. Stipe has continued to make payments called for by the agreement, and expects to be paid at least when new pieces are created and sold, if not also for amounts he believes are already due. (Stipe Dep. at 258). The General Counsel has not established that the payment was a disguised campaign contribution to Roberts.

F. Payment of Personal Expenses in 1998

In his first response to the Commission's interrogatories, Sen. Stipe disclosed that he had paid personal expenses of Roberts during 1998 as part of the lifelong pattern of support for Roberts. (Stipe Answers to Interrogatories, Dec. 3, 1999). During the investigation, Sen. Stipe produced documents showing that he paid personal expenses for Roberts during 1998 in an amount totaling \$37,070. (OGC Brief at 31).

The General Counsel claims that “Stipe paid Roberts’ personal expenses in an effort to allow him to subsidize his campaign.” (OGC Brief at 33). The General Counsel cites no evidence however—and there is none—that Roberts ever used any of these funds in his congressional campaign.

Further, contrary to the assertions of the General Counsel, both Sen. Stipe and Roberts made clear that the payment of personal expenses during 1998 were gifts, while payments to Roberts and payments of his expenses in 1999 and 2000, including payments to Heritage Bronze for casting costs, were made pursuant to the art agreement. In his answers to the Commission’s Interrogatories, Sen. Stipe stated that his payment of personal expenses for Roberts in 1998, totaling \$16,771 (revised to \$37,070) was in addition to the payments made under the art agreement for 1997 and 1998, totaling \$70,000. (Stipe Interrogatory Answers, Dec. 3, 1999). Sen. Stipe made clear during his deposition that the payments made in 1999 and 2000, totaling approximately \$35,000 a year, were made pursuant to the art agreement. (Stipe Dep. at 269). Similarly, Roberts explained that the payments made in 1999 and 2000, including the Heritage Bronze payments, were “part of the—that’s the option, the art, is the reason he give me 3,500 bucks a month. Actually it comes out a little more than \$35,000 a year.” (Roberts Dep. at 571). Roberts also confirmed that “anything that Gene Stipe paid to Heritage Bronze in ’99 was pursuant to our art—to the art option.” (*Id.* at 574). Thus, it is not the case, as the General Counsel suggests, that Roberts and Sen. Stipe have offered any “conflicting claims regarding the purpose or basis of the 1998 payments.” (OGC Brief at 32-33).

The General Counsel further hints that it was somehow improper for Sen. Stipe to continue to make payments under the art agreement in 1999 and 2000, because those

payments were made "while this investigation was pending," and in the case of the largest of those payments, "after notice of the reason to believe findings in this matter were received." (OGC Brief at 32). Needless to say, had Sen. Stipe ceased making payment due under the art agreement for years subsequent to 1998, the General Counsel would have seized on that fact as evidence that the art agreement was not a legitimate investment transaction by Sen. Stipe.

In sum, the General Counsel has simply failed to establish that any of the payments of Roberts' personal expenses made by Sen. Stipe in 1998 were used by Roberts in any way to support his congressional campaign, or that those payments were other than personal gifts continuing a longstanding pattern of personal support by Sen. Stipe for Roberts.

G. Art Auction

Roberts held an auction of his art pieces on September 11, 1998. The proceeds of the auction totaled \$148,175, according to the General Counsel. (OGC Brief at 33). It is undisputed that Roberts used \$67,500 of the proceeds to refund to Sen. Stipe the August 7, 1998 payment of \$67,500 made by Sen. Stipe to Roberts for the purchase of cattle. The General Counsel claims that Roberts also used \$10,000 of the proceeds for a loan to his campaign on September 22, 1998. (*Id.* at 34).

The General Counsel's theory is that the auction was not undertaken in the ordinary course of business, but was a means for friends of Roberts to make disguised, unlawful contributions to Roberts' campaign through the purchase of art pieces. (*Id.* at 34-35). It is difficult to understand why, if the entire auction was a means to obtain disguised illegal campaign contributions, Roberts would go to the trouble of arranging an

art auction to raise \$148,175 so that he could put only \$10,000 of those funds in his campaign. To be sure, Roberts' principal motivation for holding the auction was to raise funds to repay Sen. Stipe the \$67,500 cattle payment Roberts had misappropriated for the campaign. (*Id.* at 33; Roberts Dep. at 494). But the General Counsel is also claiming that Sen. Stipe intended to donate that \$67,500 to Roberts' campaign in the first place, and the same \$67,500 surely cannot be counted twice as an unlawful contribution.

In any event, whatever the legitimacy of the auction, the record makes clear Sen. Stipe had no role in it whatsoever. At least four witnesses confirmed that Sen. Stipe did not attend the auction, was not told about it in advance and was not involved in it in any way. (Roberts Dep. at 498-99; Stipe Dep. at 282; Spears Dep. at 343-44; Deposition of Larry Oliver, June 6, 2000 ("Oliver Sep.") at 64; Deposition of Louise Crosslin, June 5, 2000 ("Crosslin Dep.") at 62-63). Obviously, having not attended, Sen. Stipe did not purchase any art pieces at the auction.

Nevertheless, the General Counsel contends that a purchase by Louise Crosslin of several pieces of sculpture for \$35,250 was secretly funded by Sen. Stipe because Crosslin received \$45,250, payable to Greenwood Estates, from an account of Sen. Stipe on the day of the auction. (OGC Brief at 35). In fact, Sen. Stipe and Crosslin have jointly developed a series of real estate projects over the course of approximately 30 years, and the \$45,250 check was one of a series of payments made by Sen. Stipe to Crosslin to pay for Sen. Stipe's share of expenses for a housing project in Pryor, Oklahoma, which in turn was one of a long series of real estate ventures in which Sen. Stipe and Crosslin were partners or co-owners.

Sen. Stipe and Crosslin explained that they had entered partnerships to develop residential real estate, including housing and apartment complexes, including a beginning in the early 1970's, including a 68-unit apartment complex called Sportsman Acres, located near Pryor, Oklahoma; a development in Tahlequah, Oklahoma known as Greenwood Estates; other residential developments known as Ginger Acres and Song Bird; houses in Sallisaw; a shopping center in Stigler; and several houses in Fort Gibson, among others. (Crosslin Dep. at 8; Stipe Dep. at 19-222; Spears Dep. at 55-57). During 1998, the Sportsman Acres project in Pryor was under active construction; it was completed in late 1999. (Spears Dep. at 56-57; Stipe Dep. at 19).

Crosslin and Sen. Stipe also both explained that Sen. Stipe provides the majority of financing for these projects, and Crosslin does most of the work. (Stipe Dep. at 22-23; Crosslin Dep. at 9). Crosslin routinely requested funds from Sen. Stipe, and these checks are typically written from Sen. Stipe's account by Spears, payable either to Greenwood Estates or to Crosslin. (Stipe Dep. at 23-26; Crosslin Dep. at 59-60; Spears Dep. at 367). Attached as Exhibit 6 hereto are ledgers from Sen. Stipe's accounts showing payments from 1996 through 2000.

Crosslin testified that while she did not remember the specific purpose of the \$45,250 check, she was paying numerous bills on the Pryor development at that time. (Crosslin Dep. at 59-60). Spears testified that she wrote the check, that she did not remember the specific purpose, that Crosslin had represented to her that Sen. Stipe had approved issuance of the check, that "I write lots of checks to Louise Crosslin," that this was a "[n]ormal conversation, happens all the time;" and that Spears had written checks

of this size before without discussing it with Sen. Stipe. (Spears Dep. at 367-71). Spears' testimony is fully supported by the ledgers attached as Exhibit 6 hereto.

Regardless of how Crosslin may have decided to use this particular payment, there is no reason whatsoever to suppose that Sen. Stipe believed that it was for any purpose other than as another of a continuing series of payments to finance the joint real estate developments he was undertaking with Crosslin. Crosslin confirmed that she has never discussed the art auction with Sen. Stipe (Crosslin Dep. at 45). Sen. Stipe confirmed that there was no such discussion. (Stipe Dep. at 283). Spears testified that, although she brought the check (payable to Greenwood Estates) with her to give to Crosslin at the auction, she, Spears, never questioned Crosslin about the purpose of the check, assuming that it was for the ongoing business expenses for the real estate development. (Spears Dep. at 369-371).

In sum, there is no evidence that Sen. Stipe authorized issuance of the \$45,250 check for any purpose other than as part of a longstanding series of payment to finance the real estate developments he had undertaken, and was continuing to undertake, with Louise Crosslin. Sen. Stipe did not attend the art auction and purchased no art from Roberts. Thus the record simply fails to support the General Counsel's charge that any proceeds from the art auction were actually disguised campaign contributions from Sen. Stipe.

H. Contributions In the Name of Another

From the outset of the investigation, Spears has acknowledged using Sen. Stipe's funds, without his knowledge, to reimburse five Stipe Law Firm employees in an amount totaling \$8,790. The record makes clear, however, that Sen. Stipe did not know about or authorize these reimbursements in any way.

The payments were made in cash from a fund maintained by Spears, funded by cashing of Sen. Stipe's Social Security checks and checks from the Oklahoma Senate. (Stipe Dep. at 303, 310-311; Spears Dep. 396, 398, 412-13). Spears uses the cash, generally in her own discretion, in this fund to assist constituents with health or personal problems, to make contributions to Democratic party local committees and clubs for various events and functions, and to pay for an annual Thanksgiving feast Sen. Stipe hosts for approximately 2,000 people. (Stipe Dep. at 303-04, 306, 313-16, 326-29; Spears Dep. at 396-400, 403, 407-08). Contrary to the General Counsel's assertions (OGC Brief at 38-39), and in spite of the obvious reluctance of Sen. Stipe and Spears to embarrass constituents by revealing personal situations in which grants had been made from this fund, both Sen. Stipe and Spears did name numerous recipients of grants or loans from this fund, including both individuals and party organizations. (Stipe Dep. at 306, 326; Spears Dep. at 399-400, 403).

Spears has testified that Sen. Stipe knew nothing about his use of the cash fund for reimbursement of contributions to Roberts at the time those reimbursement were made. (Spears Dep. at 428). Sen. Stipe has confirmed that he did not speak to Spears or anyone else in 1998 about using his cash to reimburse contributors, and did not authorize or approve any such payments. (Stipe Answers to Interrogatories, Dec. 3, 1999; Stipe Dep. at 294). Sen. Stipe testified, "Only after the fact and after this investigation started did I know about it or ever hear about it." (Stipe Dep. at 294). Sen. Stipe recalls telling Spears to use the cash in the fund to "help elect Democrats," a reference he understood to be to the routine use of the fund to buy tickets to events from local party clubs and committees and otherwise assist such organizations. (Stipe Dep. at 313-15, 331-32).

The General Counsel flatly asserts that, "If Senator Stipe was supplying the cash he would need to communicate with Ms. Spears about the amount in the cash fund. If so, he would no doubt become aware that thousands of dollars had been spent on these reimbursements." (OGC Brief at 40). The General Counsel cites no evidence whatsoever to support these assertions, and there is none. There is simply no evidence in the record indicating that Sen. Stipe in any way knew about, approved, directed or authorized the reimbursements of contributions.

The General Counsel also suggests that Sen. Stipe should somehow be charged with an additional reimbursement of \$1,980 paid to Anne Prather by Spears, by check, in what Prather and Spears believed was a legitimate payment for her services to Sen. Stipe's oil and gas business. (Spears Dep. at 465-67; Prather Dep. at 171). There is no testimony or other evidence at all that Sen. Stipe was aware of the payment by Spears to Prather.

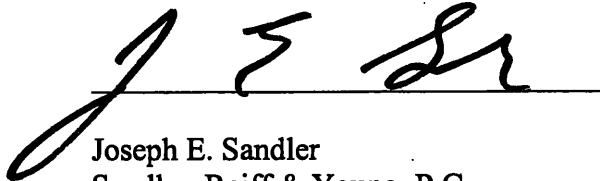
Finally, the General Counsel charges that Spears and another law firm employee, Jamie Benson, contributed \$1,000 each to Delahunt for Congress in what was apparently an aborted contribution swap scheme. (Spears Dep. at 453). Spears wrote a personal check, from her own account, for her contribution. (Id. at 456). The General Counsel asserts that "it is highly probable that she [Spears] used Stipe's cash to reimburse herself and Ms. Benson for the \$2,000 given to Delahunt for Congress." (OGC Brief at 41). The General Counsel cites no evidence for this assertion and there is none. Nor is there any credible evidence that Sen. Stipe knew anything about the contributions to Delahunt, at any time.

In sum, the record is clear that Sen. Stipe did not make, approve, authorize or direct any contributions to Roberts that were made in the name of another.

CONCLUSION

For the reasons set forth above, the Commission should find that there is no probable cause to believe that either Sen. Stipe or the Stipe Law Firm violated the Act, let alone that either did so knowingly or willfully. Accordingly, the Commission should dismiss the complaint and close the file in this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J E S', is written over a horizontal line.

Joseph E. Sandler
Sandler, Reiff & Young, P.C.
50 E Street, S.E. Suite 300
Washington, D.C. 20003
Telephone: (202) 479-1111

James E. Frasier
Frasier, Frasier & Hickman
1700 Southwest Boulevard
P.O. Box 799
Tulsa, Oklahoma 74101
Telephone: (918) 584-4724

Dated: September 6, 2001

24.04.2020

1

STATE OF OKLAHOMA)
McCURTAIN COUNTY) SS:

TRANSFER AGREEMENT
OF CORPORATE STOCK
AND OWNERSHIP

KNOW ALL MEN BY THESE PRESENTS: That,

WHEREAS, BIVCO, INC., is a corporation, created, existing, and doing business under and pursuant to charter issued by the State of Oklahoma on the 18th day of September, 1970, with its principal office in the City of Idabel, Oklahoma; and,

WHEREAS, BIVCO, INC., has stock certificates and shares outstanding in the amount of Five Hundred and no/100 (\$500.00) Dollars, with a par value of One Dollar (\$1.00) each, same being owned and held by the following parties, each owning the number of shares set forth opposite their names, to wit:

James A. Wooten	125 Shares
Hewey Rozzell	125 Shares
Carl Sherman	125 Shares
Jim E. Lane	125 Shares

and,

WHEREAS, Bivco, Inc., is the owner and holder of the properties, including real and personal properties, as described and particularly set forth on "Exhibit A" hereto attached, here referred to, and specifically made a part hereof, and is indebted in the form, nature and extent set forth and particularly described on "Exhibit B" hereto attached, here referred to, and specifically made a part hereof; and,

WHEREAS, exclusive of the additional obligations to be by the Second Parties paid as hereinafter set forth, the undersigned stipulate and agree that the corporate obligations, the majority of which carry the personal endorsement of present stockholders, are equal to or exceed the fair market cash value of the corporate properties and assets, and it is the desire of the present owners to transfer, set over, assign and convey their ownership in Bivco, Inc., unto the following named parties, each to own and receive the

GENE STIPE, MAX YOUNG, JIM E. LANE, hereinafter referred to as
"Buyers",

WITNESSETH:

(1) For and in consideration of the Buyers' agreement to assume the management and control of Bivco, Inc., to manage and operate the same with best judgment and care, to the end that said corporation may progress, improve and benefit, toward satisfying its creditors, all of the undersigned present owners of certificates and stock shares in Bivco, Inc., do hereby transfer, assign, set over and convey their stock certificates and ownership in Bivco, Inc., in all of its properties, to Ed R. LeForce, Attorney in Fact, and as Trustee, for the purposes of accepting the surrender of such stock shares and reissuing the same to Buyers, the new owners hereinafter set forth.

(2) The Attorney in Fact, Trustee, Ed R. LeForce, is authorized, instructed and directed to reissue the stock of Bivco, Inc., to the following named individuals, in the amount set forth opposite their names, to wit:

Gene Stipe
Jim E. Lane
Max Young

The further conditions of the reorganization and new ownership of Bivco, Inc., and the surrender and cancellation of stock by Sellers, shall be upon the following understanding, covenants, conditions, terms and agreements, to wit:

(a) Bivco, Inc., shall evidence its obligation to former owners, James A. Wooten, Carl Sherman, ~~Henry Russell~~ and Jim E. Lane, in the amount of Eight Thousand and no/100 (\$8,000.00) Dollars, (making a total obligation of Twenty-Four Thousand and no/100 (\$24,000.00) Dollars), by separate corporate promissory notes, to be repaid without interest when the corporate obligations have generated sufficient amount of profit to accomodate

the same, over and above operating requirements and debt retirement requirements.

(b) The corporation shall:

(i) Assume the existing obligation of Twenty Thousand and no/100 (\$20,000.00) Dollars, down payment or deposit, due and owing to First National Bank of McAlester, Oklahoma, previously obtained and paid to Bivco, Inc., toward the purchase of an additional ten (10) acres of land in Thousand Oaks Addition to Idabel, Oklahoma, or

(ii) The corporation will issue and deliver its promissory note for the Twenty-Thousand and no/100 (\$20,000.00) Dollars, carrying the same terms and conditions as the note and obligation due to the McAlester Bank, or

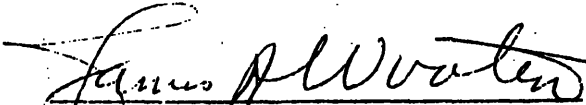
(iii) Assume and pay, proportionately, Twenty Thousand and no/100 (\$20,000.00) Dollars of such obligation.

(3) Bivco, Inc., having already received the sum of Thirty Thousand and no/100 (\$30,000.00) Dollars for its sale and the purchase of ten (10) acres of land for the construction of a Holiday Inn in Idabel, Oklahoma, Bivco, Inc., agrees to convey said ten acres of land to the corporate entity "One-O-Six Corporation" and/or other individuals then owning said corporation, utilizing the description set forth on Abstract No. 3562, adjusting said description to accommodate the erroneous description of Bowling Alley property, without further consideration or remuneration.

(4) Sellers have personally endorsed and guaranteed the repayment of sundry obligations of Bivco, Inc., evidenced by the promissory notes and secured by liens on Bivco, Inc., properties. Sellers agree to remain as surety endorsers thereon. And in consideration of such continued personal guaranty and endorsements, Buyers agree that no changes in the ownership or management of Bivco, Inc., will be effected, until (a) written consent of

Sellers has been obtained, or (b) the personal obligation of Sellers has been satisfied and removed. Provided, however, this instruction and limitation shall not prohibit or limit the right of Buyer, the new "Bivco Corporation" from entering upon or engaging upon the full, free operation and development of all Bivco properties, joining in joint ventures, partnerships, or associations, it being only the purpose and intent hereof to retain the good management and sound judgment in the corporation operations which shall be furnished by the new owners, Gene Stipe, Max Young and Jim E. Lane.

IN WITNESS WHEREOF, we the undersigned, designated as Sellers and constituting 100% of the owners, and 100% of the outstanding stock shares in Bivco, Inc., and we, the undersigned, designated as Buyers, and constituting 100% of the owners of 100% of the shares of "new stock" to be issued by Bivco, Inc., have hereunto set out hands on this the 13th day of December, 1973.


JAMES A. WOOTEN

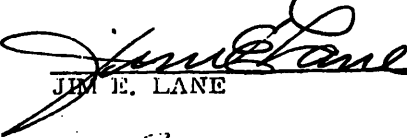

HEWEY ROZZELL

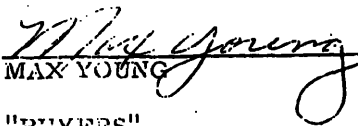

CARL SHERMAN


JIM E. LANE

"SELLERS"


GENE STIPE


JIM E. LANE


MAX YOUNG

"BUYERS"

"EXHIBIT A"

HARRIS ACRES

59 Lots @ \$1625.42
59 Lots @ \$3500.00

Total \$ 95,900.00 Own
Total \$200,500.00 Value

PENNY HEIGHTS

66 Lots @ \$1787.12
66 Lots @ \$2750.00

Total \$117,930.00 Own
Total \$181,500.00 Value

THOUSAND OAKS

61 2 1/2 Acre Tracts @ \$2233.70
61 2 1/2 Acre Tracts @ \$5000.00
Approx. 30 acres Commercial Property @ \$3000.00

Total \$180,930.00 Own
Total \$405,000.00 Value
Total \$ 90,000.00 Value

PINE ACRES

67 Tracts and Lots @ \$190.29
16 Lots @ \$2500.00
21 Tracts @ \$3500.00

Total \$130,000.00 Own
Total \$115,000.00 Value
Total \$ 73,500.00 Value

BROKEN BOW

16 Acres @ \$1,000.00
16 Acres @ \$2,000.00

Total \$ 16,000.00 Own
Total \$ 32,000.00 Value

MCDOUGAL ADDITION

Approx. 100 acres @ \$1,000.00

Total \$100,000.00 Own

1 Modular 3 bedroom homes @ \$14,800.00
Value

Total \$59,200.00 Own
\$2,000.00

2 Modular 4 bedroom homes @ \$15,200.00
Value

Total \$30,400.00 Own
\$43,000.00

16 2 bedroom Apts

Appraised Value

\$152,000.00 Own
205,000.00

3 Duplex apts. @ Valliant

Value

37,500.00 Own
50,000.00

Cedar Dale Addition

39 lots @ \$1,500.00

Value

-0- Own
\$58,500.00

"EXHIBIT B"

Money owed by Bivco, Inc.

Broken Bow Bank	\$ 7,500.00
First State Bank	40,000.00
Valliant State Bank	30,000.00
First Home Service Corporation	206,310.23
First Service Corporation	394,874.79
Security Savings and Loan	91,883.93
Little Dixie Abstract	485.00
Bell, Bruner and Hughes	780.00
Sky Lark Aviation	125.00
Idabel Concrete	232.00
Note made by Carl for Bivco at First State	1,000.00
Interest to Security Savings (check to be covered)	3,104.74
Telephone and Miscellaneous	200.00
Release on Lot 7 Block 7, Harris Acres	3,000.00
Release on Lot 6 Block 7, Harris Acres	3,000.00
Wendell Wade	1,500.00
Bill Bex Construction	317.00
Money to be returned on Church lot	451.28

Total

\$784,964.00

Additional Current Obligations

Bivco's share of street in Pine Acres	1,000.00
Jim Lane, on Valliant Bank interest	737.50
Jim Lane, on payment First Home Service	1,311.00
Jim Lane, payments on Ray Smith's house	3,265.00
McCurtain Gazette	432.00
Ed R. LeForce	703.00

Total

\$7,448.50

Grand Total

\$792,412.50

24.04.40.0910

2

"MAINLY LEGAL BLANKS"

FORM NO. 202-AP

Mainly Office Supply Co., Printer

(ORDER BY NUMBER)

WARRANTY DEED

Corporation Form

This Space Reserved for Filing Stamp

Know All Men by These Presents:

412728

State of Oklahoma McCurtain Co.,

This instrument was filed for record

7:12 o'clock A.M.

JUN 11 1997

Went RIVCO, Inc.

a corporation duly organized and existing under and by virtue of

the laws of the State of Oklahoma

principal place of business is in Oklahoma County

County, State of Oklahoma

sum of TEN AND NO/100 DOLLARS (\$10.00)

and other valuable considerations, in hand paid, the receipt of which is hereby acknowledged, does hereby Grant,

Bargain, Sell and Convey unto GENE STIPE P.O. Box 1368 McAlester, OK 74501

Pittsburg County, State of Oklahoma, part y

of the second part, the following described real property and premises situate in

McCurtain County, State of Oklahoma, to-wit:

begin at a point 1050.28 ft. South of the NW corner of Section 30, T7S, R24E,
 I.B.M., thence South 863.22 ft., thence N64° 20' E615 ft. to a point on the west
 line of 1000 Oaks Drive, thence N28 6' W along said street right-of-way a distance
 of 546.4 ft. to a curve to the left, thence Westerly along said curve a distance of
 349.6 ft. to the point of beginning, said lands being a part of the W/2 of NW/4 of
 Section 30.

together with all the improvements thereon and appurtenances thereunto belonging and warrant the title to the same.

TO HAVE AND TO HOLD said described premises unto the said party of the second part, his heirs
 and assigns forever free, clear and discharged of and from all former grants, charges, taxes, judgments,
 mortgages and other liens and encumbrances of whatsoever nature.

IN WITNESS WHEREOF, the said party of the first part hereto has caused these presents to be signed in its name
 by its President, its corporate seal affixed, and attested by its Secretary at

Oklahoma City, this 6th day of June, 1997

Attest: Barbara Bryant Secretary

President

STATE OF OKLAHOMA

COUNTY OF Oklahoma

SS:

CORPORATION ACKNOWLEDGMENT
Oklahoma Form

Before me, the undersigned, a Notary Public, in and for said County and State on this 6th day of

June, 1997, personally appeared Ginger Barnes

to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its

President and acknowledged to me that she executed the same as her free and voluntary act and

deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires 11-21-99

Deborah M. Jorgensen Notary Public

3

2004-04-04

GENE STIPE General Ledger

For the Period From Jan 1, 1997 to Dec 31, 1997

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
A/R - Paul Beshears	2/1/97		Beginning Balance			
	3/1/97		Beginning Balance			
	4/1/97		Beginning Balance			
	5/1/97		Beginning Balance			
	6/1/97		Beginning Balance			
	6/9/97 2890	CDJ	PAUL BESHEAR - LOAN	493.00		
			Current Period Change	493.00		
	7/1/97		Beginning Balance			
	8/1/97		Beginning Balance			
	9/1/97		Beginning Balance			
	10/1/97		Beginning Balance			
	11/1/97		Beginning Balance			
	12/1/97		Beginning Balance			
	12/31/97		Ending Balance			
1112 A/R - Jimmy Lane	1/1/97		Beginning Balance			
	1/1/97 AJE 1-1	GENJ	TO ADJUST BEG BAL TO ACTUAL	16,000.00		
			Current Period Change	16,000.00		
	2/1/97		Beginning Balance			
	3/1/97		Beginning Balance			
	4/1/97		Beginning Balance			
	5/1/97		Beginning Balance			
	6/1/97		Beginning Balance			
	6/12/97 2767	CDJ	JIM LANE - LOAN	20,000.00		
			Current Period Change	20,000.00		
	7/1/97		Beginning Balance			
	8/1/97		Beginning Balance			
	9/1/97		Beginning Balance			
	10/1/97		Beginning Balance			
	11/1/97		Beginning Balance			
	12/1/97		Beginning Balance			
	12/31/97		Ending Balance			
1113 A/R - Mike Mass	1/1/97		Beginning Balance			
	1/1/97 AJE 1-1	GENJ	TO ADJUST BEG BAL TO ACTUAL	4,000.00		

24-04-40610913

13

GENE STIPE
General Ledger

For the Period From Jan 1, 1998 to Dec 31, 1998

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	9/1/98		Beginning Balance			
	10/1/98		Beginning Balance			
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			
	12/31/98 AJE 12-2	GENJ	WRITE OFF		493.00	
			Current Period Change		493.00	
	12/31/98		Ending Balance			
1112 A/R - Jimmy Lane	1/1/98		Beginning Balance			
	2/1/98		Beginning Balance			
	3/1/98		Beginning Balance			
	4/1/98		Beginning Balance			
	4/15/98 aje 4-1	GENJ	to record loan advance from Mc Cty Bank that was endorsed to Jimmy Lane	20,001.00		
			Current Period Change	20,001.00		
	5/1/98		Beginning Balance			
	5/4/98 AJE 5-1	GENJ	loan advance endorsed to Jimmy Lane	10,000.00		
			Current Period Change	10,000.00		
	6/1/98		Beginning Balance			
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	9/1/98		Beginning Balance			
	9/1/98 3100	CDJ	Jimmy Lane - loan	3,500.00		
	9/3/98 3108	CDJ	Jimmy Lane - loan	2,490.00		
	9/3/98 3109	CDJ	Jimmy Lane - loan	2,490.00		
			Current Period Change	8,480.00		
	10/1/98		Beginning Balance			
	10/6/98 10233	CDJ	JIM E. LANE - LOAN	5,000.00		
	10/12/98	CDJ	JIMMY LANE - 88 M -- Supid personal	5,000.00		

GENE STIPE
General Ledger

For the Period From Jan 1, 1998 to Dec 31, 1998

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
	3147		personal			
			Current Period Change	10,000.00		
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			
	12/31/98		Ending Balance			
1113 A/R - Mike Mass	1/1/98		Beginning Balance			
	2/1/98		Beginning Balance			
	3/1/98		Beginning Balance			
	4/1/98		Beginning Balance			
	5/1/98		Beginning Balance			
	6/1/98		Beginning Balance			
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	9/1/98		Beginning Balance			
	10/1/98		Beginning Balance			
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			
	12/31/98		Ending Balance			
1114 A/R - Phipps Enterprises	1/1/98		Beginning Balance			
	2/1/98		Beginning Balance			
	3/1/98		Beginning Balance			
	3/12/98 SPE	CRJ	PHIPPS ENTERPRISES, INC. - REPAYMENT OF LOAN		15,000.00	
			Current Period Change		15,000.00	
	4/1/98		Beginning Balance			
	5/1/98		Beginning Balance			
	6/1/98		Beginning Balance			
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	9/1/98		Beginning Balance			
	10/1/98		Beginning Balance			
	11/1/98		Beginning Balance			

[illegible]

Date: 12/31/99

Reference: TJE 17

[illegible]

Per Gene, the account receivable balance from Jimmy Lane of 16,000 as of 01/01/97, and all payments to Mr. Lane since that time were for property purchased on 06/11/97 for \$100,000. In error we have recored those payments as loans to Mr. Lane. This entry will record the purchase of the property and the loan amount still payable to Mr. Lane. The Account receivable balance for Mr. Lane will be written off.

Adjusting Journal Entry

Date: 12/31/99

Reference: TJE 18

Description	Acct #	Debit	Credit
Ar - S&B	1116	100,000.00	
Land - McCurtain County	1258		100,000.00

On May 28, 1999, Gene sold the property in McCurtain County to S&B Company for 100,000. This balance should be added to the Account Receivable from S&B Company.

0150" 004" 40" 43

4

GENE STIPE
General Ledger

For the Period From Jan 1, 1998 to Oct 31, 1999

Filter Criteria includes: 1) IDs from 1143 to 1143: Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1143 Cattle	1/1/98		Beginning Balance			
	2/1/98		Beginning Balance			
	3/1/98		Beginning Balance			
	4/1/98		Beginning Balance			
	5/1/98		Beginning Balance			
	6/1/98		Beginning Balance			
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	8/5/98 3044	CDJ	WALT ROBERTS - CATTLE	67,500.00		
	8/27/98 JE 8-2	GENJ	TO PURCHASE OFFICIAL CHECKS #4174245 & #4174244	60,900.00		
			Current Period Change	128,400.00		
	9/1/98		Beginning Balance			
	9/23/98 SPE	CRJ	WALT ROBERTS - REFUND OF CATTLE SALE		67,500.00	
	9/24/98 3130	CDJ	FT. WORTH CATTLE EXPRESS - WALT ROBERTS #56527 & 56625	866.40		
			Current Period Change	866.40	67,500.00	
	10/1/98		Beginning Balance			
	10/1/98 3130V	CDJ	FT. WORTH CATTLE EXPRESS - WALT ROBERTS #56527 & 56625		866.40	
	10/22/98 3165	CDJ	SHERRILL LIVESTOCK, INC. - 34 HEAD OF CATTLE	10,914.88		
			Current Period Change	10,914.88	866.40	
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			
	1/1/99		Beginning Balance			
	1/29/99 5372	CDJ	SHERRILL LIVESTOCK, INC. - 1 BLK BULL	853.10		
			Current Period Change	853.10		
	2/1/99		Beginning Balance			
	3/1/99		Beginning Balance			
	4/1/99		Beginning Balance			
	5/1/99		Beginning Balance			
	6/1/99		Beginning Balance			

GENE STIPE
General Ledger

For the Period From Jan 1, 1998 to Oct 31, 1999

Filter Criteria includes: 1) IDs from 1143 to 1143. Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
	7/1/99		Beginning Balance			
	8/1/99		Beginning Balance			
	9/1/99		Beginning Balance			
	10/1/99		Beginning Balance			
	10/31/99		Ending Balance			

0250-0041-0143
11/10/99 16:26:19.30

GENE STIPE
General Ledger

For the Period From Jan 1, 1998 to Nov 30, 1999

Filter Criteria includes: 1) IDs from 1143 to 1143. Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1143 Cattle	1/1/98		Beginning Balance			
	2/1/98		Beginning Balance			
	3/1/98		Beginning Balance			
	4/1/98		Beginning Balance			
	5/1/98		Beginning Balance			
	6/1/98		Beginning Balance			
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	✓ 8/5/98 3044	CDJ	WALT ROBERTS - CATTLE	67,500.00		
	② 8/27/98 JE 8-2	GENJ	TO PURCHASE OFFICIAL CHECKS #4174245 & #4174244	60,900.00		
			Current Period Change	128,400.00		
	9/1/98		Beginning Balance			
	✓ 9/23/98 SPE	CRJ	WALT ROBERTS - REFUND OF CATTLE SALE		67,500.00	
	② 9/24/98 3130	CDJ	FT. WORTH CATTLE EXPRESS - WALT ROBERTS #56527 & 56625	866.40		
			Current Period Change	866.40	67,500.00	
	10/1/98		Beginning Balance			
	✓ 10/22/98 3165	CDJ	SHERRILL LIVESTOCK, INC. - 34 HEAD OF CATTLE	10,914.88		
			Current Period Change	10,914.88		
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			
	1/1/99		Beginning Balance			
	✓ 1/29/99 5372	CDJ	SHERRILL LIVESTOCK, INC. - 1 BLK BULL	853.10		
			Current Period Change	853.10		
	2/1/99		Beginning Balance			
	3/1/99		Beginning Balance			
	4/1/99		Beginning Balance			
	5/1/99		Beginning Balance			
	6/1/99		Beginning Balance			
	7/1/99		Beginning Balance			

11/9/99 11:52:44.22

Vol. 1000 - Cattle 10/22/98
to AIR - Detail 10/22/98
Act

GENE STIPE
General Ledger

For the Period From Jan 1, 1998 to Nov 30, 1999

Filter Criteria includes: 1) IDs from 1143 to 1143. Report order is by ID. Report is printed in Detail Format.

Account ID	Date	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
Account Description	Reference					
	8/1/99		Beginning Balance			
	9/1/99		Beginning Balance			
	10/1/99		Beginning Balance			
	11/1/99		Beginning Balance			
	11/30/99		Ending Balance			

5

2020-04-10 12:43

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est and most important traditions in the sport of rodeo. Honoring our national and state flags before each performance reflects the strong values of rodeo folks. In 1987 Jack had created a watercolor on the subject for Freedom's 50th anniversary rodeo program cover, and the image became very popular. So it was decided that the mural should be a replica of that painting.

The size of the mural—8 feet by 24 feet—required the artist to paint it in three sections in a warehouse in Oklahoma City and then transport it the 150 miles to Freedom. The mural is now mounted on the wall of a downtown building.

The town of Freedom is host to one of the country's largest open rodeos, plus the Old Cowhands Memorial and Reunion, held every August. Additional information can be obtained from Jack J. Wells, 1830 Markwell Ave., Oklahoma City, OK 73127; 405-789-3920.

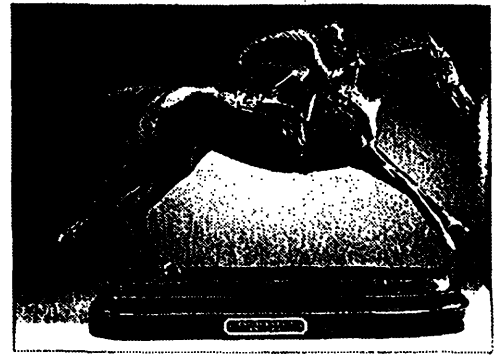
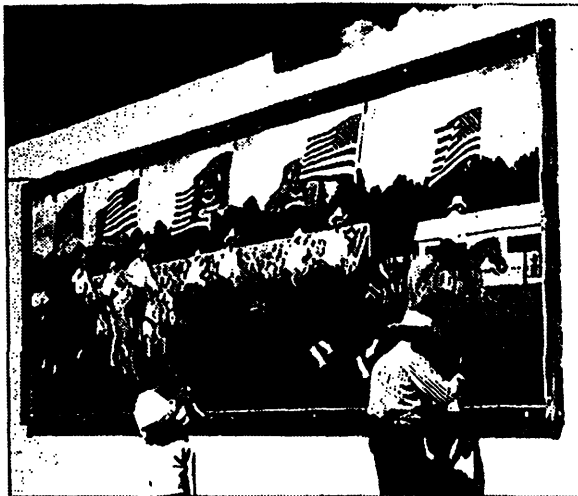
RUSTY HOUTZ, a member of the Shoshone-Bannock Tribes, grew up on the Fort Hall Reservation near Blackfoot, Idaho. After a stint in the Army, he worked at various jobs including truck driver, heavy equipment operator, construction, and in

movie and television productions. He also got into rodeoing, but he soon discovered that riding bucking horses wasn't for him. He continued roping calves and bulldogging steers and became a pickup man at rodeo events throughout the West. After moving to Nevada, Houtz started team roping and he still ropes in old-timer rodeos.

In 1980, Houtz turned from his past hobby of wood carving to bronze sculpture. His life experiences have provided him a wealth of subject matter, and he feels that he has found his niche in art. Houtz travels to art shows and rodeo events to display his sculptures. He was recently honored by having two of his bronzes appear in a photograph in *Archaeological Digest* as one of the story illustrations about the Chief Joseph Ranch in Montana.

Rusty Houtz, Box 483, Blackfoot, ID 83221.

FROM FIDDLING to law enforcing to politician to sculpture—all of this



First Down Dash, 32 inches long by 24 inches tall, bronze edition of 50.

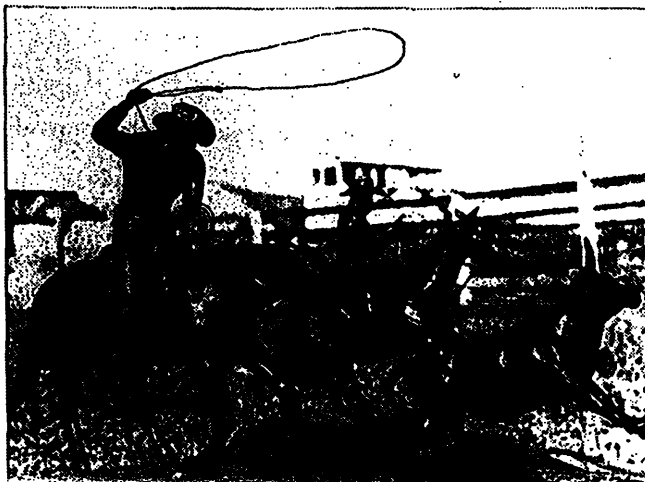
Walt Roberts



All In All Done, bronze.

by the ripe old age of 31. Walt Roberts of McAlester, Okla., can rightfully claim all of these vocations.

Born and raised on his family's cattle ranch in Oklahoma, he played the fiddle professionally while in college working toward bachelor's and master's degrees in prison administration. Because McAlester is traditionally a prison town and his family had been involved in law enforcement for years,



A team penning bronze titled Block the Hole.

Smooth Six

Rusty Houtz

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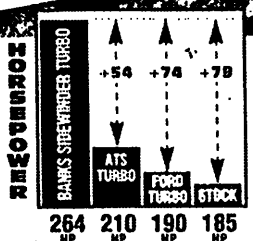
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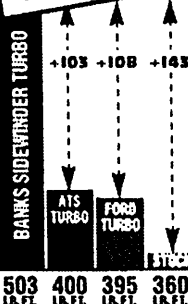
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"We're a cash and carry family... he makes the cash, and I carry it."

this was a logical direction for him. He worked for a year in the prison system before he was elected to the Oklahoma House of Representatives at the age of 24.

After three terms covering 6 years, Walt left politics to pursue an interest that had been dormant until he and artist friend Bob Moline went into an art store in Dallas and bought sculpture supplies. With no training and little else but motivation, Walt turned out his first piece—a buckaroo fiddle player in an edition of 20. It sold out, and he was on his way.

To date, his biggest project has been the commission to do a bronze sculpture of the renowned Quarter Horse First Down Dash. Walt went to California to study the stallion in the flesh, and he was given a photo file that proved immensely helpful. After observing the horse, the artist chose to depict him racing. Measurements helped to make the finished piece an accurate likeness of First Down Dash.

The edition of 50 has each piece mounted on a base of black marble and walnut. Walt recently reported that the edition was nearly sold out.

Walt Roberts, 507 W. Choctaw, McAlester, OK 74501; 918-423-2092.

Q & A

Question: What are slide plates?

Answer: Slide plates are special shoes worn on the hind feet of reining horses. They are much wider than the normal shoe and cover more surface of the sole. They are designed to help the horse in making hard sliding stops. In a stop



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6

GENE STIPE
General Ledger

For the Period From Jan 1, 1997 to Dec 31, 1997

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
AJE 12-3						
Greenwood estates	1/1/97 AJE 1-1	GENJ	TO ADJUST BEG BAL TO ACTUAL	2,319,955.37		
			Current Period Change	2,319,955.37		
	2/1/97		Beginning Balance			
	3/1/97		Beginning Balance			
	4/1/97		Beginning Balance			
	5/1/97		Beginning Balance			
	6/1/97		Beginning Balance			
	6/19/97 10081	CDJ	GREENWOOD ESTATES - SALES EXPENSE ON PRIOR & ??	2,580.00		
			Current Period Change	2,580.00		
	7/1/97		Beginning Balance			
	7/17/97 10082	CDJ	GREENWOOD ESTATES - ??	3,000.00		
			Current Period Change	3,000.00		
	8/1/97		Beginning Balance			
	8/18/97	CDJ	GREENWOOD ESTATES - ??	6,000.00		
			Current Period Change	54,450.00		
	2/1/97		Beginning Balance			
	3/1/97		Beginning Balance			
	4/1/97		Beginning Balance			
	5/1/97		Beginning Balance			
	6/1/97		Beginning Balance			
	7/1/97		Beginning Balance			
	8/1/97		Beginning Balance			
	9/1/97		Beginning Balance			
	10/1/97		Beginning Balance			
	11/1/97		Beginning Balance			
	12/1/97		Beginning Balance			
	12/31/97		Ending Balance			
1335 Law Office Bldg, Inc.	1/1/97		Beginning Balance			
	1/1/97 AJE 1-1	GENJ	TO ADJUST BEG BAL TO ACTUAL	19,322.26		
			Current Period Change	19,322.26		

6

11/18/98 at 16:59:20.85

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GENE STIPE
General Ledger

For the Period From Jan 1, 1997 to Dec 31, 1997

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1108 A/R - Louise Crosslin	1/1/97		Beginning Balance			
	1/1/97 AJE 1-1	GENJ	TO ADJUST BEG BAL TO ACTUAL	44,350.00		
			Current Period Change	44,350.00		
	2/1/97		Beginning Balance			
	3/1/97		Beginning Balance			
	4/1/97		Beginning Balance			
	5/1/97		Beginning Balance			
	6/1/97		Beginning Balance			
	6/1/97 10080	CDJ	CROSSLIN REALTY - ??	3,000.00		
			Current Period Change	3,000.00		
	7/1/97		Beginning Balance			
	8/1/97		Beginning Balance			
	9/1/97		Beginning Balance			
	10/1/97		Beginning Balance			
	11/1/97		Beginning Balance			
	12/1/97		Beginning Balance			
	12/31/97		Ending Balance			

GENE STIPE
General Ledger

For the Period From Jan 1, 2001 to Aug 31, 2001

Filter Criteria includes: 1) IDs from 1108 to 1108. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1108	1/1/01			Beginning Balance			
A/R - Louise Crosslin	2/1/01			Beginning Balance			
	3/1/01			Beginning Balance			
	3/8/01	11337	CDJ	CROSSLIN REALTY - LOA	2,500.00		
				Current Period Change	2,500.00		
	4/1/01			Beginning Balance			
	5/1/01			Beginning Balance			
	6/1/01			Beginning Balance			
	6/4/01	11380	CDJ	LOUISE CROSSLIN - LOAN	75,000.00		
				Current Period Change	75,000.00		
	7/1/01			Beginning Balance			
	8/1/01			Beginning Balance			
	8/31/01			Ending Balance			

GENE STIPE
General Ledger

For the Period From Jan 1, 2000 to Dec 31, 2000

Filter Criteria includes: 1) IDs from 1108 to 1108. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1108	1/1/00			Beginning Balance			
A/R - Louise Crosslin	2/1/00			Beginning Balance			
	3/1/00			Beginning Balance			
	4/1/00			Beginning Balance			
	5/1/00			Beginning Balance			
	6/1/00			Beginning Balance			
	7/1/00			Beginning Balance			
	8/1/00			Beginning Balance			
	9/1/00			Beginning Balance			
	9/8/00	7000	CDJ	LOUISE CROSSLIN	25,000.00		
	9/22/00	7003	CDJ	LOUISE CROSSLIN	24,000.00		
				Current Period Change	49,000.00		
	10/1/00			Beginning Balance			
	11/1/00			Beginning Balance			
	12/1/00			Beginning Balance			
	12/31/00			Ending Balance			

GENE STIPE General Ledger

For the Period From Jan 1, 1998 to Dec 31, 1998

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jral	Trans Description	Debit Amt	Credit Amt	Balance
			Current Period Change		50.00	
	10/1/98		Beginning Balance			
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			
	12/31/98 AJE 12-2	GENJ	WRITE OFF		1,050.00	
			Current Period Change		1,050.00	
	12/31/98		Ending Balance			
1108 A/R - Louise Crosslin	1/1/98		Beginning Balance			
	2/1/98		Beginning Balance			
	3/1/98		Beginning Balance			
	4/1/98		Beginning Balance			
	4/15/98 10222	CDJ	CROSSLIN AGENCY	5,000.00		
			Current Period Change	5,000.00		
	5/1/98		Beginning Balance			
	5/21/98 10422	CDJ	CROSSLIN REAL ESTATE	25,000.00		
			Current Period Change	25,000.00		
	6/1/98		Beginning Balance			
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	9/1/98		Beginning Balance			
	10/1/98		Beginning Balance			
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			
	12/31/98		Ending Balance			
1109 A/R - Chester Reynolds	1/1/98		Beginning Balance			
	2/1/98		Beginning Balance			
	3/1/98		Beginning Balance			
	4/1/98		Beginning Balance			
	5/1/98		Beginning Balance			
	6/1/98		Beginning Balance			

GENE STIPE
General Ledger

For the Period From Jan 1, 1998 to Dec 31, 1998

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1322 Lirde Dixie Radio, Inc.	1/1/98		Beginning Balance			
	2/1/98		Beginning Balance			
	3/1/98		Beginning Balance			
	4/1/98		Beginning Balance			
	5/1/98		Beginning Balance			
	6/1/98		Beginning Balance			
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	9/1/98		Beginning Balance			
	10/1/98		Beginning Balance			
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			
	12/31/98 AJE 12-1	GENJ	TO RECORD K-1 ACTIVITY	4,398.00		
	12/31/98 AJE 12-12	GENJ	1998 activity in draw acct of F&G p/ship	5,000.00		
			Current Period Change	9,398.00		
	12/31/98		Ending Balance			
	1325 Greenwood estates	1/1/98		Beginning Balance		
1/1/98 AJE 1-1		GENJ	RECLASS INVESTMENT		746,915.67	
1/1/98 aje 1-2		GENJ	to properly classify expenditures		32,480.00	
			Current Period Change		779,395.67	
2/1/98			Beginning Balance			
3/1/98			Beginning Balance			
4/1/98			Beginning Balance			
5/1/98			Beginning Balance			
6/1/98			Beginning Balance			
7/1/98			Beginning Balance			
8/1/98			Beginning Balance			
9/1/98			Beginning Balance			
10/1/98			Beginning Balance			
11/1/98			Beginning Balance			
12/1/98			Beginning Balance			

GENE STIPE
General Ledger
 For the Period From Jan 1, 1998 to Dec 31, 1998
 Filter Criteria included: Report order is by ID. Report is printed in Detail Format.

Account ID	Date	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
Account Description	Reference					
1/1/98		GENJ	RECLASS INVESTMENT	746,915.67		
AJE 1-1						
2/1/98			Current Period Change	746,915.67		
3/1/98			Beginning Balance			
4/1/98			Beginning Balance			
5/1/98			Beginning Balance			
6/1/98			Beginning Balance			
7/1/98			Beginning Balance			
8/1/98			Beginning Balance			
9/1/98			Beginning Balance			
10/1/98			Beginning Balance			
11/1/98			Beginning Balance			
12/1/98			Beginning Balance			
1/1/98			Beginning Balance			
1/1/98		GENJ	to properly classify expenditures	32,480.00		
aje 1-2						
2/1/98			Current Period Change	32,480.00		
2/1/98			Beginning Balance			
2/19/98		CDJ	GREENWOOD ESTATES	5,000.00		
10385						
3/1/98			Current Period Change	5,000.00		
			Beginning Balance			

1327
The Villas on 69A

10385
GREENWOOD ESTATES

GENE STIPE
General Ledger

For the Period From Jan 1, 1998 to Dec 31, 1998

Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.

Account ID Account Description	Date Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
	4/1/98		Beginning Balance			
	5/1/98		Beginning Balance			
	6/1/98		Beginning Balance			
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	9/1/98		Beginning Balance			
	9/11/98	CDJ	GREENWOOD ESTATES -	45,250.00		
	3117		REAL ESTATE			
	9/23/98	CDJ	GREENWOOD ESTATES -	25,000.00		
	3122		REAL ESTATE			
	9/25/98	CDJ	GREENWOOD ESTATES -	30,000.00		
	10521		REAL ESTATE			
			Current Period Change	100,250.00		
	10/1/98		Beginning Balance			
	10/23/98	CDJ	GREENWOOD ESTATES	10,000.00		
	3171					
			Current Period Change	10,000.00		
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			
	12/24/98	CDJ	L. CRASALI - GREENWOOD	6,000.00		
	3206		ESTATES			
			Current Period Change	6,000.00		
	12/31/98		Ending Balance			
1330	1/1/98		Beginning Balance			
Easy rider	2/1/98		Beginning Balance			
	3/1/98		Beginning Balance			
	4/1/98		Beginning Balance			
	5/1/98		Beginning Balance			
	6/1/98		Beginning Balance			
	7/1/98		Beginning Balance			
	8/1/98		Beginning Balance			
	9/1/98		Beginning Balance			
	10/1/98		Beginning Balance			
	11/1/98		Beginning Balance			
	12/1/98		Beginning Balance			

1/5/01 at 11:18:20.44

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GENE STIPE
General Ledger

For the Period From Jan 1, 1999 to Dec 31, 1999

Filter Criteria includes: Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
A/R - Louise Crosslin	2/1/99			Beginning Balance			
	2/4/99	J0248	CDJ	CROSSLIN REALTY - COM	10,041.00		
	2/11/99	10246	CDJ	CROSSLIN REALTY - COM	20,000.00		
				Current Period Change	30,041.00		
	3/1/99			Beginning Balance			
	4/1/99			Beginning Balance			
	5/1/99			Beginning Balance			
	6/1/99			Beginning Balance			
	7/1/99			Beginning Balance			
	8/1/99			Beginning Balance			
	8/30/99	10736	CDJ	LOUISE CROSSLIN REALT	40,000.00		
				Current Period Change	40,000.00		
	9/1/99			Beginning Balance			
	9/17/99	SPE	CRJ	LOUISE CROSSLIN - PAY		60,000.00	
				Current Period Change		60,000.00	
	10/1/99			Beginning Balance			
	11/1/99			Beginning Balance			
	11/4/99	10848	CDJ	LOUISE CROSSLIN - ??	22,000.00		
				Current Period Change	22,000.00		
	12/1/99			Beginning Balance			
	12/31/99			Ending Balance			

GENE STIPE
General Ledger

For the Period From Jan 1, 1999 to Dec 31, 1999

Filter Criteria includes: Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jral	Trans Description	Debit Amt	Credit Amt	Balance
	9/1/99			Current Period Change	275,380.80		
	10/1/99			Beginning Balance			
	11/1/99			Beginning Balance			
	11/13/99	TRES	CRJ	VILLAS - REIN VILLAS FR		417,000.80	
	12/1/99			Current Period Change		417,000.80	
	12/31/99			Beginning Balance			
	12/31/99			Ending Balance			
1335	1/1/99			Beginning Balance			
Law Office Bldg. Inc.	2/1/99			Beginning Balance			
	2/10/99	5379	CDJ	STIPE LAW OFFICE TRUS	7,200.00		
	3/1/99			Current Period Change	7,200.00		
	4/1/99			Beginning Balance			
	5/1/99			Beginning Balance			
	6/1/99			Beginning Balance			
	7/1/99			Beginning Balance			
	8/1/99			Beginning Balance			
	9/1/99			Beginning Balance			
	10/1/99			Beginning Balance			
	11/1/99			Beginning Balance			
	11/3/99	SPE	CRJ	RICHARD L. GOSSETT - 45		265.57	
	12/1/99			Current Period Change		265.57	
	12/31/99	TJE 1	GENJ	to record s-corp activity		1,324.00	
	12/31/99			Current Period Change		1,324.00	
	12/31/99			Ending Balance			
1341	1/1/99			Beginning Balance			
Montgomery Ward Bldg.	1/28/99	1030	CDJ	TEMPLAR LEASING & CO	120,000.00		
	2/1/99			Current Period Change	120,000.00		
	2/4/99	1038	CDJ	TERRY DON MILLER - 1/2	1,125.00		
	3/1/99			Current Period Change	1,125.00		
	4/1/99			Beginning Balance			
	5/1/99			Beginning Balance			
	6/1/99			Beginning Balance			
	6/2/99	1013	CDJ	TH ROGERS - mw - repairs	264.14		
	7/1/99			Current Period Change	264.14		
	8/1/99			Beginning Balance			
	9/1/99			Beginning Balance			
	10/1/99			Beginning Balance			
	11/1/99			Beginning Balance			
	11/3/99	1180	CDJ	ALBERT JARRETT - MW B	200.00		
	11/3/99	1181	CDJ	JOHN JARRETT - MW BLD	190.00		
	11/3/99	1182	CDJ	CARY WINDOW - MW BL	190.00		
	11/3/99	1183	CDJ	TH ROGERS - MW BLDG.	102.87		
	11/3/99	1184	CDJ	BILL EDWARDS - MW BL	387.00		
	12/1/99			Current Period Change	1,069.87		
	12/8/99	6109	CDJ	MILLER BROTHERS ENTE	6,227.40		
	12/8/99	6110	CDJ	WINSLETT HEATING, AIR	2,222.64		
	12/16/99	6124	CDJ	MILLER BROTHERS - INV	189.93		
	12/21/99	1063	CDJ	WINSLETT HEATING - M	794.62		

SHEET NO.

RATING

CREDIT LIMIT

TERMS

NAME

ACCOUNT NO.

ADDRESS

Inwood Estates

28

WILSON JONES PAGE 1110	DATE 1981	DESCRIPTION	DEBIT	CREDIT
		Brought Forward		
	12-31	Community Bank & Trust Tulsa	1-7	9.18
			4-4	-
			7-3	-
			10-25	-
	12-31	Balance Spentamer assets 144	82.47	0003.500.00
	1982			
	1-4	#3300 Mayers Co Trans CK 1472	CB	1760.14
	2-14	" " 1516		1638.00
	2-14	NW Estates 7495		37.00.00
	6-15	" " 7866		350.00.00
	11-18	Community Bank - Tulsa CK 1701	CB	1700.00.00
	12-29	Mayers Co Trans CK 1732	CB	1499.17
	12-31	Community Bank Tulsa	2-2	500.00.00
		" " 5-21	-	1000.00.00
		" " 8-3	-	2000.00.00
	1983			
	8-31	#3300 NW Estates CK 8386	CB	7500.00
	12-7	" " 8429	CB	500.00
	3-10	Community Bank Tulsa	0-6-3	1000.00.00
	6-25	" " "		1000.00.00
	8-26	" " "		2000.00.00
	8-25	" " "		7257.3009
	7-10	Chen Business Corp - Comm Bk	CB	12000.00
	10-5	Bank of America - NW Estates - Comm Bk	"	13000.00.00
	1984			
	7-11	#3300 Mayers Co Trans CK 2130	CB	1897.64
	12-28	9105 " "	CB	1682.36
	12-31	from Spentamer Assets sheet	0-3	7469.1967

DATE	ITEMS	FOLIO	DEBITS	CREDITS	BALANCE
1989					
	Brought fwd				
2-29	Lease Overline acct 5008	6573	1000.00		
2-11		6572	6200.00		
3-18		6581	4412.00		
4-18		6546	3500.00		
5-17		6643	1500.00		
6-20	Overline Ready	6628	500.00		
6-6		686	4500.00		
6-13		689	2500.00		
7-17		6671	4000.00		
7-29	Lease Overline	726	4000.00		
8-21		5860	2400.00		
10-10		6816	3200.00		
10-31	1-21 &c	6547	5900.00		
10-31	Adj ment. ac	6547		1800.00	
12-31	Refers	642		2312.00	
1992					
1-30	#1070 CK 1490	69	3900.00		
1-08	Colimator Lens Recd	68		3900.00	
4-17	Overline	68		2600.00	
5-4	2 more addl. Overline	68	8900.00		
7-16	F.C. Rem		2500.00		44350.00

SHEET NO.

RATING

NAME

P. J. Crosslin

ACCOUNT NO.

CREDIT LIMIT

ADDRESS

TERMS

SON JONES 100% N.Y.C.	DATE 181237	ITEM	PLD	DEBIT	CREDIT	BALANCE
	3-30	amt 9002.11 P. J. Crosslin	2.04	5270.00		
	3-31	"	5	1600.00		
	4-30	"		1800.00		
	6-30	"		900.00		
	6-30	"		1500.00		
	7-31	"		700.00		
	7-31	"		820.00		
	7-31	"		785.00		
	8-30	"		600.00		
	9-30	"		300.00		
	10-30	"		600.00		
	10-30	"		1000.00		
	12-31	"		700.00		
	12-31	To amt expense	5.12		1800.00	
	1902					
	2-1	amt 9002.11	5.5	1500.00		
	2-1	"	5	1700.00		
	3-5	"		1600.00		
	3-19	"		1800.00		
	4-5	"		200.00		
	5-5	"		1500.00		
	5-24	"		1500.00		
	6-30	"		1500.00		
	7-15	"		1500.00		
	8-15	"		500.00		
	8-24	"		500.00		
	9-24	"		1500.00		
	10-18	"		1600.00		
	10-30	"		1500.00		
	11-4	"		2500.00		
	12-31	2-1	2.41	700.00		
	12-31	To amt expense	1.75		11650.00	
	12-31	To pay amt	1.75		50700.00	

MADE IN U.S.A.