



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1721

Date Filmed 6/2/86 Camera No. --- 2

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FEDERAL ELECTION COMMISSION

- (1) Routing Slips
- (2) Control Slips
- (3) Internal Memos
- (4) Conciliation information
- (5) Bank information

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

- | | |
|--|--|
| <u> </u> (1) Classified Information | <u> </u> (6) Personal privacy |
| <u> </u> (2) Internal rules and practices | <u> </u> (7) Investigatory files |
| <u>✓</u> (3) Exempted by other statute | <u> </u> (8) Banking information |
| <u>✓</u> (4) Trade secrets and commercial or financial information | <u> </u> (9) Well Information (geographic or geophysical) |
| <u>✓</u> (5) Internal Documents | |

Signed E. Kleinfeld

date May 27, 1980

FEC 5-21-77

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A PROFESSIONAL ASSOCIATION

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KENNETH R. BHEMIN
DAVID A. KNIGHT
RONALD M. CLARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH

May 7, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

RE: Worthen Bank & Trust Company, N.A. ("Worthen"), (MUR
1721)

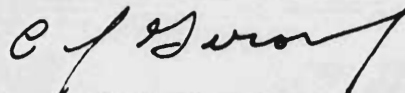
Dear Mr. Steele:

We are in receipt of your letter of April 28, 1986 and we are pleased to know that the Commission concluded on April 15, 1986 that there is no probable cause to believe that Worthen violated the Federal Election Campaign Act of 1971. We understand that the file with respect to Worthen has been closed and that this matter will become a part of the public record within thirty (30) days after it has been closed with respect to all respondents involved. Mr. Klienfeld informed us by telephone that the matter was closed with respect to all other respondents on Monday, May 6, 1986.

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Very truly yours,



C. Joseph Giroir, Jr.

RJV/kg

cc: Ken Shemin

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF TOMMY ROBINSON)
AND THE TOMMY ROBINSON FOR)
CONGRESS COMMITTEE, GEORGE M.)
FELKINS, AS TREASURER)

MUR 1721

RESPONSE TO GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I.

RELATIONSHIP OF TOMMY
ROBINSON WITH WORTHEN BANK

Tommy Robinson (Robinson) was acquainted with various members of senior management of Worthen Bank (Worthen) for 15 to 20 years prior to the loan transaction in question. In particular, Robinson was a personal friend of the former Chairman of the Board and Chief Executive Officer, Eugene Fortson.

The close personal relationship between Robinson and Worthen is borne out by the fact that Robinson did most of his personal banking with Worthen in Little Rock, Arkansas, even though he lived in Jacksonville, Arkansas.

In addition to his reputation for integrity, Robinson was known to senior management as a bright and industrious individual with a tremendous potential for success.

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Beyond his personal relationship with senior management, Robinson exemplified the type of individual Worthen seeks out as a customer in its ordinary course of business. It is critical to understand that banking relationships, particularly in smaller communities with a competitive banking atmosphere, are forged when the customer is in the initial stages of his career. Worthen, as a routine marketing practice, makes loans to assist select customers even though such a loan may not be warranted in all cases by the balance sheet. See Comparable Loans below.

II.

ROBINSON'S LOAN HISTORY WITH WORTHEN BANK

The following is Robinson's consumer loan history with Worthen prior to the extension of credit at issue:

<u>Loan #</u>	<u>Opened</u>	<u>Paid</u>	<u>Amount</u>	<u>Collateral</u>
120400567	05/05/80	07/21/80	15,350.95	Signature
120401123	07/05/80	10/20/80	15,295.89	Signature
120401660	09/04/80	02/05/81	15,546.98	Signature
120421416	01/02/81	06/31/81	13,432.89	Signature
120424430	05/18/81	12/18/81	13,975.04	Signature
120426466	12/17/81	04/07/82	14,605.95	Signature
120427454	04/06/82	08/25/82	14,605.96	Signature
174002565	11/25/75	03/05/77	775.20	McCabe Furniture

<u>Loan #</u>	<u>Opened</u>	<u>Paid</u>	<u>Amount</u>	<u>Collateral</u>
174017780	06/20/79	06/21/82	2,450.78	McCabe Furniture
174020898	10/05/82	06/10/83	2,358.72	McCabe Furniture

Each of these loans were repaid in a timely manner and serve as a basis for Robinson's excellent credit rating with Worthen.

III.

FACTUAL AND LEGAL ANALYSIS OF THE SPECIFIC LOAN IN QUESTION

The loan in question was made by Worthen on July 9, 1984, for approximately \$48,000.00. The title records reflect that on March 2, 1981 Robinson executed a mortgage in favor of Worthen securing a commercial loan in the amount of \$7,000.00 which has subsequently been satisfied although not released of record. See Exhibit A attached hereto made a part hereof. On July 9, 1984, Robinson executed a mortgage securing the loan at issue. A third mortgage was executed by Robinson in favor of First State Bank of Sherwood on August 23, 1984, however this document was filed in error as evidenced by Exhibits B & C, copies of which are attached hereto and made a part hereof.

An appraisal of Robinson's residence made by Worthen reflected a fair market value of \$88,900.00. See p. 14 of General Counsel's Brief. There was an outstanding first mortgage in the amount of approximately \$50,000.00 leaving an

approximate net equity of \$38,900.00. Id. The uncollateralized amount of the \$48,000.00 loan at issue was therefore approximately \$9,100.00.

Accepting the General Counsel's position that when a loan is not fully collateralized there must be risk reducing features to assure repayment of the balance, the following are the risk reducing features Worthen was entitled to rely upon:

1. Robinson had a successful credit history with Worthen.
2. Robinson had received the highest number of votes in the Democratic Primary held May 29, 1984, approximately two months prior to the loan date. The Commission has recognized that the proven ability to generate public support as of the date of the loan, and therefore the probability of generating public contributions in the future, is a risk reducing feature to the loan. See page 16 of General Counsel's Brief In Re MUR 1721 dated March 29, 1985.
3. The loan was partially collateralized by a second mortgage. See p. 14 of General Counsel's Brief.
4. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner. See p. 2 of General Counsel's Brief.
5. The senior management of Worthen having known Robinson for 15 to 20 years prior to the extension of credit at issue, believed his talents were transferrable to the private sector

and that if Robinson lost the election his earning capacity would have increased significantly and he would have repaid the loan at issue to Worthen as he had always done in the past.

IV.

COMPARABLE LOANS

As part of its ordinary banking practice, Worthen makes loans to individuals it believes are creditworthy based primarily on subjective factors, i.e. integrity and general character. The following are examples of loan extensions made to individuals, like Tommy Robinson, wherein financial statements were not obtained:

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The following credit proposal reflects the Robinson loan was within the ordinary commercial lending practices of Worthen.

<u>Customer</u>	<u>Amount of Loan</u>	<u>Security</u>	<u>Character Rating</u>	<u>Repayment Source</u>
Tommy Robinson	\$48,000.00	Partially Secured	1	campaign contributions 2nd mortgage

See Exhibit D.

V.

CONCLUSION

At the time Worthen extended the credit at issue, Robinson had a successful credit history with Worthen; he had a reputation in the community as a man of integrity and who

handled his loan matters in a satisfactory manner; and he was viewed by senior management of Worthen and the entire community as a man with a political future.

The loan at issue was evidenced by a written instrument, subject to a due date, and bore the usual and customary interest rate of a lending institution.

An appraisal of Robinson's residence made by Worthen reflected a fair market value of \$88,900.00 and a net equity of approximately \$38,900.00. The uncollateralized portion of the loan was approximately \$9,100.00.

The risk reducing features, including potential political contributions, certainly warranted an uncollateralized loan amount of \$9,100.00.

The comparable loans set forth above clearly show that the loan at issue was made by Worthen in its ordinary course of business, and therefore Worthen respectfully requests that the Commission find no probable cause exists herein.

Respectfully submitted,

ROSE LAW FIRM
A Professional Association
120 East Fourth Street
Little Rock, Arkansas 72201
(501) 375-9131

By: Kenneth R. Shemin
Kenneth R. Shemin
Counsel for Respondent
Worthen Bank & Trust Company, N.A.

LITTLE ROCK ABSTRACT COMPANY

214 LOUISIANA STREET, P.O. BOX 3414, LITTLE ROCK, ARKANSAS 72203 (501) 372-3400



TITLE CERTIFICATE

No. 74966

WE HEREBY CERTIFY that we have checked the records of Pulaski County, Arkansas, as to the lands described as follows:

Lot 37, Phase II, JACKSON HEIGHTS ADDITION to the City of Jacksonville, Pulaski County, Arkansas.

We find that record title thereto appears to be vested in TOMMY F. ROBINSON and CAROLYN B. ROBINSON, his wife.

We find no liens or judgment liens against Tommy F. Robinson or Carolyn B. Robinson, in any court of record in Pulaski County, Arkansas, which would appear to affect the title to the above described lands, EXCEPT the following:

MORTGAGE executed on Sept. 26, 1978, filed for record Sept. 29, 1978, by Tommy F. Robinson and Carolyn B. Robinson, to First American National Bank securing the sum of \$56,900.00, and recorded as Inst. No. 78-39561;

MORTGAGE executed on March 2, 1981, filed for record March 9, 1981, by Tommy F. Robinson and Carolyn B. Robinson, to Worthen Bank & Trust Company, N. A., and recorded as Inst. No. 81-09459, securing the sum of \$7,000.00.

MORTGAGE executed on August 23, 1984, filed for record Sept. 12, 1984, by Tommy Robinson and Carolyn Robinson, to First State Bank of Sherwood, Sherwood, Arkansas, and recorded as Inst. No. 84-56088, securing the sum of \$20,141.55.

MORTGAGE executed on July 9, 1984, filed for record May 6, 1985, by Tommy Robinson to Worthen Bank & Trust Company, N. A., securing the sum of \$48,000.00, and recorded as Inst. No. 85-23456;

GENERAL TAXES paid for year 1984; Due for year 1985 in sum of \$739.43;
NO SPECIAL IMPROVEMENT TAXES.

Our liability does not exceed One Hundred Dollars.
CERTIFYING FROM: Jan. 1, 1978 @ 7:00 A.M.
DATED this 25th day of February, 1986 @ 7:00 A.M.
LITTLE ROCK ABSTRACT COMPANY

BY

Ida Carzile
ABSTRACTER

EXHIBIT

A

FIRST JACKSONVILLE BANK

LARRY T. WILSON
PRESIDENT

March 7, 1986

Hon. Joe Giroir
Rose Law Firm
120 E. 4th
Little Rock, AR 72201

RE: Recorded Instrument #84-56088 Pulaski County Circuit Clerk

Dear Joe:

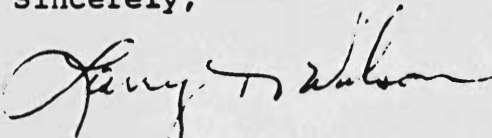
The above referenced instrument, a mortgage in the amount of \$20,141.55 from Tommy Robinson and wife to First Jacksonville Bank and filed August 23, 1984, was apparently file in error.

To the best of my knowledge this instrument was to have been filed in relation to a loan made on June 4, 1984 to Tommy F. Robinson, Campaign Fund and was repaid on July 12, 1984. Obviously since the mortgage was filed after the note was paid it must have been an error.

Enclosed is an executed release deed from First Jacksonville Bank releasing their mortgage.

If you have any questions or need any additional information please do not hesitate to call me.

Sincerely,



Larry T. Wilson
President

LTW/sv

EXHIBIT

B



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RELEASE DEED

IS INSTRUMENT PREPARED BY
FIRST JACKSONVILLE BANK
JACKSONVILLE, ARKANSAS
BY: S. Voigt

KNOWN ALL MEN BY THESE PRESENTS:

That First Jacksonville Bank, by its President and Executive Vice President, duly authorized by proper resolution of its Board of Directors, in consideration of the full payment of indebtedness in a certain Mortgage dated August 23, 1984, and recorded in Book _____ at Page _____ Instrument # 84-56088 in the Office of the Circuit Clerk for Pulaski County, Arkansas, said indebtedness originally having been owed by Tommy F. Robinson and Carolyn Robinson to First Jacksonville Bank, and secured by a lien upon the following described property located in Pulaski County, Arkansas:

Lot 37, Phase II Jackson Heights, Pulaski County, Arkansas

Said mortgage is released in full as to all properties now encumbered thereby, on this 7th day of March, 1986.

IN WITNESS WHEREOF, The First Jacksonville Bank has caused its name and seal to be affixed hereto on the last mentioned date.

ATTEST:

Kenneth Pat Wilson
(SEAL)

FIRST JACKSONVILLE BANK-

BY: Larry T. Wilson

EXHIBIT

ACKNOWLEDGEMENT

STATE OF ARKANSAS
COUNTY OF Pulaski

On this 7th day of March, 1986, before me, a Notary Public, duly commissioned, qualified and acting, within and for said County and State appeared in person the within named Larry T. Wilson and Kenneth Pat Wilson to me personally well known, who stated that they were the President and Chief Executive Officer of the First Jacksonville Bank a corporation, and were fully authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

In Testimony Whereof, I have hereunto set my hand and official seal this 7th day of March, 1986.

MY COMMISSION EXPIRES:

October 31, 1991

S. Voigt
NOTARY PUBLIC

96040384196



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date : 7/13

From : Patrick W. Edwards

To : file

CREDIT PROPOSAL

CUSTOMER REQUEST

W P I (Prod.) _____
W P I (Mkt.) _____
GENERAL: YES/NO ☒ YES
CUSTOMER: Tommy Robinson for Congress Campaign Fund
ADDRESS: 425 N. Broadway, Suite K, ALB 92114
BUSINESS: _____
CONTACT: Darren Glasgow
PHONE: _____
FED I.D./DOB: _____
AMOUNT: \$ 48,000.00
NEW BUSINESS AMT: \$ 48,000.00
ENDORSE/STR. (Not Worth and Date of P/S): Tommy Robinson

<input type="checkbox"/> Payroll Line	<input type="checkbox"/> R/E Term Loan	<input type="checkbox"/> Lease
<input type="checkbox"/> Informal Line	<input type="checkbox"/> Construction	<input type="checkbox"/> S/A Facility
<input type="checkbox"/> L/C (Standby)	<input type="checkbox"/> Term Loan	<input type="checkbox"/> As Offered
<input type="checkbox"/> L/C (Commercial)	<input type="checkbox"/> Revolving	<input type="checkbox"/> Other _____
<input type="checkbox"/> Parts Purchase	<input type="checkbox"/> Development R/E	

DATE: 7/13

OFFICER: PL

PURPOSE: Campaign expenses

RATE: Prime + 2
TERM: 90 days

FEE: —

REPAYMENT SOURCE:

A. PRIMARY: Refinance

B. SECONDARY: Campaign Contributions

COLLATERAL: 2nd mty. on Robinson's Residence

LOAD/VALUE: _____ BASIS OF VALUE: _____
CLEAN-UP: _____ MATURITY: _____ COMMT. EXPIRATION: _____

2-12-007 (7/02)

EXHIBIT

D

86040504197

WORTHEN Bank & Trust Company

CREDIT ANALYSIS

Date : 7/13

From : Patrick W. Edwards

To : File

CREDIT PROPOSAL

DATE: 7/13
OFFICER: PE

DEBT SUMMARY

NAME	COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION

TOTAL (Total debt for concentration purposes including unfunded Commit, balances and proposed loan) \$ 18,000.00

BUSINESS RELATIONSHIP

COMMENTS

CREDIT SERVICES CONSIDER: YES / NO / HAVE NOT REVIEWED _____ STATEMENTS AUDITED: YES / NO _____

QUALITY RATING

OFFICER	
1	CHARACTER
3	CAPACITY
3	COLLATERAL
3	RISK FACTOR
3	INDUSTRY
3	OVERALL ASSIGNED RATING

CREDIT SERVICES

LOAN APPROVAL

APPROVED	REJECTED
PE	
Jmw	

OFFICER: PE ANALYST: _____

05040504198



CREDIT PROPOSAL

W. Randy Taylor

WBC BANK: Worthen Bank

Officer/Dept Regional Banking Risk Rating: 3

Date: 12-12-85

CUSTOMER INFORMATION

Name:

Address:

Business/Type:

Banking

Principals:

Phone: 372-4700

Contact:

Bank Relationship Since:

BORROWING REQUEST

Amount:

\$25,000

Renewal: ☒ Yes / No

Increase/(Decrease):

RENEWAL

Type of Loan:

Personal

Orig. \$: 25,000.00

Orig. Date: 6-27-84

Purpose: (Do not use term "working capital")

Original purpose to purchase shares of stock in the First State Bank-Morilton and PB&T-Van Buren

Terms:

Demand, if no demand, 182 days

Fees:

Balance Reqmt

Maturity/Expiration:

6-24-86

Rate:

WBT Prime Floating

Repayment Sources:

Personal income

Collateral: (Detail page 2)

Unsecured

Borrowing Base: A/R

%; INV

%

Loan/Value:

Basis:

Gtr./Endorsers (NW and date of F/S, Percentage Guaranteed if less than 100%):

Statement Dated:

C/A:

CASH:

C/L:

A/R:

W/C:

INV:

NOTES PAY:

T/L:

BANKS:

OTHER:

N/W:

LTD:

UNQUALIFIED () QUALIFIED () OTHER ()

AUDITOR/CPA:

Interim Stmt.

19____ 19____ 19____

Net Sales:

Net Profit:

Depreciation:

Dividends:

Contingencies:

DEBT RECAP

Total Customer Debt \$

Total Related Debt \$

Anal/Coll. Bal. Last Mo.:

12 mo. Anal/Coll. Bal.:

12 mo. Anal/Profit/(Loss):

12 mo. Avg. Loans:

OTHER CONDITIONS OF APPROVAL:

Gillert is vice president and comptroller of the Twin City Bank

Directors' Loan Committee

Approved

Declined

CML#

3802313

NOTE#

SIC#

CCC#

WPI(Hist)

WPI(Proj)

TAX ID#

SS#

429-98-6342

Officers' Loan Committee

Approved

Declined

Date:

Date:

Borrower:

Date:

COLLATERAL DETAIL

STATUS:	VALUE	
Description/Valuation of Security/Address of Collateral	Market	Liquidation

RECOMMENDATION:

Loan Department

Concur:

YES/NO

Relationship Officer

YES/NO

Dept. Mgr.

YES/NO

Group Head

CREDIT DEPARTMENT:

Concur:

YES/NO

Analyst

YES/NO

Division Mgr.

YES/NO

Sr. Credit Adm.

QUALITY RATING		
	Officer	Credit Dept.
Character	1	
Capital	3	
Capacity	3	
Collateral	-	
Industry	3	
Overall Risk Rating	3	
Officer	Analyst	

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Borrower:

Date:

COLLATERAL DETAIL

STATUS:	VALUE	
Description/Valuation of Security/Address of Collateral	Market	Liquidation

RECOMMENDATION:

Loan Department

Concur:

YES/NO John J. Jones YES/NO _____ YES/NO _____
 Loan Officer Division Mgr. Group Head

CREDIT DEPARTMENT:

Concur:

YES/NO _____ YES/NO _____ YES/NO _____
 Analyst Division Mgr. Sr. Credit Adm.

QUALITY RATING		
	Officer	Credit Dept.
Character	1	
Capital	2	
Capacity	3	
Collateral	-	
Industry	3	
Overall Risk Rating	3	
Officer	Analyst	

86040384201



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date : *August 9, 1984*
From : *Annette Bennett for Dennis Schmitt*
To : *Credit File*

CREDIT PROPOSAL

CUSTOMER REQUEST

W P I (Prop.) _____

W P I (Hist.) _____

RENEWAL: YES ☒ NO ☐

CUSTOMER: _____

ADDRESS: _____

BUSINESS: _____

CONTACT: _____

PHONE: *(314) 692-1381*

FED I.D./SS#: _____

AMOUNT: \$ *15,702.28*

NEW BUSINESS AMT: \$ *-0-*

ENDORSERS: GTR. (Net Worth and Date of F/S): _____

☐ Formal Line

☐ Informal Line

☐ L/C (Standby)

☐ L/C (Commercial)

☐ Parts Purchase

☐ R/E Term Loan

☐ Construction

☒ Term Loan

☐ Revolving

☐ Development R/E

☐ Lease

☐ S/A Facility

☐ As Offered

☐ Other _____

DATE: *9/9/84*

OFFICER: *DDG*

PURPOSE: *(Work-out loan) Customer is only*

able to pay \$30.00 per month

RATE: *14.0% Fixed*

FEES: *none*

TERMS: *Monthly pay - \$30.00 per month for 36*

months.

REPAYMENT SOURCES:

A. PRIMARY _____

B. SECONDARY _____

COLLATERAL: *Unsecured*

LOAN/VALUE: _____

BAIS OF VALUE: _____

CLEAN-UP: _____

MATURITY: *7/10/87*

COMMIT. EXPIRATION: _____



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date : *August 9, 1984*
From : *Annette Bennett for Dennis Schmitt*
To : *Credit File*

CREDIT PROPOSAL

DATE: *8/9/84*
OFFICER: *ODS*

DEBT SUMMARY			
NAME	COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION
	\$	\$	
TOTAL (Total debt for concentration purposes including unfunded Commit. balances and proposed loan) \$			

BUSINESS RELATIONSHIP

COMMENTS

CREDIT SERVICES CONCUR: YES / NO / HAVE NOT REVIEWED

STATEMENTS AUDITED: YES / NO

QUALITY RATING		LOAN APPROVAL	
OFFICER	CREDIT SERVICES	APPROVED	DECLINED
<i>2</i>	CHARACTER		
<i>3</i>	CAPACITY		
<i>1</i>	COLLATERAL		
<i>3</i>	RISK FACTOR		
<i>3</i>	INDUSTRY		
<i>3</i>	OVERALL ASSIGNED RATING		
OFFICER <i>ODS</i>	ANALYST		



CREDIT PROPOSAL

WBC BANK: WBT Officer/Dept Burnett/Region Risk Rating: 3 Date: 2/3/86

CUSTOMER INFORMATION

Name:			
Address:			
Business/Type:	AT & T Labs - Research		
Principals:	Phone:	(312) 355-8650	
Contact:	Bank Relationship Since:		

Statement Dated:			
(000's)			
C/A:	CASH:		
C/L:	A/R:		
W/C:	INV:		
	NOTES PAY:		
T/L:	BANKS:		
	OTHER:		
N/W:	LTD:		

BORROWING REQUEST

Amount:	Renewal: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
\$10,000	
Increase <input type="checkbox"/> Decrease <input type="checkbox"/>	RENEWAL
Type of Loan:	Orig. \$:
Term	Orig. Date:

Purpose (Do not use term "working capital")
payoff and consolidate existing debt:
personal expenses

Terms

5 year amortization, 2 year note.
Monthly payment of \$225.

Maturity/Expiration:	Projected Balance:
Rate: 12.5%	Fees: -0-

Repayment Sources:

Income/assets

Collateral (Detail page 2)

Open

Borrowing Base A/R	%	INV	%
Loan/Value	Basis: N/A		
N/A			

Get Endorsers ☐ (NW and date of F/S. Percentage Guaranteed if less than 100%)

Net Income (Personal):

UNQUALIFIED () QUALIFIED () OTHER ()

AUDITOR/CPA: Interim

FYE: 19__ 19__ 19__

Net Sales:

Net Profit:

Depreciation:

Dividends:

Contingencies:

DEBT RECAP

Total Debt This Borrower: \$	10,000.
(includes this request)	
Total Related Debt: \$	
(includes this borrower)	

12 mo. Coll/Analysis:

Coll/Analysis Last mo:

12 mo. Analysis Profit/(Loss):

Current Balance-other deposits:

12 mo. Avg. Loans:

OTHER CONDITIONS OF APPROVAL:

payoff 2/10/86

LD# 2436747 B 874.86

CH# 350000/100000 3,000.00 F

3010.68

Mail Cashier Ch. 6,094.46

Total New Note 10,000.00

Directors' Loan Committee		CML# NOTE# SIC# CCC# WP(Hist) WP(Prof) TAX ID# [Redacted]	Officers' Loan Committee	
Approved	Declined		Approved	Declined
Date			Date	

Borrower:

Date:

COLLATERAL DETAIL

STATUS:	VALUE	
	Market	Liquidation
Description/Valuation of Security/Address of Collateral		

RECOMMENDATION:

Loan Department:

Concur:

YES/NO

Relationship Officer

YES/NO

Dept. Mgr.

YES/NO

Group Head

CREDIT DEPARTMENT:

Concur:

YES/NO

Analyst

YES/NO

Division Mgr.

YES/NO

Sr. Credit Adm.

QUALITY RATING		
	Officer	Credit Dept.
Character	1	
Capital	3	
Capacity	3	
Collateral	-	
Industry		
Overall Rating	3	
Analyst		



CREDIT PROPOSAL

3.6

WBC BANK: WBT

Officer/Dept Burnett / Reg.

Risk Rating: 3

Date: 1/8/86

CUSTOMER INFORMATION

Name:

Address:

Business/Type:

EVP - Secure Technologies, Inc.

Principals:

Phone:

Contact:

Ernest

Bank Relationship Since:

BORROWING REQUEST

Amount:

\$50,000.

Renewal: Yes / (No)

Increase/(Decrease):

RENEWAL

Type of Loan:

Term

Orig. \$:

Orig. Date:

Purpose: (Do not use term "working capital")

Payoff notes #0005829 and 0006246/provide start-up costs for business

Terms

Four (4) year payout, one year balloon; monthly payments of \$1350.00

Fees:

Balance Reqmt

Maturity/Expiration:

1/9/87

Rate:

12.5% Fixed

Repayment Sources:

Personal income/assets

Collateral (attach page 2)

Open

Borrowing Base A/R

%; INV %

Loan/Value

Basis:

N/A

N/A

Gtr/Endorsers (NW and date of F/S. Percentage Guaranteed if less than 100%)

Statement Dated:

C/A: CASH:

C/L: A/R:

W/C: INV:

NOTES PAY:

T/L: BANKS:

OTHER:

N/W: LTD:

UNQUALIFIED () QUALIFIED () OTHER ()

AUDITOR/CPA:

Interim Stmt

19 ____ 19 ____ 19 ____

Net Sales:

Net Profit:

Depreciation:

Dividends:

Contingencies:

DEBT RECAP

Total Customer Debt \$ 26,000.

Total Related Debt \$

Anal/Coll. Bal. Last Mo.:

12 mo. Anal/Coll. Bal.:

12 mo. Anal/Profit/(Loss):

12 mo. Avg. Loans:

OTHER CONDITIONS OF APPROVAL:

Directors' Loan Committee

Approved

Declined

CML#

NOTE#

SIC#

CCC#

WPI(Hist)

WPI(Proj)

TAX ID#

Date:

Officers' Loan Committee

Approved

Declined

Date:

Borrower:

Date:

COLLATERAL DETAIL

STATUS:	VALUE	
Description/Valuation of Security/Address of Collateral	Market	Liquidation

RECOMMENDATION:

Loan Department

Concur:

YES/NO

RB

Loan Officer

YES/NO

Division Mgr.

YES/NO

Group Head

CREDIT DEPARTMENT:

Concur:

YES/NO

Analyst

YES/NO

Division Mgr.

YES/NO

Sr. Credit Adm.

QUALITY RATING		
	Officer	Credit Dept.
Character	1	
Capital	3	
Capacity	3	
Collateral	-	
Industry	2	
Overall Risk Rating	3	
Officer	RB	Analyst

86040384207



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date :

From :

To :

CREDIT PROPOSAL

CUSTOMER REQUEST

W P I (Proj.)

W P I (Inst.)

RENEWAL: YES/NO

CUSTOMER:

ADDRESS:

BUSINESS:

CONTACT:

PHONE:

FED I.D. / SS#

AMOUNT:

NEW BUSINESS AMT:

ENDORSERS GTR. (Net Worth and Date of F/S):

DATE:

OFFICER:

Jonesboro, Ark. 72402

☐ Formal Line

☐ R/E Term Loan

☐ Lease

☐ Informal Line

☐ Construction

☐ B/A Facility

☐ L/C (Standby)

☐ Term Loan

☐ As Offered

☐ L/C (Commercial)

☐ Revolving

☐ Other

☐ Parts. Purchase

☐ Development R/E

PURPOSE:

Consolidate two notes at 81-7

#2403095/1003786 \$20,500.00 Pr.

129.07 int.

RATE:

12.5 fixed

FEES:

/100406801 3,000.00 pr.

TERMS:

on demand at 1 year

19.56 int.

Roll int. to new note dated 6/21

REPAYMENT SOURCES:

A. PRIMARY

salary

B. SECONDARY

COLLATERAL

insurance

LOAN/VALUE:

BASIS OF VALUE:

CLEAN-UP:

MATURITY:

6-23-86

COMMIT. EXPIRATION:



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date :

From :

To :

CREDIT PROPOSAL

DATE: _____

OFFICER: _____

DEBT SUMMARY

COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION
\$23,500	\$	
TOTAL (Total debt for concentration purposes including unfunded Commit. balances and proposed loan)		\$ 23,000

BUSINESS RELATIONSHIP

COMMENTS

CREDIT SERVICES CONCUR: YES / NO / HAVE NOT REVIEWED

STATEMENTS AUDITED: YES / NO

QUALITY RATING

OFFICER

CHARACTER

CAPACITY

COLLATERAL

RISK FACTOR

INDUSTRY

OVERALL ASSIGNED RATING

OFFICER

ANALYST

CREDIT SERVICES

LOAN APPROVAL

APPROVED	DECLINED
<i>[Signature]</i>	



CREDIT PROPOSAL

WBC BANK: WORTHEN

Officer/Dept JHH /METRO

Risk Rating: 3

Date: 1-30-86

CUSTOMER INFORMATION

Name:

Address:

Business/Type:

Principals:

Phone:

374-3522

Contact:

Bank Relationship Since:

Same

BORROWING REQUEST

Amount:

44,964.66

Renewal: Yes ☐ No ☐

Increase ☐ Decrease ☐

RENEWAL

Type of Loan:

Orig. \$:

Orig. Date:

Monthly pay

Purpose: (Do not use term "working capital")

to extend November, 1985, December 1985, & January 1986, payments so the next payment will be on 2-12-86.

Terms:

Monthly payments of \$990.00 permonth

Maturity/Expiration: 3-12-90

Projected Balance:

Rate:

Fees:

WBT Prime + 1% (F)

Repayment Sources:

Personal income

Collateral: (Detail page 2)

OPEN

Borrowing Base A/R

%: INV

%

Loan/Value:

Basis:

Gtr ☐ / Endorsers ☐ (NW and date of F/S. Percentage Guaranteed if less than 100%)

Statement Dated:

(000's)

C/A: CASH:

C/L: A/R:

W/C: INV:

NOTES PAY:

T/L: BANKS:

OTHER:

N/W: LTD:

Net Income (Personal):

UNQUALIFIED () QUALIFIED () OTHER ()

AUDITOR/CPA:

Interim

FYE: 19__ 19__ 19__

Net Sales:

Net Profit:

Depreciation:

Dividends:

Contingencies:

DEBT RECAP

Total Debt This Borrower: \$ (includes this request)

Total Related Debt: \$ (includes this borrower)

12 mo. Coll/Analysis:

Coll/Analysis Last mo.:

12 mo. Analysis Profit/(Loss):

Current Balance-other deposits:

12 mo. Avg. Loans:

OTHER CONDITIONS OF APPROVAL:

Directors' Loan Committee

Approved

Declined

CML#

820639D

NOTE#

SIC#

CCC#

WP(Mist)

WP(Proj)

TAX ID#

Date:

2-12-014 (Rev 1/86)

Officers' Loan Committee

Approved

Declined

Date:



WORTHEN Bank & Trust Company, N. A.

CREDIT ANALYSIS

Date :

From :

To :

CREDIT PROPOSAL

DATE: 10/18-85

OFFICER: Perry

DEBT SUMMARY

NAME	COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION
<u>Ag</u>	<u>\$ 24,329</u>	<u>\$ 24,329</u>	<u>open note</u>
			<u>total 9-16-84</u>
TOTAL (Total debt for concentration purposes including unfunded Commit. balances and proposed loan)			<u>\$ 24,329</u>

BUSINESS RELATIONSHIP

COMMENTS

can also contact Rot-Taylor,
Legal Counsel for Allison
phone 414-577-6200

CREDIT SERVICES CONCUR: YES / NO / HAVE NOT REVIEWED _____

STATEMENTS AUDITED: YES / NO _____

QUALITY RATING

OFFICER

[Signature]

CHARACTER

CAPACITY

COLLATERAL

RISK FACTOR

INDUSTRY

OVERALL ASSIGNED RATING

OFFICER

Perry

ANALYST

CREDIT SERVICES

LOAN APPROVAL

APPROVED	DECLINED
<u>AP</u>	



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date :

From :

To :

CREDIT PROPOSAL

CUSTOMER REQUEST

W P I (Proj.) _____

W P I (Hist.) _____

RENEWAL: YES/NO YES

CUSTOMER: _____

ADDRESS: _____

BUSINESS: Baseball

CONTACT: Frank Schirmer

PHONE: 512-479-2700

FED I.D./SSN: _____

AMOUNT: \$ 24,329.92

NEW BUSINESS AMT: \$ 24,329.92

ENDORSE/GTR. (Net Worth and Date of F/S): _____

☐ Forward Line

☐ Informal Line

☐ L/C (Standby)

☐ L/C (Commercial)

☐ Partic. Purchase

☐ R/E Term Loan

☐ Construction

☒ Term Loan

☐ Revolving

☐ Development R/E

DATE: 11-18-85

OFFICER: [Signature]

☐ Lease

☐ S/A Facility

☐ As Offered

☐ Other _____

PURPOSE: Re-new loan # 0088580

RATE: WBT Prime + 2.5% first

TERMS: 11-18-86

REPAYMENT SOURCES:

A. PRIMARY Income

B. SECONDARY sale of assets

COLLATERAL apn

LOAN/VALUE: _____

BASIS OF VALUE: _____

CLEAN-UP: _____

MATURITY: _____

COMMIT. EXPIRATION: _____



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

note
Res 2.

Date :

From :

To :

CREDIT PROPOSAL

CUSTOMER REQUEST

W P I (Proj.) _____

W P I (Mort.) _____

RENEWAL: YES/NO _____

CUSTOMER: _____

ADDRESS: _____

BUSINESS: CITY & CPA

CONTACT: SAME

PHONE: 227-7700

FED I.D./SSN: _____

AMOUNT: \$ 8750

NEW BUSINESS AMT: \$ 8750

ENDORSERS/GTR. (Net Worth and Date of F/S): _____

DATE: 7-22-85

OFFICER: JH

☐ Formal Line

☐ R/E Term Loan

☐ Lease

☐ Informal Line

☐ Construction

☐ S/A Facility

☐ L/C (Standby)

☐ Term Loan

☐ As Offered

☐ L/C (Commercial)

☐ Revolving

☐ Other _____

☐ Partic. Purchase

☐ Development R/E

PURPOSE: SETTLEMENT / Sale of T. Bonds

RATE: 12.5% 2 yrs

FEES: _____

TERMS: 30 days

REPAYMENT SOURCES:

A. PRIMARY Settlement from Bonds

B. SECONDARY _____

COLLATERAL OPEN

LOAN/VALUE: _____

BASIS OF VALUE: _____

CLEAN-UP: _____

MATURITY: _____

COMMIT. EXPIRATION: _____



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date :

From :

To :

CREDIT PROPOSAL

DATE: 7-22-85
OFFICER: [Signature]

DEBT SUMMARY

NAME	COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION
	\$	\$ <u>8200</u>	
TOTAL (Total debt for concentration purposes including unfunded Commit. balances and proposed loan)			\$ <u>16,900</u>

BUSINESS RELATIONSHIP

COMMENTS

CREDIT SERVICES CONCUR: YES / NO / HAVE NOT REVIEWED _____

STATEMENTS AUDITED: YES / NO _____

QUALITY RATING

OFFICER

[Signature]
[Signature]
[Signature]
[Signature]

CHARACTER
CAPACITY
COLLATERAL
RISK FACTOR
INDUSTRY

OVERALL ASSIGNED RATING

OFFICER

ANALYST

CREDIT SERVICES

LOAN APPROVAL

APPROVED	DECLINED
<u>[Signature]</u> <u>X</u> <u>[Signature]</u>	



WORTHEN Bank & Trust Company, N. A.

CREDIT ANALYSIS

Date : Jan 7, 1985
From : M.T.
To : L. adm.

CREDIT PROPOSAL

CUSTOMER REQUEST

WPI (Proj.) _____

WPI (Hist.) _____

RENEWAL: ☒ YES ☐ NO

CUSTOMER: _____

ADDRESS: _____

BUSINESS: Security

CONTACT: _____

PHONE: 1-800-631-1098

FED I.D./SSN: _____

AMOUNT: \$ 20,419.00

NEW BUSINESS FMT: 22,662.00

ENDORSERS/GTR. (Net Worth and Date of F/S): _____

☐ Formal Line

☐ Informal Line

☐ V/C (Standby)

☐ V/C (Commercial)

☐ Partic. Purchase

☐ R/E Term Loan

☐ Construction

☐ Term Loan

☐ Revolving

☐ Development R/E

DATE: _____

OFFICER: MT

☐ Lease

☐ S/A Facility

☐ Ag Offered

☒ Other Loan

PURPOSE: personal expenses

RATE: 13.00% fixed

FEES: _____

TERMS: on demand or 500 mo balloon at 6 mo.

REPAYMENT SOURCES:

A. PRIMARY Salary

B. SECONDARY _____

COLLATERAL _____

unsecured

LOAN/VALUE: _____

BASIS OF VALUE: _____

CLEAN-UP: _____

MATURITY: 6-21-85

COMMIT. EXPIRATION: _____

2-12-007 (7/83)

Renewal

WORTHEN Bank & Trust Company, N. A.

CREDIT ANALYSIS

Date :

From :

To :

CREDIT PROPOSAL

DATE: _____

OFFICER: _____

DEBT SUMMARY

	COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION
\$ _____	\$ _____	_____	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
TOTAL (Total debt for concentration purposes including unfunded Commit., balances and proposed loan)	\$ _____	_____	\$ <u>32,667.38</u>

BUSINESS RELATIONSHIP

COMMENTS

CREDIT SERVICES CONCUR: YES / NO / HAVE NOT REVIEWED ____

STATEMENTS AUDITED: YES / NO _____

QUALITY RATING

LOAN APPROVAL

OFFICER

CREDIT SERVICES

CHARACTER

CAPACITY

COLLATERAL

RISK FACTOR

INDUSTRY

OVERALL ASSIGNED RATING

OFFICER

ANALYST

APPROVED	DECLINED
✓ mg	

File -
Demac



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date :

From :

To :

CREDIT PROPOSAL

CUSTOMER REQUEST

W P I (Proj.) _____

W P I (Hist.) _____

RENEWAL: YES ☒ NO ☐

CUSTOMER: _____

ADDRESS: _____

BUSINESS: Broker Self Employed

CONTACT: _____

PHONE: 227-8154 (316-8142)

FED I.D./SS#: _____

AMOUNT: \$17,670

NEW BUSINESS AMT: \$17,670

ENDORSERS/GTR. (Net Worth and Date of F/S): _____

☐ Formal Line

☐ Informal Line

☐ L/C (Standby)

☐ L/C (Commercial)

☐ Parts Purchase

☐ R/E Term Loan

☐ Construction

☐ Term Loan

☐ Revolving

☐ Development R/E

☐ Lease

☐ B/A Facility

☒ As Offered

☐ Other _____

DATE: 10/14/84
OFFICER: BCR

PURPOSE: Payoff current note (was to payoff DEMAC Construction note)

RATE: WBT P/F 2(F)

FEES: _____

TERMS: 120 days

REPAYMENT SOURCES

A. PRIMARY income

B. SECONDARY sale of personal assets

COLLATERAL

none

LOAN/VALUE: _____

DATE OF VALUE: _____

CLEAN-UP: _____

MATURITY: 2/1/85

COMMIT. EXPIRATION: _____



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date :

From :

To :

CREDIT PROPOSAL

DATE: 10/1/84
OFFICER: DCR

NAME	COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION
<u>same</u>		<u>\$17670</u>	<u>paid with this one</u>
<u>[Signature]</u>			

TOTAL (Total debt for concentration purposes including unfunded Commit. balances and proposed loan) \$ _____

BUSINESS RELATIONSHIP

8-7

COMMENTS: This is a workout situation. He has
very sporadic income & few assets, but has
reduced the rate & says he can do it again in Feb.

CREDIT SERVICES CONCUR: YES / NO / HAVE NOT REVIEWED _____ STATEMENTS AUDITED: YES / NO _____

QUALITY RATING		CREDIT SERVICES	LOAN APPROVAL	
OFFICER	CHARACTER	_____	APPROVED	DECLINED
<u>4</u>	CAPACITY	_____	<u>[Signature]</u>	
<u>4</u>	COLLATERAL	_____		
<u>4</u>	RISK FACTOR	_____		
<u>4</u>	INDUSTRY	_____		
<u>4</u>	OVERALL ASSIGNED RATING	_____		
OFFICER	ANALYST			

2-12-008 (7/83)



WORTHEN Bank & Trust Company, N. A.

CREDIT ANALYSIS

Date : 10-2-85
From : Ba Perry
To : Credit file

CREDIT PROPOSAL

CUSTOMER REQUEST

W P I (Prod.) _____

W P I (Met.) _____

RENEWAL: YES ☒ NO ☐

CUSTOMER: _____

ADDRESS: _____

BUSINESS: _____

CONTACT: _____

PHONE: _____

FED I.D./SSN: _____

AMOUNT: \$

NEW BUSINESS AMT: _____

ENDORSERS/GTR. (Net Worth and Date of F/S): _____

☐ Formal Line

☒ Informal Line

☐ L/C (Standby)

☐ L/C (Commercial)

☐ Partic. Purchase

☐ R/E Term Loan

☐ Construction

☐ Term Loan

☐ Revolving

☐ Development R/E

DATE: 10-3-85
OFFICER: Perry

☐ Lease

☐ S/A Facility

☐ As Offered

☐ Other _____

PURPOSE: collateral for working capital

RATE: 14.21%

FEE: 24.8%

TERMS: 12 months

REPAYMENT SOURCES:

A. PRIMARY Income

B. SECONDARY _____

COLLATERAL 150

LOAN/VALUE: _____

BASIS OF VALUE: _____

CLEAN-UP: _____

MATURITY: _____

COMMIT. EXPIRATION: _____



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date : 11-2-85
From : B. F. Perry
To : Credit Dept

CREDIT PROPOSAL

DATE: 11-2-85
OFFICER: B. F. Perry

DEBT SUMMARY

NAME	COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION
	\$ 36,000		Line Item 4-1-86
TOTAL (Total debt for concentration purposes including unfunded Commit, balances and proposed loan)			\$ 36,000

BUSINESS RELATIONSHIP

Will pay off 20,000 loan due 11-30-85
005292

COMMENTS

CREDIT SERVICES CONCUR: YES / NO / HAVE NOT REVIEWED

STATEMENTS AUDITED: YES / NO

QUALITY RATING

OFFICER

CHARACTER
CAPACITY
COLLATERAL
RISK FACTOR
INDUSTRY

OVERALL ASSIGNED RATING

CREDIT SERVICES

LOAN APPROVAL

APPROVED	DECLINED
AP	

OFFICER

ANALYST



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 14, 1986

W. Russell Meeks, III, Esquire
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 77201

RE: MUR 1721
Bank of Salem

Dear Mr. Meeks:

On April 15, 1986, the Commission determined that there is probable cause to believe that the Bank of Salem committed a violation of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended, by making a loan to Tommy Robinson and the Tommy Robinson for Congress Committee without the assurance of repayment based on lack of evidence of a written instrument.

After considering the additional evidence supplied by you in your letter of April 22, 1986, the Commission, on May 6, 1986, decided to close the file with respect to your client. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,

A handwritten signature in dark ink, appearing to read "Charles N. Steele", is written over the word "Sincerely,".

Charles N. Steele
General Counsel

86040584221



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 14, 1986

Larry C. Wallace, Esquire
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

Re: MUR 1721
Tommy Robinson, Tommy Robinson
for Congress Committee and
George M. Felkins, as
treasurer

Dear Mr. Wallace:

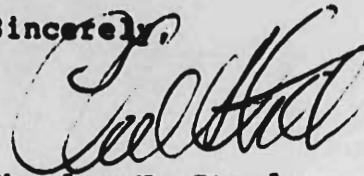
On April 15, 1986, the Commission determined there is no probable cause to believe that your clients violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with loans accepted from Stephens Security Bank, First American Bank, First State Bank, Twin City Bank, and Worthen Bank and Trust Company. With regard to the loan from First Commercial Bank, the Commission was equally divided on the question of whether to find probable cause to believe a violation of 2 U.S.C. § 441b(a) was committed.

Also, on April 15, 1986, the Commission determined that there is probable cause to believe your clients committed a violation of 2 U.S.C. § 441b(a) by accepting a loan from the Bank of Salem without the assurance of repayment based on lack of evidence of a written instrument.

On April 22, 1986, the Commission, after consideration of additional evidence including a written instrument, decided to close the file in this matter with respect to your clients. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,

A handwritten signature in dark ink, appearing to read "C. Steele", written over the word "Sincerely,".

Charles N. Steele
General Counsel

96040584223



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

W. Russell Meeks, III, Esquire
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 77201

RE: MUR 1721
Bank of Salem

EK [signature]

Dear Mr. Meeks:

On April 15, 1986, the Commission determined that there is probable cause to believe that the Bank of Salem committed a violation of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended, by making a loan to Tommy Robinson and the Tommy Robinson for Congress Committee without the assurance of repayment based on lack of evidence of a written instrument.

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If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel

86040504224



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Larry C. Wallace, Esquire
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

EL RWT

Re: MUR 1721
Tommy Robinson, Tommy Robinson
for Congress Committee and
George M. Felkins, as
treasurer

Dear Mr. Wallace:

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Also, on April 15, 1986, the Commission determined that there is probable cause to believe your clients committed a violation of 2 U.S.C. § 441b(a) by accepting a loan from the Bank of Salem without the assurance of repayment based on lack of evidence of a written instrument.

On April 22, 1986, the Commission, after consideration of additional evidence including a written instrument, decided to close the file in this matter with respect to your clients. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

-2-

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel

86040304226

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)

Tommy Robinson)

Tommy Robinson for Congress)
Committee)

George M. Felkins, treasurer)
Bank of Salem)

CC MAY 8 P4:30

MUR 1721

GENERAL COUNSEL'S REPORT

Attached for the Commission's approval are the closing letters prepared in MUR 1721, to be sent to counsel for the Bank of Salem and Tommy Robinson, the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer. The Office of General Counsel recommends tht the Commission approve the sending of the attached letters.

Charles N. Steele
General Counsel

Date

May 8, 1986

BY:

Kenneth A. Gross
Associate General Counsel

Attachments

1. Letters

86040584227



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

W. Russell Meeks, III, Esquire
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 77201

RE: MUR 1721
Bank of Salem

Dear Mr. Meeks:

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If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel

86040504228



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Larry C. Wallace, Esquire
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

Re: MUR 1721
Tommy Robinson, Tommy Robinson
for Congress Committee and
George M. Felkins, as
treasurer

Dear Mr. Wallace:

On April 15, 1986, the Commission determined there is no probable cause to believe that your clients violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with loans accepted from Stephens Security Bank, First American Bank, First State Bank, Twin City Bank, and Worthen Bank and Trust Company. With regard to the loan from First Commercial Bank, the Commission was equally divided on the question of whether to find probable cause to believe a violation of 2 U.S.C. § 441b(a) was committed.

Also, on April 15, 1986, the Commission determined that there is probable cause to believe your clients committed a violation of 2 U.S.C. § 441b(a) by accepting a loan from the Bank of Salem without the assurance of repayment based on lack of evidence of a written instrument.

On April 22, 1986, the Commission, after consideration of additional evidence including a written instrument, decided to close the file in this matter with respect to your clients. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

-2-

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

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

DATE: MAY 12, 1986

SUBJECT: MUR 1721 - GENERAL COUNSEL'S REPORT
SIGNED MAY 8, 1986

The above-captioned matter was circulated by the Commission Secretary's Office to the Commissioners on Friday, May 9, 1986 at 2:00 P.M.

There were no objections received in the Office of the Secretary of the Commission to the General Counsel's Report at the time of the deadline.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Tommy Robinson)
Tommy Robinson for Congress Committee) MUR 1721
George M. Felkins, treasurer)
Bank of Salem)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of May 6, 1986,
do hereby certify that the Commission took the following
actions in MUR 1721:

1. Failed in a vote of 3-3 to pass a motion to
 - a) Approve the conciliation agreements
attached to the General Counsel's report
dated April 29, 1986.
 - b) Approve the letters attached to the
General Counsel's report dated April 29,
1986.

Commissioners Harris, McDonald, and McGarry
voted affirmatively for the motion;
Commissioners Aikens, Elliott, and Josefiak
dissented.

(continued)

Federal Election Commission
Certification for MUR 1721
May 6, 1986

Page 2

2. Decided by a vote of 6-0 to take the following actions:

- a) Close the file as it pertains to Tommy Robinson, the Tommy Robinson for Congress Committee and Geroge M. Felkins, as treasurer, and close the file with respect to the Bank of Salem.
- b) Direct the Office of General Counsel to draft appropriate letters for Commission approval on a tally vote basis.

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

Attest:

5-6-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Tommy Robinson)
Tommy Robinson for Congress)
Committee)
George M. Felkins, treasurer)
Bank of Salem)

MUR 1721R 30 All : 14

SENSITIVE

General Counsel's Report

I. Background

On April 15, 1986, the Federal Election Commission ("Commission") determined that there is probable cause to believe that the Bank of Salem violated 2 U.S.C. § 441b(a) by making a prohibited contribution to Tommy Robinson and the Tommy Robinson for Congress Committee ("Committee") in the form of a \$50,000 loan made without the assurance of repayment as evidenced by a written instrument. The Commission also determined that there is probable cause to believe that Tommy Robinson, the Robinson Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a prohibited contribution from the Bank of Salem in the form of a bank loan made without the assurance of repayment as evidenced by a written instrument.

II. Analysis and Discussion of Conciliation

As of the date of the Commission's probable cause determinations, the Bank of Salem had failed to submit to the Commission a copy of the promissory note(s) evidencing the \$50,000 loan made to Tommy Robinson and the Committee. Information concerning the loan, specifically the amount, interest rate and due date, was obtained through a review of the Committee's reports, rather than through submissions of the Bank of Salem.

On April 23, 1986, the Bank of Salem submitted copies of the original promissory note plus two renewal notes pertaining to the loan made to Robinson and the Committee.1/

However, even in light of this late submission, the Office of General Counsel relies upon the analysis contained in the General Counsel's Report dated April 4, 1986, as well as the analysis contained in the General Counsel's Brief and Supplemental Brief in this matter.2/

1/Counsel for the Bank of Salem intimates in his letter accompanying the notes that the Office of General Counsel had previously obtained copies of them but had failed to submit the notes to the Commission. Counsel admitted in discussions with this office, but fails to point out in his letter, that he kept copies of all correspondence sent to the Commission, yet he neither had a copy of any previous submission of the notes, nor could he recall ever having sent copies of the notes to the Commission, even though they were specifically requested.

2/The Office of General Counsel acknowledges that with the receipt of the promissory notes from the Bank of Salem, there are no longer any material facts to distinguish the Bank of Salem from the First Commercial Bank, the Twin City Bank and the Worthen Bank and Trust Company in terms of the adequacy of assurances of repayment for loans by these banks made to the Committee.

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III. Recommendations

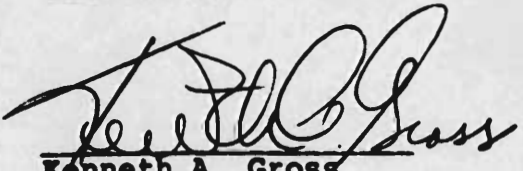
The Office of General Counsel recommends that the
Commission:

1. Approve the attached conciliation agreements.
2. Approve the attached letters.

Charles N. Steele
General Counsel

April 29, 1986
Date

BY:


Kenneth A. Gross
Associate General Counsel

Attachments

1. Letter from Bank of Salem
(with promissory notes)
2. Conciliation agreements
3. Letters

1. Promissory note dated June 5, 1984, to mature July 10, 1984, in the amount of \$50,000.00, paid July 10, 1984, by renewal of the following note.
2. A promissory note dated July 10, 1984, to mature January 10, 1985, in the amount of \$50,000.00, which was paid by renewal of the promissory note set out below.
3. The promissory note dated January 10, 1985, to mature April 10, 1985, in the amount of \$50,000.00. This promissory note was paid in full. There are no outstanding loans to the borrower.

(2)

Mr. Eric Kleinfeld
April 22, 1986
Page 2

Each time there was a renewal, interest payments were paid current. For your information, I have enclosed both the front and the back of my copy to the promissory notes. For further information, please be advised that the borrower has at all times had copies of the instruments, and in addition has been given the original documents, when they were paid by renewal, and when the final note was paid in full.

I would like to make a few other points of clarification. First, with respect to the Bank of Salem loan, the only document was the promissory note which is the document of indebtedness. There was never any other document, and this was fully disclosed, and was set forth in the various briefs. For whatever reason, and I won't belabor the point, as we fully discussed all of the various issues in our phone conversation on the afternoon of April 22, 1986, it came as a shock to me that the file submitted to the Federal Election Commission did not contain copies of the Bank of Salem notes. These were the only legal documents, and representatives of the General Counsel's Office in discussion with me had indicated that they had the legal documents, and this was further evidenced, in two ways, in the original General Counsel's Brief filed over one year ago on March 29, 1985.

In that Brief, there was an attachment, which indicated the exact terms of the promissory note, which presumably could only be obtained from the promissory note. Additionally, at page 4, paragraph two, the Brief of the General Counsel states "the nine loans obtained by Tommy Robinson and the Tommy Robinson for Congress Committee were evidenced by written instruments, were subject to due date and bore the usual and customary interest rate of the lending institutions. The only issue in this matter is whether the loans were made on a basis which assures repayment." (underline added for emphasis). In other words, in it's Brief, the General Counsel's Office both acknowledges that it has the written instruments and further makes it a moot issue by leaving that the sole issue remaining "whether the loans were made on a basis which assures repayment." The subsequent parts of the Brief deal with that issue. Never, until this morning's conversation, were we advised that the General Counsel's Office had not furnished the promissory notes to the Commission.

On another point, let me assure you, again, that the entity in the best position to see to it that it has the documentation, is the General Counsel's Office. It knows what all people have submitted, and makes the decision as to what to submit to the Commission. Obviously, under the Bank Privacy Act, the pro-

(3)

Mr. Eric Kleinfeld
April 22, 1986
Page 3

missory notes are executed in the presence of the customer and the customer then keeps a copy, and can disclose it to whoever he wishes. In this case, especially upon the initial investigation of the Commission, and the statements found at page 4 of it's original Brief, it was obvious that it had received from the Tommy Robinson for Congress Committee, all of the necessary documentation which it needed in order to make a decision, and specifically that it had received copies of the promissory notes.

Additionally, my recollection of phone conversations with Mr. Maikovich, and perhaps with others of your office, indicated that you did in fact have copies of the promissory notes, but you wanted to be sure that there was no "loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson for the Robinson Committee at the time you approved the campaign loans." (underline added for emphasis). These words are the words used at question number one of the "Written Questions to Bank of Salem", which you discussed with me, and wondered why, in our response, the promissory notes were not also attached. First, I was under the firm impression that copies had been received by the General Counsel's Office. Second, they were not specifically asked for, and therefore simply were not included as a response to written question number one. In this respect, please note that the question asked for specific documents, except where it says "any other documents used by you to judge the credit worthiness", and I point out that the promissory note is not utilized for the purpose of judging credit worthiness at all. It is the written instrument of obligation for repayment.

For whatever reason, we were advised this morning that the Commission was not given a copy of the promissory notes pertaining the Bank of Salem loan. As you can see from the attached promissory notes, they are the standard form notes used by the bank. They are printed forms, with blanks for the insertion of the necessary information. Therefore, to simplify matters, they are attached hereto and we request that they be presented to the Commission, through your office, at your earliest convenience and that we be notified as to when that has taken place.

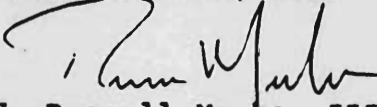
Meanwhile, if we have any further questions we will notify your office, and we look forward to hearing from you when these notes have been submitted to the Commission, and upon receipt of these notes, by the Commission, we would appreciate being advised as to their subsuegent decision. Assuming the decision to not release Bank of Salem at this time revolved solely around the

Mr. Eric Kleinfeld
April 22, 1986
Page 4

non-existence in the Commission's file of a copy of the promissory notes, this should resolve that matter and the Bank of Salem would, presumably, be dismissed. We would appreciate your help in this regard.

Yours Very Truly,

MEEKS AND FOX, P.A.


W. Russell Meeks, III

WRM:jb

Enclosures/Three Promissory Notes

cc: Mr. Richard T. Smith

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Borrower(s)	Tommy Robinson	Lender's	BANK OF SALEM	Issuance Date	June 5, 1984
Name(s)	for Congress Campaign	Name	BOX 330	Maturity Date	July 10, 1984
Address(es)	Little Rock, AR	Address	FBB:per RS SALEM, AR 72670	Loan No.	CRW 1255
				Loan Amt.	\$50,000.00

The undersigned Borrower(s) (if more than one, jointly and severally and hereinafter, whether one or more, called Borrower) promise to pay to the order of the above-named Lender (at the Lender's address shown above) the Principal Sum of **Fifty thousand & 00/100** Dollars.

due interest from **June 5, 1984** until final maturity at the rate of **14 1/2 fixed** per cent per annum, payable according to the following payment schedule (unless otherwise stated):

(a) ☐ Upon demand. (b) ☒ Upon demand, but if no demand is made, then on **July 10, 1984** and at the maturity indicated.

Agreed interest is due and payable _____ and on the maturity indicated.

(a) ☐ If checked, this Note is payable in equal installments of \$ _____ each, beginning _____ and on the same day of each _____ thereafter until _____, when the unpaid principal and interest shall be due and payable.

(a) ☐ _____

VARIABLE INTEREST RATE: ☐ If checked, the interest rate on this Note is subject to change from that stated above, as to be _____ the following selected index Rate:

☐ The prime rate of _____

If a variable interest rate applies to this Note: (a) the amount of all payments scheduled above will be adjusted to reflect changes in the effective interest rate, and (b) if no Past Maturity interest rate is specified below, the interest rate after final maturity will be the interest rate in effect at final maturity.

☐ The interest rate on this Note shall not be less than the annual rate of _____ per cent. ☐ The interest rate on this Note shall not exceed the annual rate of _____ per cent.

Notwithstanding anything to the contrary contained herein, the interest rate on this Note shall at no time exceed the highest interest rate permitted by law.

Changes in the index Rate shall take effect on this Note: ☐ on the same day; ☐ on the day following the day; ☐ on the first day of the _____ following the day; such changes in the index Rate take effect.

INTEREST: All payments, whenever made, shall apply first toward accrued interest, with the remainder of any payments applying toward principal.

☐ If checked, any accrued interest not paid when due (whether due by reason of a schedule of payments or due because of Lender's demand) shall become part of the principal thereafter, and shall bear interest at the applicable interest rate.

POST MATURITY INTEREST: The unpaid principal amount of this Note shall bear interest after final maturity, including maturity by acceleration, at the annual rate of **current 1**.

PREPAYMENT: ☐ If checked, Lender has the right to impose a penalty upon prepayment. If not checked, Borrower may prepay this Note at any time prior to maturity without penalty. Any partial prepayments shall not reduce or diminish any scheduled subsequent payments of principal or interest until all obligations are paid in full.

COSTS OF COLLECTION: Except where prohibited by law, the Borrower promises to pay all costs of collection, including but not limited to reasonable attorney's fees, paid or incurred by the Lender on account of such collection, whether or not suit is filed with respect thereto.

WAIVER: Demand, promissory, present, notice of non-payment and dishonor of this Promissory Note are hereby waived. Lender may release any duty or security, make future loans to any party or contractually change its relationship to or the obligation of any party without notifying or affecting the obligation of any other party to this Note. A party to this Note is any maker, surety, endorser or guarantor. Waiver by the Lender at any time of any right conferred by this Note or any agreement securing same will not affect the Lender's future exercise of said right or any other.

SECURITY: (a) In addition to Lender's right of set-off as forth above, Lender is secured by the proceeds and unearned premiums of any insurance policy purchased by the Borrower in connection with the Loan evidenced hereby. Borrower agrees to keep any Collateral securing this Note insured against such risks, with such limits, and upon such additional terms and conditions as Lender may reasonably require. Lender shall be named as additional loss payee under said policies. Lender is hereby authorized (but not required or obligated) to act as attorney in fact for Borrower in making and settling claims under said policies and endorsing Borrower's name on any drafts or checks paying losses under said policies. (b) This Note may be secured by prior or subsequent security documents notwithstanding that such security is not indicated herein. (c) Borrower hereby grants to Lender a Security Interest in all other personal property of the Borrower of every kind and description which is now or hereafter comes into the possession of the Lender for any reason, including, but not limited to property delivered to Lender for safekeeping, or for collection or exchange, and all dividends and distributions on and other rights in connection with such property.

(a) ☐ If checked, this Note is secured by a mortgage _____ dated _____, 19 _____.

(a) ☐ If checked, this Note is secured by the Security Agreement hereafter and Borrower hereby grants to the Lender a Security Interest under the Uniform Commercial Code in the following described Collateral:

☐ INVENTORY: All inventory of the Borrower, whether now owned or hereafter acquired and wherever located;

☐ EQUIPMENT: All equipment of the Borrower, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, cars and boats, and the goods described in any equipment list or schedule herewith or hereafter furnished to Lender by Borrower (but no such schedule or list need be furnished in order for the Security Interest granted herein to be valid as to all Borrower's equipment);

☐ FARM PRODUCTS: All farm products of the Borrower, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Borrower in farming operations;

☐ ACCOUNTS AND OTHER RIGHTS TO PAYMENT: Each and every right of the Borrower to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by the Borrower, out of a rendering of services by the Borrower, out of a loan by the Borrower, out of the overpayment of taxes or other liabilities by the Borrower or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and however such right to payment may be evidenced, together with all of the rights and interest (including all Note and security interest) which Borrower may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, loans and obligations receivable and to be received;

☒ GENERAL INTANGIBLES: All general intangibles of the Borrower, whether now owned or hereafter acquired, including but not limited to, applications for patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use Borrower's name.

☐ In addition to any property generally described above, the following Collateral:

Open

together with all parts, accessories, repairs, improvements and accessories thereto; and proceeds, products and issue therefrom now or hereafter at any time made or acquired. (See other side for additional terms)

☐ If checked, this is a Purchase Money Loan.

Purpose of Credit: **operating expenses**

Borrower will use Collateral from this Security Agreement for:

☐ Farming operations

☐ Business purposes

Any person who signs within this enclosure hereby grants to the Secured Party a Security Interest in the Collateral listed in Paragraph (c) but assumes no personal obligation to repay this Loan.

Signature: **Tommy Robinson**

AUTHORIZED SIGNATURE OF LENDER - SIGN ONLY IF NECESSARY FOR FILING THIS DOCUMENT OR A COPY HEREOF

Description of Real Estate if above Collateral is crops, growing or to be grown, timber, minerals (including oil or gas) or fixtures

If other than Borrower,

name of Record Owner

☐ If checked, this Agreement is to be filed (for record) in the real estate records.

By signing below, the Borrower(s) signs this Note & Security Agreement and agrees to the Terms and Conditions on the reverse side hereof.

By: **Tommy Robinson** (Borrower)

XX **Tommy Robinson** (Borrower)

XX **Tommy Robinson** (Borrower)

XX **Tommy Robinson** (Borrower)

Acct # 000005 7106854 (7)

orrower(s) Name(s) Address	Tommy Robinson for Congress Campaign Little Rock, Ar	Lender's Name & Address	BANK OF SALEM BOX 338 SALEM, ARKANSAS 72678 FBB/be	Interest Date Maturity Date Loan No. Loan Amt.	July 10, 1984 January 10, 1985 0008414 50,000.00
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he undersigned Borrower(s) (if more than one, jointly and severally and hereafter, whether one or more, called Borrower) promises to pay to the order of the above-named Lender (at the Lender's address shown above) to Principal Sum of **Fifty thousand and no/100** Dollars, **July 10, 1984** until final maturity at the rate of **14% fixed** per cent per annum, payable according to the following payment schedule (select only one):
a) ☐ Upon demand. b) ☒ Upon demand, but if no demand is made, then on **January 10, 1985** c) ☐ On _____, 19____
Interest is due and payable _____ and at the maturity indicated.
d) ☐ If checked, this Note is payable in equal _____ installments of \$ _____ each, beginning _____, 19____, and on the same day of each _____ thereafter until _____, 19____, when the unpaid balance of principal and interest shall be due and payable.
e) ☐ _____

ADJUSTABLE INTEREST RATE: ☐ If checked, the interest rate on this Note is subject to change from that stated above, as to be _____ percentage points above the following selected Index Rate:
☐ The prime rate of _____
☐ _____
A variable interest rate applies to this Note: (a) the amount of all payments scheduled above will be adjusted to reflect changes in the effective interest rate, and (b) if no Post Maturity interest rate is specified below, the current rate after final maturity will be the interest rate in effect at final maturity.
The interest rate on this Note shall not be less than the annual rate of _____ per cent. ☐ The interest rate on this Note shall not exceed the annual rate of _____ per cent.
Notwithstanding anything to the contrary contained herein, the interest rate on this Note shall at no time exceed the highest interest rate permitted by law.
Changes in the Index Rate shall take effect on this Note: ☐ on the same day; ☐ on the day following the day; ☐ on the first day of the _____ following the day; such changes in the Index Rate take effect.

INTEREST: All payments, whenever made, shall apply first toward accrued interest, with the remainder of payments applying toward principal.
If checked, any accrued interest not paid when due (whether due by reason of a schedule of payments or as because of Lender's demand) shall become part of the principal thereafter, and shall itself bear interest at a applicable interest rate.
SET MATURITY INTEREST: The unpaid principal amount of this Note shall bear interest after final maturity, including maturity by acceleration, at the annual rate of **current** %.
REPAYMENT: ☐ If checked, Lender has the right to impose a penalty upon prepayment. If not checked, borrower may prepay this Note at any time prior to maturity without penalty. Any partial prepayments shall reduce or diminish any scheduled subsequent payments of principal or interest until all obligations are paid in full.
COSTS OF COLLECTION: Except where prohibited by law, the Borrower promises to pay all costs of collection, including but not limited to reasonable attorney's fees, paid or incurred by the Lender on account such collection, whether or not suit is filed with respect thereto.
ACTION: Demand, prepayment, protest, notice of non-payment and dishonor of this Promissory Note are hereby waived. Lender may release any party or security, make future loans to any party or contractually waive its relationship to or the obligation of any party without waiving or affecting the obligation of any party to this Note. A party to this Note is any maker, surety, endorser or guarantor. Waiver by the order at any time of any right conferred by this Note or any agreement bearing same will not affect the order's future exercise of said right or any other.
SECURITY: (a) In addition to Lender's right of set-off set forth above, Lender is secured by the proceeds and unearned premiums of any insurance policy purchased by the Borrower in connection with the Loan evidenced hereby. Borrower agrees to keep any Collateral securing this Note insured against such risks, with such limits, and upon such additional terms and conditions as Lender may reasonably require. Lender shall be named as additional insured under said policies. Lender is hereby authorized (but not required or obligated) to act as attorney in fact for Borrower in making and settling claims under said policies and endorsing Borrower's name on any bills or checks paying losses under said policies. (b) This Note may be secured by prior or subsequent security documents notwithstanding that such security is not indicated herein. (c) Borrower hereby grants to Lender a security interest in all other personal property of the Borrower of every kind and description which is now or hereafter comes into the possession of the Lender for any reason, including, but not limited to property delivered to Lender for warehousing, or for collection or exchange, and all dividends and distributions on and other rights in connection with such property.
If checked, this Note is secured by a separate _____ dated _____, 19____.
If checked, this Note is secured by the Security Agreement hereafter and Borrower hereby grants to the Lender a Security Interest under the Uniform Commercial Code in the following described Collateral:

- ☐ **INVENTORY:** All inventory of the Borrower, whether now owned or hereafter acquired and wherever located;
- ☐ **EQUIPMENT:** All equipment of the Borrower, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts and tools, and the goods described in any equipment list or schedule herewith or hereafter furnished to Lender by Borrower (but no such schedule or list need be furnished in order for the Security Interest granted herein to be valid as to all Borrower's equipment).
- ☐ **FARM PRODUCTS:** All farm products of the Borrower, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Borrower in farming operations.
- ☐ **ACCOUNTS AND OTHER RIGHTS TO PAYMENT:** Each and every right of the Borrower to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by the Borrower, out of a rendering of services by the Borrower, out of a loan by the Borrower, out of the overpayment of taxes or other liabilities by the Borrower or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and hereafter such right to payment may be evidenced, together with all of the rights and interest (including all Note and security interest) which Borrower may at any time have by law or agreement against any customer, debtor or other obligor obligated to make any such payment or against any of the property of such customer, debtor or other obligor; or including but not limited to all present and future bills, instruments, checks, papers, accounts, loans and obligations receivable and due refunds.
- ☒ **GENERAL INTANGIBLES:** All general intangibles of the Borrower, whether now owned or hereafter acquired, including but not limited to, applications for patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use Borrower's name.
- ☐ In addition to any property generally described above, the following Collateral:

Unsecured

gether with all parts, accessories, repairs, improvements and accretions thereto; and proceeds, products and issue therefrom now or hereafter at any time made or collected. (See other side for additional terms).
If checked, this is a Purchase Money Loan.
Source of Credit: **operating expense**
Renewal of Loan #0008255
Borrower will use Collateral listed on this Security Agreement for:
☐ Farming operations
☒ Business purposes
Any person who signs within this enclosure hereby grants to the Secured Party a Security Interest in the Collateral listed in Paragraph (c) but assumes no personal obligation to repay this Loan.
Description of Real Estate if above Collateral is crops, growing or to be grown, timber, minerals (including oil or gas) or fixtures:
If other than Borrower, name of Record Owner:
☐ If checked, this Agreement is to be filed (for record) in the real estate records.

By signing below, the Borrower(s) signs this Note & Security Agreement and agrees to the Terms and Conditions on the back of this document.
Tommy Robinson for Congress Campaign
SIGN HERE
XX **Tommy J. Robinson** (Borrower)
XXX (Borrower)
AUTHORIZED SIGNATURE OF LENDER - SIGN ONLY IF NECESSARY FOR FILING THIS DOCUMENT OR A COPY HEREOF
BANKERS SYSTEMS, INC., 1000, ST. CLOUD, MINN., FORM PROV 7100
PROMISSORY NOTE & SECURITY AGREEMENT - NOTICE: See other side for important information which is part of this Document.

100

1. Borrower is the owner of the Collateral free from any prior lien, security interest or encumbrance, except for the Security Interest granted herein; and Borrower will defend the Collateral against all claims and demands at any time claiming the same or any interest therein.

Barrower warranties, represents and agrees that:

2. Borrower will not sell or offer to sell or otherwise transfer or encumber the Collateral or any interest therein without the prior written consent of the Lender, unless said Collateral is the inventory of the Borrower (as such term is defined by the Uniform Commercial Code) and it is so indicated on the Security Agreement.

3. The Borrower will immediately notify the Lender in writing of any change of address from that shown in this Agreement and will also, upon demand, furnish to the Lender such further information and will execute and deliver to the Lender such financing statements, mortgages and other papers and will do all such acts and things as the Lender may at any time or from time to time reasonably request and/or as may be necessary to accomplish to establish and maintain a valid Security Interest in the Collateral as Security for the obligations, which on an on-going basis or circumstances.

5. The Borrower will keep the Collateral in good order and repair, will not waste or destroy the Collateral or any part thereof, and will not use or permit anyone else to use the Collateral in violation of any applicable statute, ordinance or policy of insurance thereon. The Lender may examine and inspect the Collateral at any reasonable time or times wherever located.

In the event of Default under the Terms and Conditions of this Note, Lender shall have all the rights under the Uniform Commercial Code to realize on the Collateral. These rights include the right to take possession of the Collateral, and to require the Borrower to make the Collateral available to the Lender at a place to be designated by the Lender which is reasonably convenient to both parties. The Borrower and the Lender agree in

GUARANTY

WARRANTY

CHARACTERISTICS CHARACTERISTICS

DISCUSSION

Borrower(s) Name(s) & Address(es)	Tommy Robinson for Congress Campaign Little Rock, AR 72203	Lender's Name & Address	FBB:fa BANK OF SALEM BOX 336 SALEM, ARKANSAS 72876	Maturity Date Jan. 10, 1985 Security Date April 10, 1985 Loan No. 0008414 & 0008255 Loan Amt. \$ 50,000.00
--	--	----------------------------------	---	---

The undersigned Borrower(s) for more than one, jointly and severally and hereinafter, whether one or more, called Borrower(s) promise to pay to the order of the above-named Lender for the Lender's address shown above the Principal Sum of Fifty Thousand and no/100 Dollars,

due interest from January 10, 1985 until final maturity at the rate of 13 1/2 fixed per cent per annum, payable according to the following payment schedule (check only one):

(a) ☐ Upon demand. (b) ☒ Upon demand, but if no demand is made, then on April 10, 1985 (c) ☐ On _____, 19____.

Interest is due and payable _____ and at the maturity indicated.

(d) ☐ If checked, this Note is payable in equal _____ installments of \$ _____ each, beginning _____, 19____, and on the same day of each _____ thereafter until _____, 19____, when the unpaid balance of principal and interest shall be due and payable.

(e) ☐ _____

VARIABLE INTEREST RATE: ☐ If checked, the interest rate on this Note is subject to change from that stated above, so as to be _____ percentage points above the following selected index rate:

☐ The prime rate of _____

☐ A variable interest rate applies to this Note: (a) the amount of all payments scheduled above will be adjusted to reflect changes in the effective interest rate, and (b) if no Post Maturity Interest rate is specified below, the interest rate after final maturity will be the interest rate in effect at final maturity.

☐ The interest rate on this Note shall not be less than the annual rate of _____ per cent. ☐ The interest rate on this Note shall not exceed the annual rate of _____ per cent.

Notwithstanding anything to the contrary contained herein, the interest rate on this Note shall at no time exceed the highest interest rate permitted by law.

Changes in the index rate shall take effect on this Note: ☐ on the same day; ☐ on the day following the day; ☐ on the first day of the _____ following the day; such changes in the index rate take effect.

INTEREST: All payments, whenever made, shall apply first toward accrued interest, with the remainder of any payment applying toward principal.

☐ If checked, any accrued interest not paid when due (whether due by reason of a schedule of payments or by reason of Lender's demand) shall become part of the principal thereafter, and shall bear interest at the applicable interest rate.

POST MATURITY INTEREST: The unpaid principal amount of this Note shall bear interest after final maturity, including maturity by acceleration, at the annual rate of current.

REPAYMENT: ☐ If checked, Lender has the right to impose a penalty upon prepayment. If not checked, Borrower may prepay this Note at any time prior to maturity without penalty. Any partial prepayments shall not reduce or diminish any scheduled subsequent payments of principal or interest until all obligations are paid in full.

COSTS OF COLLECTION: Except where prohibited by law, the Borrower promises to pay all costs of collection including but not limited to reasonable attorney's fees, paid or incurred by the Lender on account of such collection, whether or not suit is filed with respect thereto.

WAIVER: Demand, presentment, protest, notice of non-payment and dishonor of this Promissory Note are hereby waived. Lender may release any party or security, make future loans to any party or contractually change its relationship to or the obligation of any party without waiving or affecting the obligation of any other party to this Note. A party to this Note is any maker, surety, endorser or guarantor. Waiver by the Lender at any time of any right conferred by this Note or any agreement securing same will not effect the Lender's future exercise of said right or any other.

SECURITY: (a) In addition to Lender's right of set-off set forth above, Lender is secured by the proceeds and unearned premiums of any insurance policy purchased by the Borrower in connection with the Loan evidenced hereby. Borrower agrees to keep any Collateral securing this Note insured against such risks, with such limits, and upon such additional terms and conditions as Lender may reasonably require. Lender shall be named as additional named loss payee under said policies. Lender is hereby authorized (but not required or obligated) to act as attorney in fact for Borrower in making and settling claims under said policies and endorsing Borrower's name on any drafts or checks paying losses under said policies. (b) This Note may be secured by prior or subsequent security documents notwithstanding that such security is not indicated herein. (c) Borrower hereby grants to Lender a Security Interest in all other personal property of the Borrower of every kind and description which is now or hereafter comes into the possession of the Lender for any reason, including, but not limited to property delivered to Lender for safekeeping, or for collection or exchange, and all dividends and distributions on and other rights in connection with such property.

(d) ☐ If checked, this Note is secured by a separate _____ dated _____, 19____.

(e) ☐ If checked, this Note is secured by the Security Agreement hereafter and Borrower hereby grants to the Lender a Security Interest under the Uniform Commercial Code in the following described Collateral:

- ☐ **INVENTORY:** All inventory of the Borrower, whether now owned or hereafter acquired and wherever located;
- ☐ **EQUIPMENT:** All equipment of the Borrower, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts and tools, and the goods described in or schedule herewith or hereafter furnished to Lender by Borrower (but no such schedule or list need be furnished in order for the Security Interest granted herein to be valid as to all Borrower's equipment);
- ☐ **FARM PRODUCTS:** All farm products of the Borrower, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof and (iii) all feed, seed, fertilizer, manures and other supplies used or produced by Borrower in farming operations;
- ☒ **ACCOUNTS AND OTHER RIGHTS TO PAYMENT:** Each and every right of the Borrower to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by the Borrower, out of a rendering of services by the Borrower, out of a loan by the Borrower, out of the overpayment of taxes or other liabilities by the Borrower or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and Borrower's right to payment may be evidenced together with all of the rights and interest (including all Note and security interest) which Borrower may at any time have by law or agreement against any account debtor or other obligor obligated to make any payment or deliver any of the property of such account debtor or other obligor or holding but not limited to all present and future debt instruments, check books, drafts, notes and obligations receivable and due to Borrower;
- ☒ **GENERAL INTANGIBLES:** All general intangibles of the Borrower, whether now owned or hereafter acquired, including but not limited to, applications for patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use Borrower's name.
- ☐ In addition to any property generally described above, the following Collateral:

unsecured

together with all parts, accessories, repairs, improvements and accessories thereto; and proceeds, products and issue therefrom now or hereafter at any time made or acquired. (See other side for additional terms).

☐ If checked, this is a Purchase Money Loan.

Purpose of Credit operating expenses, renewal of notes #0008414 & #0008255

Borrower will use Collateral listed on this Security Agreement for:

- ☐ Farming operations
- ☐ Business purposes
- ☐ _____

Any person who signs within this enclosure hereby grants to the Secured Party a Security Interest in the Collateral listed in Paragraph (e) but assumes no personal obligation to repay this Loan.

Signed _____ Date _____

Frank B. Burge President
(AUTHORIZED SIGNATURE OF LENDER - SIGN ONLY IF NECESSARY FOR FILING THIS DOCUMENT OR A COPY HEREOF)

Description of Real Estate if above Collateral is real, growing or to be grown, timber, minerals (including oil or gas) or fixtures _____

If other than Borrower, name of Record Owner _____
☐ If checked, this Agreement is to be filed (for record) in the real estate records.

By signing below, the Borrower(s) signs this Note & Security Agreement and agrees to the Terms and Conditions on this Note.

Tommy Robinson for Congress Campaign
X Tommy F. Robinson (Borrower)
XX _____ (Borrower)

XXX _____ (Borrower)

[illegible]

Until terminated in writing, this Security Agreement secures this Note, all extensions and renewals thereof, and all prior, contemporaneous and future debts owed to the Lender by Borrower, whether originally transferred to Lender. PROVIDED HOWEVER, that this Security Agreement shall not secure such other indebtedness incurred primarily for personal, family, or household purposes, and which is thereby within the "true" scope of Truth in Lending, unless the Security Agreement is disclosed as required by Truth in Lending; and, provided further, even though the Security Agreement is properly disclosed as required by Truth in Lending, it will not secure such other indebtedness if the Borrower is entitled to a Right of Redemption, unless such Right of Redemption is given as required and Borrower fails to elect to record within the time provided by law.

Borrower warrants, represents and agrees that:

1. Borrower is the owner of the Collateral free from any prior lien, security interest or encumbrance, except for the Security Interest granted herein; and Borrower will defend the Collateral against all claims and demands at any time claiming the same or any interest therein.
2. Borrower will not sell or offer to sell or otherwise transfer or encumber the Collateral or any interest therein without the prior written consent of the Lender, unless said Collateral is the inventory of the Business such term is defined by the Uniform Commercial Code) and it is so indicated on the Security Agreement.
3. The Borrower will immediately notify the Lender in writing of any change of address from that shown in this Agreement and will also, upon demand, furnish to the Lender such further information and will cause to be sent to the Lender such financial statements, mortgages and other papers and will do all such acts and things as the Lender may at any time or from time to time reasonably request and/or as may be necessary to establish and maintain a valid Security Interest in the Collateral as Security for the obligations, subject to no prior lien or encumbrances.
4. The Collateral is or will be located at the address of Borrower herein set forth and will not be permanently removed from such address unless, prior to such removal, Borrower has given written notice to the Lender of the location or locations to which Borrower desires to remove the Collateral and the Lender has not objected in writing to such removal.
5. The Borrower will keep the Collateral in good order and repair, will not waste or destroy the Collateral or any part thereof, and will not use or permit anyone else to use the Collateral in violation of any applicable laws, ordinances or policy of insurance thereon. The Lender may examine and inspect the Collateral at any reasonable time or times wherever located.
6. The Borrower will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this Agreement or any notes evidencing any of the obligations.
7. A carbon, photographic or other reproduction of this Security Agreement may be used and shall be as effective for filing as the original.
- In the event of Default under the Terms and Conditions of this Note, Lender shall have all the rights under the Uniform Commercial Code as to realize on the Collateral. These rights include the right to take possession of the Collateral, and to require the Borrower to make the Collateral available to the Lender at a place to be designated by the Lender which is reasonably convenient to both parties. The Borrower and the Lender agree that in the event of Default under the Uniform Commercial Code, that such reasonable notice requirements shall consist of seven days written notice mailed to the last known address of the Borrower. The cost of mailing, holding, preparing for sale, selling or the like will first be paid from the proceeds before the balance will be applied toward the indebtedness.

GUARANTY

The undersigned (if more than one, jointly and severally) hereby unconditionally guarantees the prompt payment of the within Promissory Note (and all extensions and renewals thereof) and of all sums stated or to be payable therein, when due, at maturity, by acceleration or otherwise, and hereby consents that from time to time, without notice to the undersigned, said Promissory Note may be extended or renewed in whole or in part for any period (whether or not longer than the original period of said Promissory Note), additional credit separate from this transaction may be extended to original Borrower by the Lender, and the Holder of it may at any time surrender, release, renew, extend or exchange all or any part of the property securing said Note, or take any of the actions set forth in said Note all without affecting the liability of the undersigned Lender may, at its option, at any time after an Event of Default by the Borrower, exercise its right of set-off of all or any portion of this Note against any liability or indebtedness of the Lender to the Guarantor or its liability or indebtedness in which Guarantor, as a Fiduciary, has no beneficial interest, without any prior notice. The release of any party liable upon or in respect of said Note shall not release any other such part of the undersigned hereby severally and jointly, demand of payment and notice of non-payment and of protest and any and all other notices and demands whatsoever.

CONCLUSIONS

SUMMARY

WILSON, ENGSTROM, CORUM & DUDLEY

LAWYERS

809 WEST THIRD STREET

P. O. BOX 71

LITTLE ROCK, ARKANSAS 72203

501/375-6453

May 2, 1986

WM. R. WILSON, JR. †
STEPHEN ENGSTROM †
ROXANNE T. WILSON
GARY D. CORUM
TIMOTHY O. DUDLEY

† ALSO ADMITTED TO
PRACTICE IN ALASKA

Ms. Joan D. Aikens
Federal Election Commission
Washington, D.C. 20463

Dear Ms. Aikens:

As far as I can find out, it has been some three months since anyone has heard anything from your Commission regarding its alleged investigation of Congressman Robinson's creative financing in the 1984 campaign.

I can only assume that you are trying to ride it out, hoping the issue will go away.

I guess you are in a hell of a fix. I mean, you are dependent on Congress for your existence, and you are faced with investigating a successful candidate.

Friends in other states tell me that your Commission is less timid when called upon to investigate unsuccessful candidates for Congress -- but still too timid even then.

As soon as this election season is over I plan to urge each member of the Arkansas delegation to introduce legislation to abolish your Commission.

The laws and regulations that you are charged with enforcing serve only as a deterrent to conscientious candidates. It is now obvious that a candidate such as Robinson can finance a campaign as he pleases, with impunity. Not only that, he has publicly dared and defied your Commission to try to do anything about it. I have previously sent you copies of news clippings where he challenged you to try to do anything about his violations.

I don't know anything about other jurisdictions, but with folks who follow politics in Arkansas, the Federal Election Commission is laughingstock.

More than two years have passed since these flagrant abuses commenced, and the Federal Election Commission apparently hasn't even put any rosin on the bow. At least the most notorious

Rec
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GCH# 415
M 1721

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WRWjr:kb

WILSON, ENGSTROM, CORUM & DUDLEY

LAWYERS

800 WEST THIRD STREET

P. O. BOX 71

LITTLE ROCK, ARKANSAS 72203

501/575-6433

February 28, 1986

WM. R. WILSON, JR.
STEPHEN ENGSTROM
ROXANNE T. WILSON
GARY D. CORUM
TIMOTHY A. DUDLEY

↑ ALSO ADMITTED TO
PRACTICE IN ALASKA

Re: Campaign Debts of Representative Tommy Robinson (Dem. Ark.)

Mr. Danny L. McDonald
Chairman
Federal Election Commission
1325 "K" Street N.W.
Washington, D.C. 20463

Dear Mr. McDonald:

We in Arkansas are anxiously awaiting your decision in the Tommy Robinson matter.

In all fairness to everyone--including Robinson--you should decide the case. If his type of "creative" financing is going to be approved, then you should say so that other candidates (who have heretofore thought that they could read the plain English of the legislation and regulations) will not have to feel fettered.

In continuing to delay you are giving Robinson a legitimate complaint.

If you find that his creative financing violates the plain language of the law and regulations, then it is equally important that you say so.

I implore you to make a decision.

Sincerely,


Wm. R. Wilson, Jr.

WRWjr:kb

cc: Kenneth Gross, Esquire

WILSON, ENGSTROM, CORUM & DUDLEY

LAWYERS

P.O. BOX 71

LITTLE ROCK, ARKANSAS 72203

Ms. Joan D. Aikens
Federal Election Commission
Washington, D.C. 20460

86 MAY 6 A 9:



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 28, 1986

W. Russell Meeks, III, Esquire
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 72201

Re: MUR 1721
Stephens Security Bank

Dear Mr. Meeks:

This is to advise you that after an investigation was conducted, the Commission concluded on April 15, 1986, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles N. Steele", is written over the word "Sincerely,".

Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 28, 1986

C. Joseph Giroir Jr., Esquire
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

Re: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Giroir:

This is to advise you that after an investigation was conducted, the Commission concluded on April 15, 1986, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

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Sincerely,

A handwritten signature in dark ink, appearing to read "Charles N. Steele", is written over the word "Sincerely,".

Charles N. Steele
General Counsel

86040504232



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 28, 1986

T.E. Renaud
Twin City Bank
One Riverfont Plaza
North Little Rock, Arkansas 72114

Re: MUR 1721
Twin City Bank

Dear Mr. Renaud:

This is to advise you that after an investigation was conducted, the Commission concluded on April 15, 1986, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles N. Steele", is written over the word "Sincerely,".

Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 28, 1986

Joseph W. Gelzine, Esquire
Mitchell, Williams, Selig, Jackson &
Tucker
1000 Savers Federal Building
Little Rock, Arkansas 72201

RE: MUR 1721
First American Bank
First Jacksonville Bank

Dear Mr. Gelzine:

This is to advise you that after an investigation was conducted, the Commission concluded on April 15, 1986, that there is no probable cause to believe that your clients violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your clients. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,

A handwritten signature in dark ink, appearing to read "Charles N. Steele", is written over the typed name.
Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 28, 1986

Donald T. Jack, Esquire
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

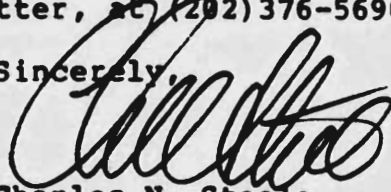
RE: MUR 1721
First Commercial Bank

Dear Mr. Jack:

This is to advise you that after an investigation was conducted, the Commission, on April 15, 1986, was equally divided on the question of whether to find probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,


Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 28, 1986

Darrell D. Dover, Esquire
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

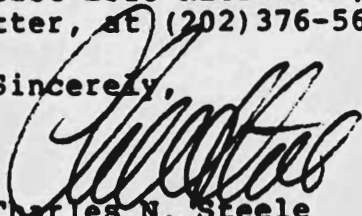
RE: MUR 1721
First State Bank

Dear Mr. Dover:

This is to advise you that after an investigation was conducted, the Commission concluded on April 15, 1986, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,


Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

W. Russell Meeks, III, Esquire
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 72201

Re: MUR 1721
Stephens Security Bank

Dear Mr. Meeks:

86040564217
This is to advise you that after an investigation was conducted, the Commission concluded on April 15, 1986, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,

Charles N. Steele
General Counsel

SK
RVA



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

C. Joseph Giroir Jr., Esquire
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

Re: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Giroir:

This is to advise you that after an investigation was conducted, the Commission concluded on April 15, 1986, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,

Charles N. Steele
General Counsel

SK
Rht



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

T.E. Renaud
Twin City Bank
One Riverfont Plaza
North Little Rock, Arkansas 72114

Re: MUR 1721
Twin City Bank

Dear Mr. Renaud:

This is to advise you that after an investigation was conducted, the Commission concluded on April 15, 1986, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,

Charles N. Steele
General Counsel

SLC
RUC



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Joseph W. Gelzine, Esquire
Mitchell, Williams, Selig, Jackson &
Tucker
1000 Savers Federal Building
Little Rock, Arkansas 72201

RE: MUR 1721
First American Bank
First Jacksonville Bank

Dear Mr. Gelzine:

This is to advise you that after an investigation was conducted, the Commission concluded on , 1986, that there is no probable cause to believe that your clients violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your clients. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel

SK
PWT



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Darrell D. Dover, Esquire
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First State Bank

Dear Mr. Dover:

This is to advise you that after an investigation was conducted, the Commission concluded on April 15, 1986, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437q(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,

Charles N. Steele
General Counsel

SK
RWT



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Donald T. Jack, Esquire
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First Commercial Bank

Dear Mr. Jack:

This is to advise you that after an investigation was conducted, the Commission, on April 15, 1986, was equally divided on the question of whether to find probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1721, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,

Charles N. Steele
General Counsel

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RHT

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MEEKS AND FOX, P.A.
ATTORNEYS AT LAW
404 SUPERIOR FEDERAL BUILDING
CAPITOL AND BROADWAY
LITTLE ROCK, ARKANSAS 72201
501-378-4860

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWIN

April 24, 1986

Mr. Eric Kleinfeld
General Counsel's Office
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

86 APR 28 P 3:27

Re: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Kleinfeld:

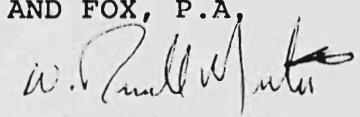
It was a pleasure to visit with you on Thursday, April 24, 1986, wherein you advised that you had received our letter of April 22, 1986, together with the enclosed Promissory Notes dealing with the Bank of Salem matter.

We further understand that you will re-submit the Bank of Salem matter and all documents, to include the Promissory Notes, to the Commission for further review and final action.

We appreciate your assistance and cooperation. Please call if we can be of further assistance.

Yours very truly,

MEEKS AND FOX, P.A.



W. Russell Meeks, III

WPM:cm

cc: Mr. Richard T. Smith

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Tommy Robinson)
The Tommy Robinson for Congress)
Committee)
George M. Felkins, treasurer)
Bank of Salem) MUR 1721
Stephens Security Bank)
Twin City Bank)
Worthen Bank & Trust Company)
First Commercial Bank)
First American Bank)
First Jacksonville Bank)
First State Bank)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of April 15,
1986, do hereby certify that the Commission took the following
actions in MUR 1721:

1. Decided by a vote of 6-0 to
 - a) Find no probable cause to believe that
First American Bank violated 2 U.S.C.
§ 441b(a).
 - b) Find no probable cause to believe that
Tommy Robinson and the Tommy Robinson
for Congress Committee and George M.
Felkins, as treasurer, violated 2 U.S.C.
§ 441b(a) in relation to the loan from
First American Bank.

Commissioners Aikens, Elliott, Harris, Josefiak,
McDonald, and McGarry voted affirmatively for
the motion.

(continued)

2. Decided by a vote of 6-0 to

- a) Find no probable cause to believe that First State Bank violated 2 U.S.C. § 441b(a).
- b) Find no probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in relation to the loan from First State Bank.

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

3. Failed in a vote of 1-5 to pass a motion to

- a) Find probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from the First Commercial Bank.

Commissioner McDonald voted affirmatively for the motion; Commissioners Aikens, Elliott, Harris, Josefiak, and McGarry dissented.

(continued)

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4. Decided by a vote of 5-1 to

- a) Find no probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find no probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from First Commercial Bank.

Commissioners Aikens, Elliott, Harris, Josefiak, and McGarry voted affirmatively for the decision; Commissioner McDonald dissented.

5. Failed in a vote of 2-4 to pass a motion to

- a) Find probable cause to believe that Twin City Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from Twin City Bank.

Commissioners Harris and McDonald voted affirmatively for the motion; Commissioners Aikens, Elliott, Josefiak, and McGarry dissented.

(continued)

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6. Decided by a vote of 4-2 to

- a) Find no probable cause to believe that Twin City Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find no probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from Twin City Bank.

Commissioners Aikens, Elliott, Josefiak, and McGarry voted affirmatively for the decision; Commissioners Harris and McDonald dissented.

7. Failed in a vote of 2-4 to pass a motion to

- a) Find probable cause to believe that Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from Worthen Bank & Trust Company.

Commissioners Harris and McDonald voted for the motion; Commissioners Aikens, Elliott, Josefiak, and McGarry dissented.

(continued)

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8. Decided by a vote of 4-2 to

- a) Find no probable cause to believe that Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find no probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from Worthen Bank & Trust Company.

Commissioners Aikens, Elliott, Josefiak, and McGarry voted affirmatively for the decision; Commissioners Harris and McDonald dissented.

9. Decided by a vote of 6-0 to

- a) Find no probable cause to believe that First Jacksonville Bank violated 2 U.S.C. § 441b(a).
- b) Find no probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in relation to a loan from First Jacksonville Bank.

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

(continued)

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10. Decided by a vote of 4-2 to

- a) Find probable cause to believe that Bank of Salem violated 2 U.S.C. § 441b(a) by making a loan to Tommy Robinson and the Robinson for Congress Committee without the assurance of repayment based on evidence of a written instrument.
- b) Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a loan from the Bank of Salem without the assurance of repayment based on evidence of a written instrument.

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

11. Failed on a vote of 2-4 to pass a motion to

- a) Find probable cause to believe that Stephens Security Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from the Stephens Security Bank.

Commissioners Harris and McDonald voted affirmatively for the motion. Commissioners Aikens, Elliott, Josefiak, and McGarry dissented.

(continued)

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12. Decided by a vote of 4-2 to

- a) Find no probable cause to believe that Stephens Security Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find no probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from the Stephens Security Bank.

Commissioners Aikens, Elliott, Josefiak, and McGarry voted affirmatively for the decision; Commissioners Harris and McDonald dissented.

13. Decided by a vote of 6-0 to reconsider the action taken with respect to the Bank of Salem.

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

14. Decided by a vote of 5-1 to

- a) Find probable cause to believe that Bank of Salem violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from the Bank of Salem.

(continued)

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Commissioners Elliott, Harris, Josefiak, McDonald, and McGarry voted affirmatively for the decision; Commissioner Aikens dissented.

15. Decided by a vote of 6-0 to reconsider the decision made with respect to First Commercial Bank.

Commissioners Aikens, Elliott, Harris, Josefiak, McDonald, and McGarry voted affirmatively for reconsideration.

16. Failed in a vote of 3-3 to pass a motion to

- a) Find probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from First Commercial Bank.

Commissioners Harris, McDonald, and McGarry voted affirmatively for the motion; Commissioners Aikens, Elliott, and Josefiak dissented.

(continued)

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17. Failed in a vote of 3-3 to pass a motion to

- a) Find no probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
- b) Find no probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a contribution from First Commercial Bank.

Commissioners Aikens, Elliott, and Josefiak voted affirmatively for the motion; Commissioners Harris, McDonald, and McGarry dissented.

18. Decided by a vote of 6-0 to return the conciliation agreements for the Bank of Salem and for the Tommy Robinson for Congress Committee to the Office of General Counsel for revision, and to direct the Office of General Counsel to send the appropriate letters pursuant to the decisions made this date.

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

(continued)

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19. Decided by a vote of 6-0 to close the file
with respect to First Commercial Bank.

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

Attest:

N-18-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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Before the Federal Election Commission

In the Matter of)
)
Tommy Robinson)
The Tommy Robinson for Congress)
Committee)
George M. Felkins, treasurer)
Bank of Salem)
Stephens Security Bank)
Twin City Bank)
Worthen Bank & Trust Company)
First Commercial Bank)
First American Bank)
First Jacksonville Bank)
First State Bank)

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SECRETARY

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MUR 1721

General Counsel's Report

I. Background

On September 5, 1984, the Federal Election Commission ("Commission") determined that there is reason to believe that the Stephens Security Bank, Twin City Bank, Worthen Bank & Trust Company, First American Bank, First Commercial Bank and First State Bank (all "Banks") violated 2 U.S.C. § 441b(a) by making contributions to the Tommy Robinson for Congress Committee ("Committee") in the form of bank loans. The Commission also determined on September 5, 1984, that there is reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting the contributions from the banks.

After additional information was discovered during the investigation of this matter, the Commission, on December 6, 1984, determined that there is reason to believe that the Bank of Salem and First Jacksonville Bank violated 2 U.S.C. § 441b(a) by making contributions to the Committee in the form of bank loans and that Tommy Robinson and the Tommy Robinson for Congress

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Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting the contributions.

On April 1, 1985, briefs and letters were mailed to respondents, notifying them of the General Counsel's intent to recommend to the Commission findings of probable cause to believe that violations of 2 U.S.C. § 441b(a) occurred. The Committee and all eight banks filed response briefs.

After consideration of the General Counsel's briefs and the response briefs, the Commission, on July 16, 1985, requested that the Office of General Counsel obtain additional information from respondent banks in regards to the loans made to Tommy Robinson. The requested information was received from all respondents by October 14, 1985.

On January 29, 1986, supplemental briefs were mailed to five respondent banks, the Bank of Salem, Stephens Security Bank, Twin City Bank, Worthen Bank & Trust Company and First Commercial Bank, notifying them of the General Counsel's intent to recommend to the Commission findings of probable cause to believe. Three respondent banks, First American Bank, First Jacksonville Bank and First State Bank, were sent supplemental briefs notifying them of the General Counsel's intent to recommend to the Commission findings of no probable cause to believe, relative to their specific factual situation. As of the date of this report, responses to the General Counsel's supplemental briefs have been received from the five respondent banks which were mailed probable cause briefs; no responses have been received from the

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other three respondent banks.

II. Legal Analysis

The Office of General Counsel relies chiefly upon its briefs dated March 29, 1985 and its supplemental briefs dated January 24, 1986, for the legal analysis of this matter. However, due to the extensive and complex nature of the factual information supplied by respondents, the following key points of the analysis are highlighted, followed by a brief discussion of each respondents' specific factual circumstance.

Pursuant to 2 U.S.C. § 441b(a), 11 C.F.R. § 100.7(b)(11), and 11 C.F.R. § 114.1(a)(1) and § 114.2, a national or State bank is prohibited from making contributions in the form of loans, and a political committee is prohibited from accepting such loans, except when such loans are made in the ordinary course of business and in accordance with applicable banking laws and regulations. Pursuant to 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11), a loan must meet four requirements to be considered made in the ordinary course of business for the purposes of the Act: (1) a loan must bear the usual and customary interest rate of the lending institution; (2) a loan must be evidenced by a written instrument; (3) a loan must be subject to a due date or amortization schedule; and (4) a loan must be made on a basis which assures repayment.

Thus, the plain language of the law requires bank loans to be made on a basis which assures repayment. This requirement, in turn, compels an examination of each particular loan at the time

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the loan was made, and not at some subsequent date. If, at the time the loan was made, repayment was not assured, the law requires that the loan be considered a contribution for federal election purposes, notwithstanding the fact that a particular bank may ordinarily make loans on a basis which does not assure repayment.

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In determining whether a loan was made on a basis which assures repayment, the Commission has first considered the type and sufficiency of the collateral pledged by the borrower to guarantee the loan's repayment. A loan that is collateralized by future expectations (i.e. future campaign contributions) may be considered made on a basis which assures repayment when accompanied by either an alternate source of repayment that is, in and of itself, sufficient to repay the loan, see MURs 216/239 and 382, or significant risk reducing features which assure that the loan in fact will be repaid, see MUR 1195 and Advisory Opinion 1980-108. In the absence of evidence of an alternate source of repayment or significant risk reducing factors, security more tangible than the future expectancy of campaign contributions will be required to assure repayment.

The nine loans obtained by Tommy Robinson and the Committee were evidenced by written instruments, were subject to due dates and bore the usual and customary interest rate of the lending institutions. The remaining issue is whether the loans were made on a basis which assures repayment.

Stephens Security Bank

A \$100,000 loan was advanced to Tommy Robinson and the

Committee on April 11, 1984. The loan was secured by 75% of the Committee's initial campaign contributions and a \$100,000 life insurance policy. The 75% of the initial contributions amounts to a future expectation of political contributions since, pursuant to the Committee's reports, the Committee could not, at the time of the loan, have received contributions greater than \$25,801. Accordingly, for this loan to have been made on a basis which assures repayment, there must have been an alternate source of repayment in case the future political contributions were not realized, or the loan agreement must have contained sufficient risk reducing features.

In its supplemental brief, Stephens Security Bank chooses to disregard the issue of whether repayment was assured, and instead continues to argue that the loan officer's personal belief in Mr. Robinson's character was sufficient to assure repayment. Respondent lists three loans which it considers comparable, in order to show that the loan to Robinson was made in the ordinary course of business, yet none of the three involve political candidates or are in any way similar to the Robinson loan. All involve significantly smaller amounts lent to borrowers who had significantly stronger balance sheets. Additionally, all three borrowers were ongoing concerns, such as a church, country club and hunting club.

Clearly, Stephens Security Bank relied chiefly upon its subjective personal opinion of the borrower in making this loan. No loan application, financial statement or loan agreement were required in making this loan. Without such documentation, there

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could not exist adequate risk reducing features to assure repayment. Indeed, Stephens Security Bank offers no evidence or argument that sufficient risk reducing features existed. Likewise, no alternate source of repayment existed.

On the date it made the loan to Tommy Robinson, Stephens Security Bank chose to rely solely on the future expectancy of campaign contributions to assure repayment. Mere reliance upon a future expectancy of campaign contributions does not assure repayment of a loan which, under the Act, is ultimately used to influence a federal election. Respondent must demonstrate either an alternate source of repayment or sufficient risk reducing factors and has failed to do so. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe Stephens Security Bank violated 2 U.S.C. § 441b(a).

Bank of Salem

An unsecured \$50,000 loan was advanced to Tommy Robinson and the Committee on June 5, 1984. At the time of the loan, Robinson was obligated to repay \$251,970 in outstanding loans, and the Committee was jointly obligated to repay \$199,970.

The Bank of Salem loan was unsecured, and respondent offers no evidence to show that repayment of its loan to Robinson was adequately assured. In its supplemental brief filed jointly with Stephens Security Bank, the Bank of Salem lists six loans which it considers comparable to the Robinson loan, in order to show

that the latter was made in the ordinary course of business, yet none of these involve political candidates or are in any way similar to the Robinson loan. The Bank of Salem fails to provide any information with which to compare the borrowers' balance sheets, yet all six borrowers are seemingly significantly stronger ongoing concerns than the Committee, such as a church, a fire department and an industrial development corporation.

Clearly, the Bank of Salem relied solely upon its subjective opinion of Mr. Robinson in making this loan. No loan application, financial statement or loan agreement were required for this loan. Respondent was not even aware that Mr. Robinson had over \$250,000 in Congressional debt at the time it made the loan to Robinson.

Notwithstanding the argument that respondent considers this loan to have been made in its ordinary course, the Act requires a loan be made on a basis in which repayment is assured. In the absence of any security, including the future expectancy of campaign contributions, the Bank of Salem loan cannot be considered adequately assured, for purposes of the Act.

Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that the Bank of Salem violated 2 U.S.C. § 441b(a).

Twin City Bank

A \$32,000 loan was advanced to Tommy Robinson and the Committee by Twin City Bank on May 17, 1984. As of this date Robinson was obligated to repay \$202,070 in bank loans, and of

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this sum, the Committee was jointly obligated to repay \$152,070.

The loan from Twin City Bank to Robinson was unsecured. In its response to the General Counsel's supplemental brief, Twin City Bank argues, as the Commission has recognized, that the Act does not require security for all loans; the Act only requires that repayment of a loan be adequately assured. However, Twin City Bank fails to provide any evidence that repayment of its loan to Robinson was adequately assured.

Clearly, Twin City Bank relied primarily upon its opinion of Mr. Robinson's character in making this loan. Twin City Bank also indicates that the loan would be repaid through the receipt of future campaign contributions (even though the loan was not actually secured by the future contributions). Reliance upon the future expectation of campaign contributions alone as collateral is not sufficient to assure repayment of a loan which, under the Act, is ultimately used to influence a federal election. An adequate alternate source of repayment or sufficient risk reducing factors is also required. Twin City Bank offers no evidence of any alternate sources of repayment. The only risk reducing factor cited is a vague reference to Mr. Robinson's personal credit history. Yet the record establishes that Robinson lacked the personal funds or earning capacity to pay off a \$32,000 loan due in 29 days. In addition, the Committee was also devoid of sufficient assets to meet its loan obligation.

Due to the absence of security for its loan or, in the alternative, risk reducing factors or an alternate source of

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repayment, Twin City Bank failed to meet its requirement under the Act that repayment of its loan be adequately assured.

Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that Twin City Bank violated 2 U.S.C. § 441b(a).

First Commercial Bank

A \$35,000 loan was advanced to Tommy Robinson and the Committee on May 7, 1984. Upon receipt of this loan, Robinson had personally guaranteed \$205,070 and of this sum, the Committee had jointly guaranteed \$155,070 in loans.

The loan from First Commercial Bank to Robinson was unsecured. In its response to the General Counsel's supplemental brief, First Commercial Bank argues, as the Commission has recognized, that the Act does not require security for all loans; the Act only requires that repayment of a loan be adequately assured. However, First Commercial Bank fails to provide any evidence that repayment of its loan to Robinson was adequately assured.

Clearly, First Commercial Bank relied primarily upon its opinion of Mr. Robinson's character. First Commercial Bank also indicates that the loan would be repaid through the receipt of future campaign contributions (even though the loan was not actually secured by future contributions). Reliance upon the future expectation of campaign contributions alone as collateral is not sufficient to assure repayment of a loan which, under the Act, is ultimately used to influence a federal election. An alternate source or repayment of sufficient risk reducing factors

is also required. First Commercial Bank offers no evidence of any alternate sources of repayment. The only risk reducing factor cited is a vague reference to Mr. Robinson's personal credit history. Yet the record establishes that Robinson lacked the personal funds or earning capacity to pay off a \$35,000 loan due in 30 days. In addition, the Committee was also devoid of sufficient assets to meet its loan obligation.

Due to the absence of security for its loan, or, in the alternative, risk reducing factors or an alternate source of repayment, First Commerical Bank failed to meet its requirement under the Act that repayment of its loan be adequately assured. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a).

Worthen Bank & Trust Company

Worthen Bank & Trust Company advanced a \$50,479 loan to Tommy Robinson and the Committee on May 18, 1984. On July 9, 1984, the Worthen Bank & Trust Company made a second loan to Robinson, in the amount of \$48,000.

The \$50,479 loan to Robinson was unsecured. In neither its original brief nor its response to the General Counsel's supplemental brief, does Worthen Bank offer any evidence or argument that repayment of this loan was adequately assured. Instead, Worthen Bank focuses its argument solely upon the second loan. As evidence of adequate assurance of repayment, respondent claims to have held a second mortgage on Robinson's house, with

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an approximate equity value of \$38,900, plus sufficient risk reducing features to cover the balance. However, upon examination, Worthen Bank's evidence is not what it is purported to be.

As discussed in the General Counsel's Report dated June 25, 1985, Worthen's unrecorded second mortgage on Robinson's house was relegated to the status of a third mortgage when respondent First State Bank recorded its own second mortgage on Robinson's house and obtained priority over other unrecorded mortgages (notwithstanding the fact that Worthen's was executed first in time). The value of Worthen's mortgage could not be greater than the difference between the remaining equity in Mr. Robinson's house and the balance of First State Bank's loan. However, since respondent First Jacksonville Bank also held an unrecorded mortgage, which was executed prior to Worthen's, the value of Worthen's mortgage in assuring repayment of Robinson's loan is nominal at best.

In response to the General Counsel's supplemental brief, Worthen Bank submits what it claims is a release of First State Bank's mortgage and a letter to that effect. This submission contains substantial factual errors, and it is not at all clear from its face what respondent is attempting to demonstrate. It may be an attempt by First Jacksonville Bank to release First State's mortgage, since the instrument number on the release refers to First State's mortgage on the title certificate. Clearly, one mortgagee is powerless to release another's mortgage. Or it may be a release by First Jacksonville Bank of its own mortgage, since it is executed on First Jacksonville's

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form, which has no bearing on Worthen, since First State Bank has the valid second mortgage. The record, as evidenced by the Title Certificate dated February 26, 1986, shows that Worthen's mortgage securing the \$48,000 loan is subject to the prior mortgage held by First State Bank, securing the latter's loan. */

As an alternative to the mortgage for collateral, Worthen Bank relies upon several risk reducing factors to show that repayment was assured. These include the future expectancy of campaign contributions and Mr. Robinson's past credit history and reputation in the community. However, for the future expectancy of campaign contributions to be considered as adequate assurance of repayment, it must be accompanied by significant risk reducing features. Robinson's consumer loan history with Worthen is comprised of loans of significantly lesser amounts than the approximately \$100,000 lent to him by Worthen for the campaign. The largest amount Robinson had previously borrowed was approximately \$15,000. Additionally, at the time of the \$48,000 campaign loan, Robinson himself was personally obligated to repay \$247,970 in other campaign loans, a debt non-existent during the previous extensions of credit from Worthen. Worthen's vague reference to Robinson's community reputation is not supported by any evidence but is based solely upon a loan officer's subjective personal beliefs. Indeed, the loan documents submitted by

*/ In a subsequent telephone conversation with counsel for Worthen Bank & Trust Company, counsel admitted that the exhibit submitted was a release of First Jacksonville Bank's mortgage and that such a release had no effect on First State Bank's priority over Worthen Bank.

Worthen reflect a difference in opinion among Worthen's loan officers as to Robinson's credit worthiness, as reflected in the numerical quality ratings assigned to Robinson's credit proposals.

Thus, it appears from the record, that of Worthen's two loans to Tommy Robinson, the first was unsecured, and the second was secured in part, by an unrecorded mortgage, with only nominal value, and an expectation of future campaign contributions, which was accompanied by no significant risk reducing factors. In light of this evidence, repayment on either loan cannot have been considered assured. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that the Worthen Bank & Trust Company violated 2 U.S.C. § 441b(a).

First State Bank

A \$20,070 loan was advanced to Tommy Robinson and the Committee by First State Bank on April 30, 1984. First State Bank chose not to respond to the General Counsel's supplemental brief recommending a finding of no probable cause to believe a violation of 2 U.S.C. § 441b(a) occurred.

The analysis for First State Bank remains unchanged. The Title Certificates on Tommy Robinson's house show First State Bank with a recorded mortgage. Although First State Bank received the mortgage after the loan was made to Tommy Robinson, First State provided evidence in its reply to the Commission's reason to believe determination that it is in the Bank's ordinary course of business to make unsecured loans which later require

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collateralization.

Therefore, the issue is whether repayment of the First State Bank loan was adequately assured by the second mortgage. The value of the loan was \$20,070. The mortgage had an equity value exceeding \$38,000. As mortgages on real estate do represent the type of collateral which can assure repayment of a loan, the Office of General Counsel recommends that the Commission find no probable cause to believe that First State Bank violated 2 U.S.C. § 441b(a).

First Jacksonville Bank

A \$52,000 loan was advanced to Tommy Robinson and the Committee by First Jacksonville Bank on June 1, 1984. First Jacksonville Bank chose not to respond to the General Counsel's supplemental brief recommending a finding of no probable cause to believe a violation of 2 U.S.C. § 441b(a) occurred.

The analysis for First Jacksonville Bank remains unchanged. First Jacksonville Bank claims that in its ordinary course of business it frequently makes commercial loans on the assurance of an upstream correspondent that the loan will be repaid from the proceeds of a future loan to be made to the borrower by that upstream correspondent. First Jacksonville Bank relied on Worthen Bank & Trust Company and the latter's promise that it would make a loan to Mr. Robinson, the proceeds of which would be used to repay First Jacksonville's loan. Where a downstream correspondent makes a loan based on the request of an upstream correspondent bank, such a loan is considered to have been made

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on a basis which adequately assures its repayment. This is because the upstream correspondent bank provides the downstream correspondent bank with an alternate source of repayment, other than the expectancy of future campaign contributions. Here, Worthen Bank & Trust Company provided First Jacksonville Bank with an alternate source of repayment. Therefore, the Office of General Counsel recommends that the Commission find no probable cause to believe that First Jacksonville Bank violated 2 U.S.C. § 441b(a).

First American Bank

A \$50,000 loan was advanced to Tommy Robinson by First American Bank on April 24, 1984. First American Bank chose not to respond to the General Counsel's supplemental brief recommending a finding of no probable cause to believe a violation of 2 U.S.C. § 441b(a) occurred.

The analysis for First American Bank remains unchanged. First American Bank claims that in its ordinary course of business it frequently makes commercial loans on the assurance of an upstream correspondent that the loan will be repaid from the proceeds of a future loan to be made to the borrower by that upstream correspondent. First American Bank relied on Worthen Bank & Trust Company and its promise that it would make a loan to Mr. Robinson, the proceeds of which would be used to repay First American's loan. Where a downstream correspondent makes a loan based on the request of an upstream correspondent bank, such a loan is considered to have been made on a basis which adequately assures its repayment. This is because the upstream

correspondent bank provides the downstream correspondent bank an alternate source of repayment, other than the expectancy of future campaign contributions. Here, Worthen Bank & Trust Company provided First American Bank with an alternate source of repayment. Therefore, the Office of General Counsel recommends that the Commission find no probable cause to believe that First American Bank violated 2 U.S.C. § 441b(a).

Tommy Robinson and the Committee

The Office of General Counsel relies chiefly upon its brief dated March 29, 1985 for the legal analysis of this matter in relation to Tommy Robinson and the Committee. The Commission decided not to seek supplemental information from Robinson or the Committee as it did from the eight respondent banks.

The Committee's argument to the Commission is based entirely on the premise that the Office of General Counsel is requiring all loans to be fully collateralized. In making such a claim, the Committee either misreads or deliberately chooses to disregard the General Counsel's analysis. In summary, under the Act, a bank loan is not a contribution if made by the bank in the ordinary course of business. In order for a loan which is ultimately used to influence a federal election, to be considered within a bank's ordinary course of business, the law requires that it be made on a basis which assures repayment.

Thus, a loan for which there is no assurance of repayment violates the Act, notwithstanding the business practices of a particular bank or the fact that when examined from hindsight,

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the loan was repaid. Those loans for which there is assurance of repayment do not violate the Act. Assurance of repayment may be demonstrated through security or collateral, see, e.g. First State Bank loan, or by reliance on a future expectancy of campaign contributions, when accompanied by an adequate alternate source of repayment or by sufficient risk reducing features, see e.g. First Jacksonville Bank and First American Bank loans. However, a loan which is unsecured and which looks to future campaign contributions for repayment, is not assured for federal election purposes, in the absence of an alternate source of repayment or sufficient risk reducing factors. See, e.g. Stephens Security Bank, Bank of Salem, Twin City Bank, Worthen Bank & Trust Company and First Commercial Bank loans.

Thus, the Committee is precluded from arguing that the Office of General Counsel is requiring full collateralization of bank loans. The Committee's submissions are devoid of any further arguments. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in relation to the loans from Stephens Security Bank, Bank of Salem, Twin City Bank, Worthen Bank & Trust Company, and First Commercial Bank. The Office of General Counsel recommends that the Commission find no probable cause to believe that Tommy Robinson, the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in relation to

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loans from First State Bank, First Jacksonville Bank and First American Bank.

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IV. Recommendations

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting contributions from:

Stephens Security Bank
Bank of Salem
Twin City Bank
Worthen Bank & Trust Company
First Commercial Bank

2. Find no probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in relation to loans from:


First State Bank
First Jacksonville Bank
First American Bank

3. Find probable cause to believe that Stephens Security Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.

4. Find probable cause to believe that Bank of Salem violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
5. Find probable cause to believe that Twin City Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
6. Find probable cause to believe that Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
7. Find probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee.
8. Find no probable cause to believe that First State Bank violated 2 U.S.C. § 441b(a).
9. Find no probable cause to believe that First Jacksonville Bank violated 2 U.S.C. § 441b(a).
10. Find no probable cause to believe that First American Bank violated 2 U.S.C. § 441b(a).
11. Approve attached conciliation agreements.
12. Approve attached letters.

Date

4 April 1986


Charles N. Steele
General Counsel

Attachment

1. Conciliation agreements
2. Letters

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HAND DELIVERED

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CCC#295

MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

404 SUPERIOR FEDERAL BUILDING

CAPITOL AND BROADWAY

LITTLE ROCK, ARKANSAS 72201

501-376-4660

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWIN

FEDERAL EXPRESS

April 22, 1986

Mr. Eric Kleinfeld
General Counsel's Office
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Kleinfeld:

This confirms my phone conversation to you of today, Tuesday, April 22, 1986 at which time I inquired with respect to the status of the captioned matter. You advised that the Commission had determined that Stephens Security Bank would be dismissed from any investigation, and that there would be a finding of no probable cause, and of no violation. However, you advised that there might be a different result with respect to Bank of Salem, and in our discussions you emphasized that your file did not contain copies of the promissory notes pertaining to the Bank of Salem loan.

Accordingly, we enclose herewith our photocopies of the three promissory notes that pertained to this transaction, with the Bank of Salem, which are as follows:

1. Promissory note dated June 5, 1984, to mature July 10, 1984, in the amount of \$50,000.00, paid July 10, 1984, by renewal of the following note.
2. A promissory note dated July 10, 1984, to mature January 10, 1985, in the amount of \$50,000.00, which was paid by renewal of the promissory note set out below.
3. The promissory note dated January 10, 1985, to mature April 10, 1985, in the amount of \$50,000.00. This promissory note was paid in full. There are no outstanding loans to the borrower.

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GENERAL COUNSEL

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Mr. Eric Kleinfeld
April 22, 1986
Page 2

Each time there was a renewal, interest payments were paid current. For your information, I have enclosed both the front and the back of my copy to the promissory notes. For further information, please be advised that the borrower has at all times had copies of the instruments, and in addition has been given the original documents, when they were paid by renewal, and when the final note was paid in full.

I would like to make a few other points of clarification. First, with respect to the Bank of Salem loan, the only document was the promissory note which is the document of indebtedness. There was never any other document, and this was fully disclosed, and was set forth in the various briefs. For whatever reason, and I won't belabor the point, as we fully discussed all of the various issues in our phone conversation on the afternoon of April 22, 1986, it came as a shock to me that the file submitted to the Federal Election Commission did not contain copies of the Bank of Salem notes. These were the only legal documents, and representatives of the General Counsel's Office in discussion with me had indicated that they had the legal documents, and this was further evidenced, in two ways, in the original General Counsel's Brief filed over one year ago on March 29, 1985.

In that Brief, there was an attachment, which indicated the exact terms of the promissory note, which presumably could only be obtained from the promissory note. Additionally, at page 4, paragraph two, the Brief of the General Counsel states "the nine loans obtained by Tommy Robinson and the Tommy Robinson for Congress Committee were evidenced by written instruments, were subject to due date and bore the usual and customary interest rate of the lending institutions. The only issue in this matter is whether the loans were made on a basis which assures repayment." (underline added for emphasis). In other words, in it's Brief, the General Counsel's Office both acknowledges that it has the written instruments and further makes it a moot issue by leaving that the sole issue remaining "whether the loans were made on a basis which assures repayment." The subsequent parts of the Brief deal with that issue. Never, until this morning's conversation, were we advised that the General Counsel's Office had not furnished the promissory notes to the Commission.

On another point, let me assure you, again, that the entity in the best position to see to it that it has the documentation, is the General Counsel's Office. It knows what all people have submitted, and makes the decision as to what to submit to the Commission. Obviously, under the Bank Privacy Act, the pro-

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Mr. Eric Kleinfeld
April 22, 1986
Page 3

missory notes are executed in the presence of the customer and the customer then keeps a copy, and can disclose it to whoever he wishes. In this case, especially upon the initial investigation of the Commission, and the statements found at page 4 of it's original Brief, it was obvious that it had received from the Tommy Robinson for Congress Committee, all of the necessary documentation which it needed in order to make a decision, and specifically that it had received copies of the promissory notes.

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Additionally, my recollection of phone conversations with Mr. Maikovich, and perhaps with others of your office, indicated that you did in fact have copies of the promissory notes, but you wanted to be sure that there was no "loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson for the Robinson Committee at the time you approved the campaign loans." (underline added for emphasis). These words are the words used at question number one of the "Written Questions to Bank of Salem", which you discussed with me, and wondered why, in our response, the promissory notes were not also attached. First, I was under the firm impression that copies had been received by the General Counsel's Office. Second, they were not specifically asked for, and therefore simply were not included as a response to written question number one. In this respect, please note that the question asked for specific documents, except where it says "any other documents used by you to judge the credit worthiness", and I point out that the promissory note is not utilized for the purpose of judging credit worthiness at all. It is the written instrument of obligation for repayment.

For whatever reason, we were advised this morning that the Commission was not given a copy of the promissory notes pertaining the Bank of Salem loan. As you can see from the attached promissory notes, they are the standard form notes used by the bank. They are printed forms, with blanks for the insertion of the necessary information. Therefore, to simplify matters, they are attached hereto and we request that they be presented to the Commission, through your office, at your earliest convenience and that we be notified as to when that has taken place.

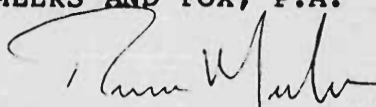
Meanwhile, if we have any further questions we will notify your office, and we look forward to hearing from you when these notes have been submitted to the Commission, and upon receipt of these notes, by the Commission, we would appreciate being advised as to their subsequent decision. Assuming the decision to not release Bank of Salem at this time revolved solely around the

Mr. Eric Kleinfeld
April 22, 1986
Page4

non-existence in the Commission's file of a copy of the promissory notes, this should resolve that matter and the Bank of Salem would, presumably, be dismissed. We would appreciate your help in this regard.

Yours Very Truly,

MEEKS AND FOX, P.A.


W. Russell Meeks, III

WRM:jb

Enclosures/Three Promissory Notes

cc: Mr. Richard T. Smith

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Borrower(s) Name(s) <u>Tommy Robinson</u> & Address(es) <u>for Congress Campaign</u> <u>Little Rock, AR</u>	Lender's Name <u>BANK OF SALEM</u> & Address <u>BOX 338</u> <u>FBB:per RS SALEM, AR 72676</u>	Inception Date <u>June 5, 1984</u> Maturity Date <u>July 10, 1984</u> Loan No. <u>CRW 8255</u> Loan Amt. <u>\$50,000.00</u>
---	---	--

The undersigned Borrower(s) (if more than one, jointly and severally and hereinafter, whether one or more, called Borrower) promises to pay to the order of the above-named Lender (at the Lender's address shown above) the Principal Sum of Fifty thousand & 00/100 Dollars,

plus interest from June 5, 1984 until final maturity at the rate of 14 1/2 fixed per cent per annum, payable according to the following payment schedule (select only one):

(a) ☐ Upon demand. (b) ☒ Upon demand, but if no demand is made, then on July 10, 1984, 1984.

Accrued interest is due and payable _____ and at the maturity indicated.

(d) ☐ If checked, this Note is payable in equal _____ installments of \$ _____ each, beginning _____, 1984, and on the same day of each _____ thereafter until _____, 1984, when the unpaid principal and interest shall be due and payable.

(e) ☐ _____

VARIABLE INTEREST RATE: ☐ If checked, the interest rate on this Note is subject to change from that stated above, as to be _____ percentage points above the following selected Index Rate:

☐ The prime rate of _____

☐ _____

If a variable interest rate applies to this Note: (a) the amounts of all payments scheduled above will be adjusted to reflect changes in the effective interest rates, and (b) if no Post Maturity Interest rate is specified below, the interest rate after final maturity will be the interest rate in effect at final maturity.

☐ The interest rate on this Note shall not be less than the annual rate of _____ per cent. ☐ The interest rate on this Note shall not exceed the annual rate of _____ per cent.

Notwithstanding anything to the contrary contained herein, the interest rate on this Note shall at no time exceed the highest contract rate permitted by law.

Changes in the Index Rate shall take effect on this Note: ☐ on the same day; ☐ on the day following the day; ☐ on the first day of the _____ following the day; such changes in the Index Rate take effect.

INTEREST: All payments, whenever made, shall apply first toward accrued interest, with the remainder of any payment applying toward principal.

☐ If checked, any accrued interest not paid when due (whether due by reason of a schedule of payments or due because of Lender's demand) shall become part of the principal thereafter, and shall itself bear interest at the applicable interest rate.

POST MATURITY INTEREST: The unpaid principal amount of this Note shall bear interest after final maturity, including maturity by acceleration, at the annual rate of current %.

PREPAYMENT: ☐ If checked, Lender has the right to impose a penalty upon prepayment. If not checked, Borrower may prepay this Note at any time prior to maturity without penalty. Any partial prepayments shall not reduce or diminish any scheduled subsequent payments of principal or interest until all obligations are paid in full.

COSTS OF COLLECTION: Except where prohibited by law, the Borrower promises to pay all costs of collection, including but not limited to reasonable attorney's fees, paid or incurred by the Lender on account of such collection, whether or not suit is filed with respect thereto.

WAIVER: Demand, presentment, protest, notice of non-payment and dishonor of this Promissory Note are hereby waived. Lender may release any party or security, make future loans to any party or contractually change its relationship to or the obligation of any party without waiving or affecting the obligation of any other party to this Note. A party to this Note is any maker, surety, endorser or guarantor. Waiver by the Lender at any time of any right conferred by this Note or any agreement securing same will not affect the Lender's future exercise of said right or any other.

SECURITY: (a) In addition to Lender's right of set-off set forth above, Lender is secured by the proceeds and unearned premiums of any insurance policy purchased by the Borrower in connection with the Loan evidenced hereby. Borrower agrees to keep any Collateral securing this Note insured against such risks, with such limits, and upon such additional terms and conditions as Lender may reasonably require. Lender shall be named as additional loss payee under said policies. Lender is hereby authorized (but not required or obligated) to act as attorney in fact for Borrower in making and settling claims under said policies and endorsing Borrower's name on any drafts or checks paying losses under said policies. (b) This Note may be secured by prior or subsequent security documents notwithstanding that such security is not indicated hereon. (c) Borrower hereby grants to Lender a Security Interest in all other personal property of the Borrower of every kind and description which is now or hereafter comes into the possession of the Lender for any reason, including, but not limited to property delivered to Lender for safekeeping, or for collection or exchange, and all dividends and distributions on and other rights in connection with such property.

(d) ☐ If checked, this Note is secured by a separate _____ dated _____, 1984.

(e) ☒ If checked, this Note is secured by the Security Agreement hereafter and Borrower hereby grants to the Lender a Security Interest under the Uniform Commercial Code in the following described Collateral:

☐ INVENTORY: All inventory of the Borrower, whether now owned or hereafter acquired and wherever located;

☐ EQUIPMENT: All equipment of the Borrower, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts and tools, and the goods described in any equipment list or schedule herewith or hereafter furnished to Lender by Borrower (but no such schedule or list need be furnished in order for the Security Interest granted herein to be valid as to all Borrower's equipment).

☐ FARM PRODUCTS: All farm products of the Borrower, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Borrower in farming operations.

☐ ACCOUNTS AND OTHER RIGHTS TO PAYMENT: Each and every right of the Borrower to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by the Borrower, out of a rendering of services by the Borrower, out of a loan by the Borrower, out of the overpayment of taxes or other liabilities by the Borrower or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and however such right to payment may be evidenced, together with all of the rights and interest (including all liens and security interest) which Borrower may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, loans and obligations receivable and to be received.

☒ GENERAL INTANGIBLES: All general intangibles of the Borrower, whether now owned or hereafter acquired, including but not limited to, applications for patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use Borrower's name.

☐ In addition to any property generally described above, the following Collateral:

Open

together with all parts, accessories, repairs, improvements and acccessions thereto, and proceeds, products and issue therefrom now or hereafter at any time made or acquired. (See other side for additional terms).

☐ If checked, this is a Purchase Money Loan.

Purpose of Credit operating expenses

Borrower will use Collateral listed on this Security Agreement for

☐ Farming operations

☒ Business purposes

☐ _____

Any person who signs within this enclosure hereby grants to the Secured Party a Security Interest in the Collateral listed in Paragraph (e) but assumes no personal obligation to repay this Loan.

Signed _____ Date _____

Tommy Robinson

AUTHORIZED SIGNATURE OF LENDER - SIGN ONLY IF NECESSARY FOR FILING THIS DOCUMENT OR A COPY HEREOF

© BANKERS SYSTEMS, INC., 1980, ST. CLOUD, MINN., FORM PROV 7/80

PROMISSORY NOTE & SECURITY AGREEMENT - NOTICE: See other side for important information which is part of this Document.

Description of Real Estate if above Collateral is crops, growing or to be grown, timber, minerals (including oil or gas) or fixtures _____

If other than Borrower,

name of Record Owner _____

☐ If checked, this Agreement is to be filed (for record) in the real estate records.

By signing below, the Borrower(s) signs this Note & Security Agreement and agrees to the Terms and Conditions on the reverse side hereof.

By: Tommy Robinson (Borrower)

XX Tommy Robinson (Borrower)

XX By Daniel H. Glascock Chairman (Borrower)

Acct # 0008255 7106854

Borrower(s) Name(s) & Address(es)	Tommy Robinson for Congress Campaign Little Rock, Ar	Lender's Name & Address	BANK OF SALEM BOX 338 SALEM, ARKANSAS 72576 FBB/be	Inception Date Maturity Date Loan No. Loan Amt.	July 10, 1984 January 10, 1985 0008414 50,000.00
--	--	----------------------------------	---	--	---

The undersigned Borrower(s) (if more than one, jointly and severally and hereinafter, whether one or more, called Borrower) promises to pay to the order of the above-named Lender (at the Lender's address shown above) the Principal Sum of Fifty thousand and no/100 Dollars,

plus interest from July 10, 1984 until final maturity at the rate of 14% fixed per cent per annum, payable according to the following payment schedule (select only one):

(a) ☐ Upon demand. (b) ☒ Upon demand, but if no demand is made, then on January 10, 1985 (c) ☐ On _____, 19____.

Accrued interest is due and payable _____ and at the maturity indicated.

(d) ☐ If checked, this Note is payable in equal _____ installments of \$ _____ each, beginning _____, 19____, and on the same day of each _____ thereafter until _____, 19____, when the unpaid balance of principal and interest shall be due and payable.

(e) ☐ _____

VARIABLE INTEREST RATE: ☐ If checked, the interest rate on this Note is subject to change from that stated above, so as to be _____ percentage points above the following selected Index Rate:

☐ The prime rate of _____

☐ If a variable interest rate applies to this Note: (a) the amounts of all payments scheduled above will be adjusted to reflect changes in the effective interest rates, and (b) if no Post Maturity interest rate is specified below, the interest rate after final maturity will be the interest rate in effect at final maturity.

☐ The interest rate on this Note shall not be less than the annual rate of _____ per cent. ☐ The interest rate on this Note shall not exceed the annual rate of _____ per cent.

Notwithstanding anything to the contrary contained herein, the interest rate on this Note shall at no time exceed the highest contract rate permitted by law.

Changes in the Index Rate shall take effect on this Note: ☐ on the same day; ☐ on the day following the day; ☐ on the first day of the _____ following the day; such changes in the Index Rate take effect.

INTEREST: All payments, whenever made, shall apply first toward accrued interest, with the remainder of any payment applying toward principal.

☐ If checked, any accrued interest not paid when due (whether due by reason of a schedule of payments or due because of Lender's demand) shall become part of the principal thereafter, and shall itself bear interest at the applicable interest rate.

POST MATURITY INTEREST: The unpaid principal amount of this Note shall bear current interest after final maturity, including maturity by acceleration, at the annual rate of _____.

PREPAYMENT: ☐ If checked, Lender has the right to impose a penalty upon prepayment. If not checked, Borrower may prepay this Note at any time prior to maturity without penalty. Any partial prepayments shall not relieve or diminish any scheduled subsequent payments of principal or interest until all obligations are paid in full.

COSTS OF COLLECTION: Except where prohibited by law, the Borrower promises to pay all costs of collection, including but not limited to reasonable attorney's fees, paid or incurred by the Lender on account of such collection, whether or not suit is filed with respect thereto.

WAIVER: Demand, presentment, protest, notice of non-payment and dishonor of this Promissory Note are hereby waived. Lender may release any party or security, make future loans to any party or contractually change its relationship to or the obligation of any party without waiving or affecting the obligation of any other party to this Note. A party to this Note is any maker, surety, endorser or guarantor. Waiver by the Lender at any time of any right conferred by this Note or any agreement securing same will not affect the Lender's future exercise of said right or any other.

SECURITY: (a) In addition to Lender's right of set-off set forth above, Lender is secured by the proceeds and unearned premiums of any insurance policy purchased by the Borrower in connection with the Loan evidenced hereby. Borrower agrees to keep any Collateral securing this Note insured against such risks, with such limits, and upon such additional terms and conditions as Lender may reasonably require. Lender shall be named as additional loss payee under said policies. Lender is hereby authorized (but not required or obligated) to act as attorney in fact for Borrower in making and settling claims under said policies and endorsing Borrower's name on any drafts or checks paying losses under said policies. (b) This Note may be secured by prior or subsequent security documents notwithstanding that such security is not indicated hereon. (c) Borrower hereby grants to Lender a Security Interest in all other personal property of the Borrower of every kind and description which is now or hereafter comes into the possession of the Lender for any reason, including, but not limited to property delivered to Lender for safekeeping, or for collection or exchange, and all dividends and distributions on and other rights in connection with such property.

(d) ☐ If checked, this Note is secured by a separate _____ dated _____, 19____.

(e) ☒ If checked, this Note is secured by the Security Agreement hereafter and Borrower hereby grants to the Lender a Security Interest under the Uniform Commercial Code in the following described Collateral:

- ☒ INVENTORY: All inventory of the Borrower, whether now owned or hereafter acquired and wherever located;
- ☐ EQUIPMENT: All equipment of the Borrower, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts and tools, and the goods described in any equipment list or schedule herewith or hereafter furnished to Lender by Borrower (but no such schedule or list need be furnished in order for the Security Interest granted herein to be valid as to all Borrower's equipment).
- ☐ FARM PRODUCTS: All farm products of the Borrower, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Borrower in farming operations.
- ☒ ACCOUNTS AND OTHER RIGHTS TO PAYMENT: Each and every right of the Borrower to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by the Borrower, out of a rendering of services by the Borrower, out of a loan by the Borrower, out of the overpayment of taxes or other liabilities by the Borrower or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all of the rights and interest (including all liens and security interest) which Borrower may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, loans and obligations receivable and its refunds.
- ☒ GENERAL INTANGIBLES: All general intangibles of the Borrower, whether now owned or hereafter acquired, including but not limited to, applications for patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use Borrower's name.
- ☐ In addition to any property generally described above, the following Collateral:

Unsecured

together with all parts, accessories, repairs, improvements and accessions thereto; and proceeds, products and issue therefrom now or hereafter at any time made or acquired. (See other side for additional terms).

☐ If checked, this is a Purchase Money Loan.

Purpose of Credit: operating expense

Renewal of Loan #0008255

Borrower will use Collateral listed on this Security Agreement for:

- ☐ Farming operations
- ☒ Business purposes
- ☐ _____

Any person who signs within this enclosure hereby grants to the Secured Party a Security Interest in the Collateral listed in Paragraph (e) but assumes no personal obligation to repay this Loan.

Signed _____ Date _____
(AUTHORIZED SIGNATURE OF LENDER - SIGN ONLY IF NECESSARY FOR FILING THIS DOCUMENT OR A COPY HEREOF)

© BANKERS SYSTEMS, INC., 1000, ST. CLOUD, MINN., FORM PMSV 7/50

Description of Real Estate if above Collateral is crops, growing or to be grown, timber, minerals (including oil or gas) or fixtures _____

If other than Borrower,

name of Record Owner _____

☐ If checked, this Agreement is to be filed (for record) in the real estate records.

By signing below the Borrower(s) signs this Note & Security Agreement and agrees to the Terms and Conditions on the back of this document.

Signed _____ (Borrower)

XX Tommy J. Robinson (Borrower)

XXX _____ (Borrower)

PROMISSORY NOTE & SECURITY AGREEMENT - NOTICE: See other side for important information which is part of this Document

Borrower(s) Name(s) & Address(es)	Tommy Robinson for Congress Campaign Little Rock, AR 72206	Lender's Name & Address	FBB:fa BANK OF SALEM BOX 338 SALEM, ARKANSAS 72576	Inception Date Maturity Date Loan No. Loan Amt.	Jan. 10, 1985 April 10, 1985 0009395 50,000.00
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The undersigned Borrower(s) (If more than one, jointly and severally and hereinafter, whether one or more, called Borrower) promises to pay to the order of the above-named Lender (at the Lender's address shown above) the Principal Sum of Fifty Thousand and no/100 Dollars,

plus interest from January 10, 1985 until final maturity at the rate of 13% fixed per cent per annum, payable according to the following payment schedule (select only one):

(a) ☐ Upon demand (b) ☒ Upon demand, but if no demand is made, then on April 10, 1985 (c) ☐ On _____, 19____.

Accrued interest is due and payable _____ and at the maturity indicated.

(d) ☐ If checked, this Note is payable in equal _____ installments of \$ _____ each, beginning _____, 19____, and on the same day of each _____ thereafter until _____, 19____, when the unpaid balance of principal and interest shall be due and payable.

(e) ☐ _____

VARIABLE INTEREST RATE: ☐ If checked, the interest rate on this Note is subject to change from that stated above, so as to be _____ percentage points above the following selected Index Rate:

☐ The prime rate of _____

☐ _____

If a variable interest rate applies to this Note: (a) the amounts of all payments scheduled above will be adjusted to reflect changes in the effective interest rates, and (b) if no Post Maturity Interest rate is specified below, the interest rate after final maturity will be the interest rate in effect at final maturity.

☐ The interest rate on this Note shall not be less than the annual rate of _____ per cent. ☐ The interest rate on this Note shall not exceed the annual rate of _____ per cent.

Notwithstanding anything to the contrary contained herein, the interest rate on this Note shall at no time exceed the highest contract rate permitted by law.

Changes in the Index Rate shall take effect on this Note: ☐ on the same day; ☐ on the day following the day; ☐ on the first day of the _____ following the day; such changes in the Index Rate take effect.

INTEREST: All payments, whenever made, shall apply first toward accrued interest, with the remainder of any payment applying toward principal.

☐ If checked, any accrued interest not paid when due (whether due by reason of a schedule of payments or due because of Lender's demand) shall become part of the principal thereafter, and shall itself bear interest at the applicable interest rate.

POST MATURITY INTEREST: The unpaid principal amount of this Note shall bear interest after final maturity, including maturity by acceleration, at the annual rate of current %.

PREPAYMENT: ☐ If checked, Lender has the right to impose a penalty upon prepayment. If not checked, Borrower may prepay this Note at any time prior to maturity without penalty. Any partial prepayments shall not relieve or diminish any scheduled subsequent payments of principal or interest until all obligations are paid in full.

COSTS OF COLLECTION: Except where prohibited by law, the Borrower promises to pay all costs of collection, including but not limited to reasonable attorney's fees, paid or incurred by the Lender on account of such collection, whether or not suit is filed with respect thereto.

WAIVER: Demand, presentment, protest, notice of non-payment and dishonor of this Promissory Note are hereby waived. Lender may release any party or security, make future loans to any party or contractually change its relationship to or the obligation of any party without waiving or affecting the obligation of any other party to this Note. A party to this Note is any maker, surety, endorser or guarantor. Waiver by the Lender at any time of any right conferred by this Note or any agreement securing same will not affect the Lender's future exercise of said right or any other.

SECURITY: (a) In addition to Lender's right of set-off set forth above, Lender is secured by the proceeds and unearned premiums of any insurance policy purchased by the Borrower in connection with the Loan evidenced hereby. Borrower agrees to keep any Collateral securing this Note insured against such risks, with such limits, and upon such additional terms and conditions as Lender may reasonably require. Lender shall be named as additional loss payee under said policies. Lender is hereby authorized (but not required or obligated) to act as attorney in fact for Borrower in making and settling claims under said policies and endorsing Borrower's name on any drafts or checks paying losses under said policies. (b) This Note may be secured by prior or subsequent security documents notwithstanding that such security is not indicated hereon. (c) Borrower hereby grants to Lender a Security Interest in all other personal property of the Borrower of every kind and description which is now or hereafter comes into the possession of the Lender for any reason, including, but not limited to property delivered to Lender for safekeeping, or for collection or exchange, and all dividends and distributions on and other rights in connection with such property.

(d) ☐ If checked, this Note is secured by a separate _____ dated _____, 19____.

(e) ☐ If checked, this Note is secured by the Security Agreement hereafter and Borrower hereby grants to the Lender a Security Interest under the Uniform Commercial Code in the following described Collateral:

☐ INVENTORY: All inventory of the Borrower, whether now owned or hereafter acquired and wherever located;

☐ EQUIPMENT: All equipment of the Borrower, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts and tools, and the goods described in any equipment list or schedule herewith or hereafter furnished to Lender by Borrower (but no such schedule or list need be furnished in order for the Security Interest granted herein to be valid as to all Borrower's equipment).

☐ FARM PRODUCTS: All farm products of the Borrower, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce there of, (ii) all crops, whether annual or perennial, and the products thereof and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Borrower in farming operations.

☒ ACCOUNTS AND OTHER RIGHTS TO PAYMENT: Each and every right of the Borrower to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by the Borrower, out of a rendering of services by the Borrower, out of a loan by the Borrower, out of the overpayment of taxes or other liabilities by the Borrower or otherwise arises under any contract or agreement, whether such right to payment is or is not already agreed by performance, and howsoever such right to payment may be evidenced, together with all of the rights and interest (including all liens and security interest) which Borrower may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, loans and obligations receivable and tax refunds.

☒ GENERAL INTANGIBLES: All general intangibles of the Borrower, whether now owned or hereafter acquired, including but not limited to, applications for patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use Borrower's name.

☐ In addition to any property generally described above, the following Collateral:

unsecured

together with all parts, accessories, repairs, improvements and accessions thereto; and proceeds, products and issue therefrom now or hereafter at any time made or acquired. (See other side for additional terms).

☐ If checked, this is a Purchase Money Loan.

Purpose of Credit: operating expenses, renewal of notes #0008414 & #0008255

Borrower will use Collateral listed on this Security Agreement for

☐ Farming operations

☐ Business purposes

A person who signs within this enclosure hereby grants to the Secured Party a Security Interest in the Collateral listed in Paragraph (e) but assumes no personal obligation to repay this Loan.

Signature _____ Date _____

Frank B. Burge President
AUTHORIZED SIGNATURE OF LENDER - SIGN ONLY IF NECESSARY FOR FILING THIS DOCUMENT OR A COPY HEREOF

BANKERS SYSTEMS, INC., 1000, ST. CLOUD, MINN., FORM PNBV 7/80

Description of Real Estate if above Collateral is crop, growing or to be grown, timber, minerals (including oil or gas) or fixtures _____

If other than Borrower, name of Record Owner _____

☐ If checked, this Agreement is to be filed (for record) in the real estate records.

By signing below, the Borrower(s) signs this Note & Security Agreement and agrees to the Terms and Conditions on this document.

Tommy Robinson for Congress Campaign (Borrower)

Tommy F. Robinson (Borrower)

XXX (Borrower)

PROMISSORY NOTE & SECURITY AGREEMENT - NOTICE: See other side for important information which is part of this Document.

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWIN

MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

404 SUPERIOR FEDERAL BUILDING
CAPITOL AND BROADWAY
LITTLE ROCK, ARKANSAS 72201
501-375-4660

600#9975
THE FEC
HAND DELIVERED
86 MAR 11 P12:18

FEDERAL EXPRESS

March 10, 1986

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street N.W.
Washington, D.C. 20463

Re: MUR 1721 Stephens Security Bank/Bank of Salem

Dear Mr. Gross:

We enclose herewith three (3) copies of our Responsive Brief. We also enclose a copy of our letter of this date to the Commission Secretary wherein we had enclosed ten (10) copies of the Brief.

Please call if you have any questions.

Yours very truly,

MEEKS AND FOX, P.A.

W. Russell Meeks, III

W. Russell Meeks, III

WRM:brj

Enclosures

86 MAR 11 P1:25

36040303

MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

404 SUPERIOR FEDERAL BUILDING
CAPITOL AND BROADWAY
LITTLE ROCK, ARKANSAS 72201
501-376-4680

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWIN

FEDERAL EXPRESS

March 10, 1986

Commission Secretary
Federal Election Commission
1325 "K" Street N.W.
Washington, D.C. 20463

Re: MUR 1721 Stephens Security Bank/Bank of Salem

Dear Secretary:

We enclose herewith ten (10) copies of the Responsive Brief of Stephens Security Bank and Bank of Salem with respect to the captioned matter.

We are herewith forwarding three (3) copies of each Brief to the General Counsel for his files.

Yours truly,

MEEKS AND FOX, P.A.

W. Russell Meeks, III

WRM:brj

Enclosures

Ten (10) copies of Response

cc: Charles N. Steele

General Counsel

% Kenneth A. Gross

Associate General Counsel

85040304304

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF:

STEPHENS SECURITY BANK
STEPHENS, ARKANSAS

MUR 1721

BANK OF SALEM
SALEM, ARKANSAS

RESPONSE OF STEPHENS SECURITY BANK AND BANK OF SALEM
TO GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

Come the Respondents Stephens Security Bank (hereafter "Stephens") and Bank of Salem (hereafter "Salem"), and for their Response to the General Counsel's Supplemental Brief, state:

1. Stephens is located in Stephens, Arkansas. Salem is located in Salem, Arkansas.
2. Salem and Stephens are two separate state chartered banking institutions. They are chartered and authorized by virtue of the laws of the State of Arkansas. They are regulated by the Arkansas State Bank Commissioner.
3. The majority of the authorized, issued and outstanding common stock of each bank is owned by Smith Associated Banking Corporation (hereafter "SABCO"). SABCO is an Arkansas corporation authorized and existing under and by virtue of the laws of the State of Arkansas.
4. Stephens, Salem and SABCO are domiciled in the State of Arkansas, located in the State of Arkansas, have their principal offices in the State of Arkansas, and transact business in the

State of Arkansas.

5. Congressman Tommy Robinson is the United States Congressman for the Second Congressional District for the State of Arkansas. Stephens and Stephens, Arkansas are located in the Fourth Congressional District, State of Arkansas. Salem and Salem, Arkansas are located in the First Congressional District, State of Arkansas. Neither Stephens nor Salem are located in the district of Congressman Robinson, and therefore have nothing to gain thereby. They made loans to make a profit and would have done so had they not had to expend additional time, expense and costs associated with the investigation of the Federal Election Commission.

6. The Federal Election Commission should immediately dismiss this matter and the Complaint as they pertain to Stephens and Salem. The dismissal should be based upon the undisputed facts and upon the "Supplemental Response and Affidavit of Richard T. Smith" which is attached hereto as Exhibit "A" to this Response, and incorporated herein by reference as though it were fully set forth word for word.

7. Stephens made a One Hundred Thousand Dollar (\$100,000.00) loan to Tommy F. Robinson and the Robinson Campaign Committee (hereafter "Robinson" and "Committee", respectively). It was the first of the bank loans. Mr. Smith is the only person, of any of the banks or bank officers involved, who was the personal loan officer for Robinson. Smith was the personal loan officer for Robinson when Smith was at Worthen Bank.

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The General Counsel's office may not want to accept the fact that Smith says that he knew Robinson and believed that Robinson would repay the indebtedness. Smith was apparently correct. The debt was repaid. All banking regulation requirements with respect to the loan were met. The loan was a loan. It was treated as a loan and a note was signed. It was carried as a loan on the books of the Bank. The borrower treated it as a loan. It was paid like a loan. Interest was paid. It was shown on the financial records of the Bank, and therefore on the records as required to be kept by the appropriate banking regulatory agencies, as a loan. At the time the loan was made, there was no written objective criteria, in existence, either published or unpublished, by the Federal Election Commission, that was available so as to advise Stephens as to what was required in order to make its loan not subject to any subsequent review by the Commission, or to make it clearly a loan, rather than a possible contribution or a contribution as ex post facto determined by the Federal Election Commission. Absent any written objective criteria otherwise, the Bank proceeded in what was its ordinary course of business, to make a loan for profit. Of course it did so and the loan, with interest, was paid.

8. The Office of the General Counsel, and the Federal Election Commission, certainly have an important job to accomplish. The facts as they exist in the case, however, must be taken as they exist, and must be taken as true as presented, unless there is some evidence or fact contrary wise. Though the

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facts, as stated by the appropriate loan officers and bank officials may not seem to the General Counsel's office to be sufficient, it must be taken as true and undisputed unless there is some evidence otherwise, and any lack of evidence must be held in favor of the respondent banks, not against the respondent banks. This is true because there was no clear, concise and objective written criteria, published by the Office of the General Counsel, or by the Federal Election Commission, that would guide these individuals to know what to do and/or how to do it.

9. The Bank of Salem certainly has the same arguments as does Stephens. Additionally, the attached supplemental response and affidavit of Mr. Smith indicates that the holding company, SABCO, was requested by Robinson and the Robinson Campaign Committee to make an additional loan, this time from the Bank of Salem, for the amount of Fifty Thousand Dollars (\$50,000.00). One of the reasons the loan was made, according to Mr. Smith, was that the money was being raised to repay the Stephens loan, and Mr. Smith felt both loans were still good. It might be an interesting question as to whether or not his rationale was correct, had the loans not been paid in accordance with their terms. Of course, the notes were paid in accordance with their terms, and all loan proceeds, with interest, were paid. Therefore, there would not appear to be any reason for a second guessing as to Mr. Smith's banking judgment, or the judgment of Stephens and/or Salem.

10. It is the position of these respondents that if the General Counsel's Office and the Federal Election Commission intend to monitor loans made by banking institutions, then it would be to their benefit and to the benefit of all banking institutions that written objective criteria be formulated and published. Until that is done, any attempted act by the Federal Election Commission, under its self-appointed powers under the Federal Election Campaign Act of 1971, as amended, with respect to a determination of what constitutes a "contribution" rather than a "loan", would in the opinion of these respondents present a very strong legal argument that the actions are unconstitutional; are violative of the Equal Protection Clause of the United States Constitution (and in this case the Constitution of the State of Arkansas); are violative of the due process protection afforded to a legal citizen under the United States Constitution (and in this case the Arkansas Constitution); and, further constitute a deprivation of property rights and interests, based upon a vague, ambiguous, and unconstitutional criminal provision which is what this Act would be, in effect, if a penalty were allowed or even contemplated since there was not clear and unambiguous language such as to make the banking officials obviously aware (without any interpretation by anyone, specifically the General Counsel's Office and the Federal Election Commission) as to what conduct was lawful and what conduct was unlawful, and therefore violative of the Federal Election Law. Respondent feels that even the issues being presently presented put us all on somewhat

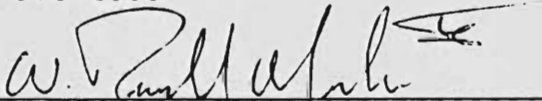
shaky legal ground, that might well make the entire Federal Election Campaign Act of 1971, as amended, as applied in the present case, unconstitutional and therefore void. Perhaps this can be remedied with the suggestion by the respondents that a clear, unambiguous and objective criteria be formulated, set forth and published by the Federal Election Commission, with the help of the Office of the General Counsel, setting out what must be done, with respect to a loan to a political candidate, as far as the amount, interest rate, security, term, documentation, monitoring, reporting, and approval is concerned. These respondents have even volunteered to assist the General Counsel's Office in preparing such criteria, but the offer has apparently been scoffed at and refused.

11. These respondents have been forced to incur a great deal of time and expense associated with the response to this allegation of violation of a criminal statute. Therefore, these respondents feel that the complaint as against them should be immediately and forthwith dismissed, and that they should be immediately reimbursed by the appropriate government agencies to any and all amounts necessary to put them back into the position that they would have been in, financially, had this investigation not ensued.

Respectfully submitted,

MEEKS AND FOX, P.A.
404 Superior Federal Building
Little Rock, AR 72201
501-376-4660

BY:


W. RUSSELL MEEKS, III

96040584311

I, Richard T. Smith, state on oath:

2. I am authorized on behalf of the Respondents, Stephens Security Bank (hereafter "Stephens") and Bank of Salem (hereafter "Salem"), to file this Supplemental Response and Affidavit on their behalf and on behalf of Smith Associated Banking Corporation (hereafter "SABCO").

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cured. My personal knowledge of the credit history, of the personal characteristics of the borrower, and of his abilities to raise funds to pay the indebtedness, irrespective of the nature of the indebtedness, was a controlling factor in my decision that the Stephens loan should be made in the ordinary course of business of Stephens Security Bank.

4. I approved of the Stephens loan in the amount of One Hundred Thousand and No/100 Dollars (\$100,000.00), at an interest of prime plus two percent (2%), which was a "high rate" at the time. It was my feeling that the loan should be secured by seventy-five percent (75%) of the initial contributions from the campaign. I believed the loan to be a good loan by Stephens, and I believed that the credit history of the borrower, the security, and the source of funds (meaning the contributions to be raised by Mr. Robinson), would be sufficient as a source for repayment. Of course, in this or any other loan, irrespective of security, there is no "guarantee" of complete and full repayment in accordance with the terms of the notes. If that were the case, there would never be any write-offs or loan classifications. Nevertheless, this loan with Stephens was never in jeopardy, and was paid in accordance with it's terms, and has now been paid in full.

5. In my earlier Affidavit, I stated that Stephens engages in accommodation credits and loans of different types. It is important that some of these are not only unsecured, but are to be paid from a source of funds to be generated in the future.

Specifically, loans that are to generate funds from sources, other than "ordinary business income" of the borrower, are significant and applicable to the transaction being reviewed. For example:

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(a) Stephens Security Bank made a loan to a local church, at a market rate, in the amount of Twenty Thousand and No/100 Dollars (\$20,000.00). The loan was unsecured. The source of repayment was to be the future receipts from the offerings of the congregation, plus the signatures from the members of the Board of Directors, on behalf of the church. However, none of the individuals were personally liable for the indebtedness. It should also be pointed out that on this type of accommodation credit, even more so than with Tommy Robinson, or the Robinson for Congress Campaign Committee, the borrower is not of the type that you would ordinarily be able to sue, to collect. In other words, in a small community, you know at the time that you make the loan to a local church that you will not be suing the church to collect the indebtedness in the event it cannot be paid in accordance with it's terms. So, you are strongly relying upon the ability of church leaders to raise the money, through offerings, in the future, in order to pay the indebtedness as it becomes due. This particular loan was made for educational supplies (which were not adequate to take as security), and for general operating expenses to fund the music department of the local church.

(b) Stephens Security Bank makes loans, from time to

time, to local groups of people for recreational purposes. There is one local hunting club, to which funds are loaned, almost annually. They are then repaid, annually. The loan most recent prior to the making of the loan to Tommy Robinson was a loan to the local hunting club at a prime floating rate in the amount of Ten Thousand and No/100 Dollars (\$10,000.00). It was unsecured. There was no personal responsibility on the borrowers. We probably were legally loaning to an unincorporated association. The source of repayment was future dues, to be charged by the hunting club, to the members of the hunting club. The particular hunting club was in a reorganization period and we did not even know who would be the members of the club. Any receipts of miscellaneous income, such as a possible fish fry, to be put on by the club to raise the money, would be used to repay the debt. The purpose was for general operating expenses, and there was no tangible asset being purchased to which we could obtain a security interest.

(c) Another Stephens loan was to a local golf and country club, and as with the church, is a local organization that we know at the time we make the loan, will probably not be the subject of any lawsuit, even if the note is not repaid in accordance with it's terms. Therefore, we are relying upon the credibility and character of the individuals who have asked us to make the loan, as we were doing when we were asked by Tommy Robinson to make the loan to him and to the Committee for the purpose of his campaign. The loan to the country club was "unsecured", even

though some tangible assets were being purchased such as additional golf carts. Also, the loan proceeds were to be used to repair the swimming pool and to repair some of the golf course, grounds, and golf greens. The source for repayment was to be the net profits resulting from the operation of the concessions at the country club golf course and swimming pool, from that year's summer operations.

6. The aforestated loans by Stephens Security Bank are examples of accommodation credits. They are further examples of loans where there was no security, but where the loans were made on the basis of the bank's belief that the person requesting the loan would see to it that the loan was repaid in accordance with the terms of the note. Further, none were secured. All were to be repaid from future monies raised, not from ordinary operations of the borrower. Only one, the golf and country club, was actually in any way re-paid from business operations. All others were purely from the ability of the main representatives of the borrower to gain the confidence of community members, in order to generate the source of funds, to repay the debt. On a final note, all were paid in accordance with the terms of the note, just like the Robinson debt was paid.

7. Smith Associated Banking Corporation ("SABCO") as a legal entity, participates with each separate bank (Stephens and Salem) in a Bank Management Agreement. Each Agreement is between the holding company and the separate bank. Each Agreement is for

one (1) year. Each Agreement provides that the holding company shall assist with respect to the management of loan portfolios. In this respect, the initial loan to Tommy Robinson and the Robinson Campaign Committee, from any financial institution, was by Stephens Security Bank. The Stephens' loan was paid in accordance with it's terms and has been fully paid. Subsequent to the making of the loan, Tommy Robinson and the Robinson Campaign Committee requested of the Bank of Salem an additional loan. The request was made through the undersigned, as Chief Executive Officer and Chairman of the Board of the holding company, and as the person to whom the initial loan request, resulting in the Stephens loan, was made. The Bank of Salem agreed to make the second loan in the amount of Fifty Thousand and No/100 Dollars (\$50,000.00). Part of the business decision of making this loan transaction was that the Stephens Security Bank loan was being properly handled, and was being managed, adequately, by the bank representatives, by the holding company, and by the borrower. The Stephens loan appeared to be such that it would be re-paid in accordance with it's terms. The Salem loan was then made. As with the Stephens loan, the Salem loan has now been paid in full. It was paid in accordance with it's terms. Though it was unsecured, it was to be re-paid from campaign contributions to be raised and received by Tommy Robinson and the Robinson Campaign Committee. The source of funds was adequately identified, the prospective raising of the funds took place, the funds were raised and received, and the funds were re-paid to Bank of Salem

in full satisfaction of the loan and indebtedness, together with the interest which at the time of the loan was the maximum rate allowable to be charged by Salem.

8. The Bank of Salem, like Stephens, engages in various "accommodation credits" and similar loans. Additionally, it engages in loans that are to be paid from sources that are not yet in existence, but from funds that are to be raised in the future, usually by some charitable type benefit or function. Examples include the following:

(a) The Bank of Salem made a loan to a local fire department. The fire department is probably not a legal entity in that it would be difficult to find who to sue, or from whom to collect, in the event the fire department did not make payment. The loan was for Twenty-Five Thousand and No/100 Dollars (\$25,000.00). It was the maximum rate, as with the Robinson loan. The rate was five percent (5%) over the Federal Reserve discount rate at the time of the making of the loan. The loan was to be re-paid, in accordance with it's terms, from membership fees and dues to be charged to people who participated in the fire department. At the time Salem was requested to make the loan, by leaders in the community, it was not determined who would be prospective members and there was not even a list of people who would be contacted. It was agreed that memberships would be sold, and that from the sale of the memberships, monies would be raised to operate the fire department, and those monies would also be utilized to pay back the loan to Salem. The loan

was to be re-paid within a year if possible. It was not, but the balance was reduced by Fifteen Thousand and No/100 Dollars (\$15,000.00), to the amount of Ten Thousand and No/100 Dollars (\$10,000.00). Additional memberships are to be sold to reduce that debt. There was no security, and the people who borrowed the money borrowed it on behalf of the fire department and were not individually liable or responsible for re-payment.

(b) Several respected citizens in Salem, Arkansas approached the bank about a loan to start a local Order of the Moose Lodge. Salem was requested to make a loan of Twenty-Eight Thousand and No/100 Dollars (\$28,000.00). Salem agreed to make the loan, as with most accommodation credits, because it was something that bank management felt would benefit the bank, and because the character, credibility and credit history of the people borrowing the money was such that payment of the debt was, at least morally and ethically, assured. A loan of Twenty-Eight Thousand and No/100 Dollars (\$28,000.00) was made. The interest rate was the maximum rate allowed by law, five percent (5%) over the Federal Reserve discount rate as of that time. In addition, this was a floating rate. There was no identified source for repayment. There was not a membership list, and this was simply a proposal to start a new lodge. There was no assurance that members would apply, that dues would be received, or that the Moose Lodge would be ultimately formed. There was no collateral. There were five (5) Board members that asked for the loan, and they were not individually liable or responsible. The source for

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repayment of the loan was to be from the sale of memberships, and from dues, if the club were eventually organized. Additionally, it was agreed that the borrower would hold charitable events, a membership drive, and conduct monthly, or perhaps weekly, bingo games. Monies raised from any of these events would be used for the operations of the borrower, and also to pay this indebtedness. This loan was paid in accordance with it's terms and was fully satisfied.

(3) The Wheeling Church of Christ requested a loan in the amount of Eighty Thousand and No/100 Dollars (\$80,000.00), unsecured, for it's operations and as a consolidated additional indebtedness. The Bank of Salem made the loan. The request was made by a representative group of elders of the church. They asked that the loan be made. They met with bank management. They were not individually liable for repayment. The loan was made at a rate of four percent (4%) over the Federal Reserve discount rate, one percent (1%) less than the maximum allowed. The loan was for two (2) years, and it was reduced, after the first year to Fifty Thousand and No/100 Dollars (\$50,000.00). The only source for repayment was to be offerings by church members, and funds raised by church functions. All monies were to go into the general church fund, and monies from that fund were to be used for church operations and for payment of this indebtedness.

(d) The Fulton County Fair Association, annually, borrows money from Salem. It is always unsecured. Occassionally there is a balance carry forward to the next year, but it is

usually of a small amount. There is a group of citizens that constitute the Fulton County Fair Board. They sign as representatives of the Association but are not individually responsible. The most recent loan was for Six Thousand and No/100 Dollars (\$6,000.00), and as with all of the loans to the County Fair Association was to be paid from receipts from sales and admissions of the County Fair. The note was fully paid.

(e) A group of citizens who are members of the Veterans of Foreign Wars chapter in Salem, Arkansas, requested an additional Twenty Thousand and No/100 Dollars (\$20,000.00) to assist them in completing construction on a building. It was a specific condition of the request that the building not be security for the loan, and the bank agreed, because of the character, credit history and identity of the persons making the request, to make the loan on that basis. The loan was for Twenty Thousand and No/100 Dollars (\$20,000.00). It was not secured. It was at a rate of five percent (5%) over the Federal Reserve discount rate, which was then the maximum amount allowed by law. It was agreed that the loan would be paid from monies to be raised by the local chapter. At the time of the making of the loan, it was not known exactly how the borrower would go about raising the money, but it was agreed that the borrower would sell memberships, conduct bingo games, hold dances, and engage in other chapter activities that would result in monies that would go into the general fund of the borrower, and be used for operating expenses of the borrower. Those funds would also be used to pay back the loan to

Salem. The loan has been partially paid, and is presently current.

(f) A loan was made to the local Industrial Development Corporation, by Bank of Salem, at a low rate of eight percent (8%), fixed, in the amount of Sixty Thousand and No/100 Dollars (\$60,000.00). There was no security for repayment. The note was to be paid from future receipts of sales tax revenues. The purpose of the loan was to fund, organize and promote industry development. There were no fixed assets being purchased, and therefore nothing to which a legal security interest could attach. The note was paid in accordance with it's terms.

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9. All of the Salem loans mentioned above had an additional characteristic, which made them even a weaker type accommodation credit than the loan to Tommy Robinson of the Robinson Campaign Committee. That characteristic is that most of these loans were made, at the time, with the understanding that in the event they went bad, there would not be an acceptable way for the bank, within the community, to sue the borrower, and instead that the bank would have to work out some other method of repayment and either extend or refinance the loan. The reliance was upon the individuals who were requesting the loan, and their character and past credit history of keeping their word to see that a project was completed and the monies raised to repay the debt. With the Robinson loan, there was no less of a reliance upon Tommy F. Robinson, individually, as far as his ability to see that the job got completed and that he raised the monies he said he would do,

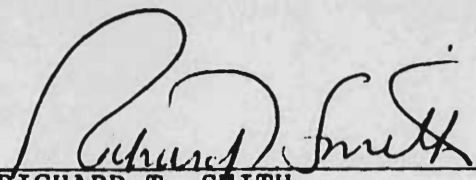
as he had done in the past on other loans. However, there was a legal entity that could be sued, that would not have had any major adverse effect on the local community, had the loan not been paid in accordance with it's terms. In the ordinary course of business, Salem bank management undertakes to view and weigh all of these factors before making loans.

10. Upon information and belief, the undersigned is aware that other banks are being reviewed in this matter, and that some have been reviewed but have been dismissed. For the record, both of the banks of SABCO, meaning Stephens and Salem, are state chartered institutions being responsible to the Bank Commissioner of the State of Arkansas. Neither are national banks. Attached as Exhibit "A" to this Affidavit is the December 31, 1985 statement of condition of Stephens Security Bank. Attached as Exhibit "B" as the December 31, 1985 statement of condition of Bank of Salem. These exhibits are submitted for purpose review and comparison, with the other big banks involved in this matter. These banks are two state chartered institutions, small in size, small in management and resource capability, locally oriented, basically unsophisticated in their loan policies, and limited to the transaction of business in the State of Arkansas, and for the most part in their local areas.

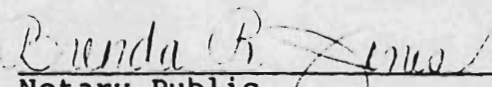
11. Neither Stephens Bank, nor Bank of Salem, are within the Second Congressional District, which is the District served by Tommy F. Robinson, United States Congress, Second District, State of Arkansas. Therefore, neither bank gained any advantage nor

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attempted to do so by virtue of the making of the loans which were made purely for the purpose of making a profit through the payment of interest.


RICHARD T. SMITH

SUBSCRIBED AND SWORN to before me this 10th day March, 1986.


Notary Public

My Commission Expires:

4-30-11

86040504323

STEPHENS SECURITY BANK
STATEMENT OF CONDITION
December 31, 1985

Exhibit "A"

December 31
1985

December 31
1984

RESOURCES

Cash and Due from Banks
 United States Government Obligations
 State and Municipal Obligations
 United States Agency Obligations
 Other Securities
 Fed Funds Sold
 Loans, Total
 Less: Reserve for Loan Losses
 Less: Unearned Income
 Loans, Net
 Bank Premises and Equipment
 Direct Lease Financing
 Other Resources
 Total Resources

LIABILITIES

Deposits:
 Commercial, Individual and Other Deposits
 Time and Savings
 Total Deposits
 Fed Funds Purchased
 Reserve for Taxes and Other Expenses
 Total Liabilities

STOCKHOLDERS' EQUITY

Common Stock
 Surplus
 Undivided Profits
 TOTAL STOCKHOLDERS' EQUITY
 TOTAL LIABILITIES &
 STOCKHOLDERS' EQUITY

3
6
0
4
0
5
4
4
3
2
4

Statement of Condition Bank of Salem At the Close of Business - December 31, 1985

RESOURCES

Cash and Due from Banks	
U.S. Government Securities	
U.S. Government Agencies	
Obligations of States and Political Subdivisions	
Other Securities	
Federal Funds Sold	
Total Loans	\$29,231,381.04 ✓
Less Unearned Interest	299,893.19
Less Reserve Bad Debts	484,764.66

Bank Premises & Equipment	
Other Real Estate	
Other Resources	

Total Resources

LIABILITIES

Demand Deposits	
Time and Savings	

Other Liabilities

Capital Stock	
Surplus	
Undivided Profits	
Total Capital Equity	
Total Capital Equity and Capital Funds	

Directors

RICHARD T. SMITH
Chairman of Board, Bank of Salem
Chairman & CEO, Smith Associated Banking Corporation

FRANK B. BURGE
President & CEO, Bank of Salem

GEORGE HUMPHRIES
Secretary of Board
Senior Vice-President

L. R. "JACK" COCHRAN
General Manager, North Arkansas Electric Cooperative

C. DWAYNE PLUMLEE
Attorney-at-Law

Director Emeritus

FAY CASTLEBERRY (Retired)
Salem

Officers

FRANK B. BURGE
President & CEO

BESS NORTHCUTT
Senior Vice-President/Cashier

GEORGE HUMPHRIES
Senior Vice-President

COOPER O. COLLINS
Vice-President

JANIECE BUTLER
Vice-President

FRANCES ATKINS
Vice-President

BRENDA BARNES
Assistant Vice-President

MARSHA LEWIS
Assistant Vice-President

SHIRLEY WALLING
Assistant Cashier

MARK MONTGOMERY

GCC# 9933
FEC

HOUSE, WALLACE, NELSON & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Donald T. Jack, Jr.

86 MAR 10 P 1:33
TELEX-TELECOPIER
(501) 375-6484

March 7, 1986

Ms. Marjorie Emmons
Secretary to the Federal
Election Commission
Fifth Floor
1325 "K" Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

86 MAR 10 P 3:01

RECORDED
GENERAL COUNSEL

RE: In the Matter of First Commercial Bank, No. MUR 1721

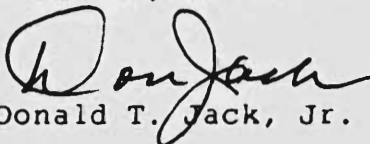
Dear Ms. Emmons:

Enclosed please find the original and ten copies of a Response to General Counsel's Supplemental Brief regarding the captioned matter. Please file this document and return a file marked copy to me. By copy of this letter I am sending three copies of this Response to Charles Steel, General Counsel.

Thank you for your assistance in this matter. If you have any questions, please contact me immediately.

Very truly yours,

HOUSE, WALLACE, NELSON
& JEWELL, P. A.


Donald T. Jack, Jr.

DTJ/klg

Enclosures

cc Charles Steel

86040334326

GCT#9950

GENERAL COUNSEL

BEFORE THE FEDERAL ELECTION COMMISSION

36 MAR 11 P 2: 21

IN THE MATTER OF)

FIRST COMMERCIAL BANK)

MUR 1721

RESPONSE TO GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

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The General Counsel by its Supplemental Brief has effectively narrowed the legal issues which are in dispute. In its Supplemental Brief, the General Counsel addressed only the issue of whether the challenged loan was made on a basis which assures repayment. Nothing else about the loan was questioned. We can conclude that all other legal requirements have been determined by the General Counsel to have been satisfied. First Commercial Bank will therefore limit its Reply Brief to that single issue.

1. The General Counsel's Argument Favors Legal Form Over Factual Substance.

The General Counsel continues to argue that the loan lacked adequate security. In doing so, it has relied on strained legal interpretations, while ignoring the simple facts of the loan.

The loan was made on May 7, 1984. It was to be repaid within thirty (30) days on June 6, 1984. Expected campaign contributions were to provide the primary source of repayment. The loan was repaid in full on May 17, 1985, only ten (10) days after it was made. The facts of what actually took place demonstrate that the loan was entirely proper.

2. The Challenged Loan Met the Legal Requirement of Assurance of Repayment.

The General Counsel makes the following statement in its Supplemental Brief: "A loan which is unsecured is not made with adequate assurance of repayment, for purposes of the Act." (Page 2). This statement is the lynchpin in the General Counsel's recommendation that probable cause be found. It would be expected that such a crucial allegation would be supported by cites to legal authority. However, no cites were provided.

No cites were provided for the simple reason that this allegation is not an accurate statement of the law. The Act does not require security. The legislative history of the Act clearly demonstrates this. Senate Report Number 92-229, 2 U.S. Cong. & Admin. News, pp. 1825-26 (1972) states:

Testimony received from witnesses was unanimously in favor of the granting of loans by National or State banks if such loans were made pursuant to applicable banking rules and regulations. This means that a bank should exercise sound business judgment in extending loan privileges to a political candidate or committee in the ordinary course of business and where necessary, certain security or collateral in order to support a reasonable expectation of payment in due course. This amendment was approved unanimously.

(Emphasis added). This language clearly establishes that, contrary to the General Counsel's allegation, security is not necessary for all loans.

A number of decisions of this Commission have ruled as valid loans which were made without collateral or security. See, Senator James R. Sasser; MUR 216 (76); Brown for President

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Committee; MUR 382 (77); Advisory Opinion 1980-108; National Unity Campaign for John Anderson; and Kennedy for President Committee; Chemical Bank of New York; MUR 1195.

All that is required by the Act is adequate assurance of repayment. Adequate assurance existed for this loan, as was demonstrated by the loan's early repayment.

First Commercial Bank followed its normal procedures in receiving the loan application. It followed its normal internal procedure in evaluating the soundness of the loan. The only variation from typical procedure was that First Commercial Bank took the added step of obtaining an opinion from its legal counsel that the loan was legal.

Repayment was to come from Tommy Robinson's campaign contributions. Mr. Robinson had a proven ability to collect contributions and was the front-runner in the upcoming primary. Also, Mr. Robinson had an excellent personal credit history. These several factors, along with the relatively short term of the note, lead First Commercial Bank to conclude that the loan would be repaid.

First Commercial Bank's experienced judgment was correct. The loan was repaid in only ten (10) days.

CONCLUSION

The General Counsel in its Supplemental Brief has attempted to reach beyond its limited authority.

First, it has tried to impose on First Commercial Bank a legal restriction of collateral on all loans to political

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Second, the General Counsel has attempted to substitute its business judgment for that of First Commercial Bank. This is both improper and unwise. It is improper because First Commercial Bank is the party with years of experience in making and collecting loans. It is far more competent to judge what is a reasonable loan than is the General Counsel. It is unwise because the repayment of the loan within ten (10) days conclusively proves that First Commercial Bank's assessment of the loan was correct.

The Commission must not be mislead by the General Counsel. Neither the law nor the facts support a finding of probable cause.

Respectfully submitted,

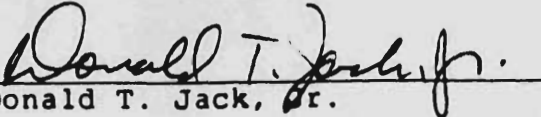
HOUSE, WALLACE, NELSON
& JEWELL, P.A.
1500 Tower Building
Little Rock, Arkansas 72201
(501) 375-9151

BY:


Donald T. Jack, Jr.

CERTIFICATE OF SERVICE

I, Donald T. Jack, Jr., hereby state that a copy of the foregoing pleading was served on Ms. Lee Ann Elliot, Chairperson, Federal Election Commission, 1325 K Street NW, Washington, DC 20463, by U.S. Mail, postage prepaid, on this 7 day of March 1986


Donald T. Jack, Jr.

95040384331

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF)
FIRST COMMERCIAL BANK)

MUR 1721

RESPONSE TO GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

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Respectfully submitted,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.
1500 Tower Building
Little Rock, Arkansas 72201
(501) 375-9151

BY: Donald T. Jack, Jr.
Donald T. Jack, Jr.

CERTIFICATE OF SERVICE

I, Donald T. Jack, Jr., hereby state that a copy of the foregoing pleading was served on Ms. Lee Ann Elliot, Chairperson, Federal Election Commission, 1325 K Street NW, Washington, DC 20463, by U.S. Mail, postage prepaid, on this 7 day of March 1986

Donald T. Jack, Jr.
Donald T. Jack, Jr.

86040364336

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

Timothy D. Brewer

TELEX-TELECOPIER
(501) 375-8484

THE FEC

GCC#9986

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March 6, 1986

Ms. Marjorie Emmons
Secretary to the Federal
Election Commission
Fifth Floor
1325 "K" Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

86 MAR 10 9:55

GENERAL COUNSEL

RE: In the Matter of Twin City Bank, No. MUR 1721

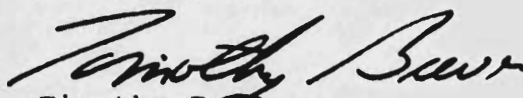
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Thank you for your assistance in this matter. If you have any questions, please contact me immediately.

Very truly yours,

HOUSE, WALLACE, NELSON
& JEWELL, P. A.


Timothy D. Brewer

TDB/klg

Enclosures

cc Charles Steel

860405337

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF

TWIN CITY BANK

)
)
)

MUR 1721

RESPONSE TO GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

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All that is required by the Act is adequate assurance of repayment. Adequate assurance existed for this loan.

Repayment was to come from Tommy Robinson's campaign contributions. Mr. Robinson had a proven ability to collect contributions and was the front-runner in the upcoming primary. Also, Mr. Robinson had an excellent personal credit history. He had previously received personal loans from Twin City Bank in larger amounts and had promptly repaid them. His fundraising ability and his personal guarantee of the campaign debt assured repayment of the loan.

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CONCLUSION

The General Counsel in its Supplemental Brief has attempted to reach beyond its limited authority.

First, it has tried to impose on Twin City Bank a legal restriction of collateral on all loans to political candidates. This new legal requirement has no basis in the Act, the regulations adopted to enforce that Act, or the decisions made under the Act. The requirement has arisen only from the Office of the General Counsel.

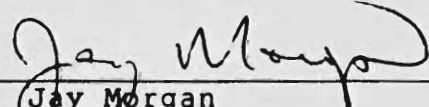
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The Commission must not be misled by the General Counsel. Neither the law nor the facts support a finding of probable cause.

Respectfully submitted,

TWIN CITY BANK
One Riverfront Place
North Little Rock, Arkansas

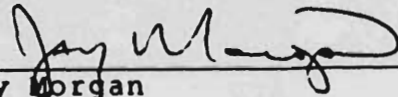
BY: _____


Jay Morgan
Attorney at Law

95040504340

CERTIFICATE OF SERVICE

I, Jay Morgan, hereby state that a copy of the foregoing pleading was served on Ms. Lee Ann Elliot, Chairperson, Federal Election Commission, 1325 K Street NW, Washington, DC 20463, by U.S. Mail, postage prepaid, on this 6th day of MAR, 19 .



Jay Morgan

86040364341

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF TOMMY ROBINSON)
 AND THE TOMMY ROBINSON FOR)
 CONGRESS COMMITTEE, GEORGE M.)
 FELKINS, AS TREASURER)

MUR 1721

RESPONSE TO GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

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RECEIVED
GENERAL COUNSEL

I.

RELATIONSHIP OF TOMMY
ROBINSON WITH WORTHEN BANK

Tommy Robinson (Robinson) was acquainted with various members of senior management of Worthen Bank (Worthen) for 15 to 20 years prior to the loan transaction in question. In particular, Robinson was a personal friend of the former Chairman of the Board and Chief Executive Officer, Eugene Fortson.

The close personal relationship between Robinson and Worthen is borne out by the fact that Robinson did most of his personal banking with Worthen in Little Rock, Arkansas, even though he lived in Jacksonville, Arkansas.

In addition to his reputation for integrity, Robinson was known to senior management as a bright and industrious individual with a tremendous potential for success.

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Beyond his personal relationship with senior management, Robinson exemplified the type of individual Worthen seeks out as a customer in its ordinary course of business. It is critical to understand that banking relationships, particularly in smaller communities with a competitive banking atmosphere, are forged when the customer is in the initial stages of his career. Worthen, as a routine marketing practice, makes loans to assist select customers even though such a loan may not be warranted in all cases by the balance sheet. See Comparable Loans below.

II.

ROBINSON'S LOAN HISTORY WITH WORTHEN BANK

The following is Robinson's consumer loan history with Worthen prior to the extension of credit at issue:

<u>Loan #</u>	<u>Opened</u>	<u>Paid</u>	<u>Amount</u>	<u>Collateral</u>
120400567	05/05/80	07/21/80	15,350.95	Signature
120401123	07/05/80	10/20/80	15,295.89	Signature
120401660	09/04/80	02/05/81	15,546.98	Signature
120421416	01/02/81	06/31/81	13,432.89	Signature
120424430	05/18/81	12/18/81	13,975.04	Signature
120426466	12/17/81	04/07/82	14,605.95	Signature
120427454	04/06/82	08/25/82	14,605.96	Signature
174002565	11/25/75	03/05/77	775.20	McCabe Furniture

<u>Loan #</u>	<u>Opened</u>	<u>Paid</u>	<u>Amount</u>	<u>Collateral</u>
174017780	06/20/79	06/21/82	2,450.78	McCabe Furniture
174020898	10/05/82	06/10/83	2,358.72	McCabe Furniture

Each of these loans were repaid in a timely manner and serve as a basis for Robinson's excellent credit rating with Worthen.

III.

FACTUAL AND LEGAL ANALYSIS OF THE SPECIFIC LOAN IN QUESTION

The loan in question was made by Worthen on July 9, 1984, for approximately \$48,000.00. The title records reflect that on March 2, 1981 Robinson executed a mortgage in favor of Worthen securing a commercial loan in the amount of \$7,000.00 which has subsequently been satisfied although not released of record. See Exhibit A attached hereto made a part hereof. On July 9, 1984, Robinson executed a mortgage securing the loan at issue. A third mortgage was executed by Robinson in favor of First State Bank of Sherwood on August 23, 1984, however this document was filed in error as evidenced by Exhibits B & C, copies of which are attached hereto and made a part hereof.

An appraisal of Robinson's residence made by Worthen reflected a fair market value of \$88,900.00. See p. 14 of General Counsel's Brief. There was an outstanding first mortgage in the amount of approximately \$50,000.00 leaving an

approximate net equity of \$38,900.00. Id. The uncollateralized amount of the \$48,000.00 loan at issue was therefore approximately \$9,100.00.

Accepting the General Counsel's position that when a loan is not fully collateralized there must be risk reducing features to assure repayment of the balance, the following are the risk reducing features Worthen was entitled to rely upon:

1. Robinson had a successful credit history with Worthen.
2. Robinson had received the highest number of votes in the Democratic Primary held May 29, 1984, approximately two months prior to the loan date. The Commission has recognized that the proven ability to generate public support as of the date of the loan, and therefore the probability of generating public contributions in the future, is a risk reducing feature to the loan. See page 16 of General Counsel's Brief In Re MUR 1721 dated March 29, 1985.
3. The loan was partially collateralized by a second mortgage. See p. 14 of General Counsel's Brief.
4. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner. See p. 2 of General Counsel's Brief.
5. The senior management of Worthen having known Robinson for 15 to 20 years prior to the extension of credit at issue, believed his talents were transferrable to the private sector

and that if Robinson lost the election his earning capacity would have increased significantly and he would have repaid the loan at issue to Worthen as he had always done in the past.

IV.

COMPARABLE LOANS

As part of its ordinary banking practice, Worthen makes loans to individuals it believes are creditworthy based primarily on subjective factors, i.e. integrity and general character. The following are examples of loan extensions made to individuals, like Tommy Robinson, wherein financial statements were not obtained:

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The following credit proposal reflects the Robinson loan was within the ordinary commercial lending practices of Worthen.

<u>Customer</u>	<u>Amount of Loan</u>	<u>Security</u>	<u>Character Rating</u>	<u>Repayment Source</u>
Tommy Robinson	\$48,000.00	Partially Secured	1	campaign contributions 2nd mortgage

See Exhibit D.

V.

CONCLUSION

At the time Worthen extended the credit at issue, Robinson had a successful credit history with Worthen; he had a reputation in the community as a man of integrity and who

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handled his loan matters in a satisfactory manner; and he was viewed by senior management of Worthen and the entire community as a man with a political future.

The loan at issue was evidenced by a written instrument, subject to a due date, and bore the usual and customary interest rate of a lending institution.

An appraisal of Robinson's residence made by Worthen reflected a fair market value of \$88,900.00 and a net equity of approximately \$38,900.00. The uncollateralized portion of the loan was approximately \$9,100.00.

The risk reducing features, including potential political contributions, certainly warranted an uncollateralized loan amount of \$9,100.00.

The comparable loans set forth above clearly show that the loan at issue was made by Worthen in its ordinary course of business, and therefore Worthen respectfully requests that the Commission find no probable cause exists herein.

Respectfully submitted,

ROSE LAW FIRM
A Professional Association
120 East Fourth Street
Little Rock, Arkansas 72201
(501) 375-9131

By: Kenneth R. Shemin
Kenneth R. Shemin
Counsel for Respondent
Worthen Bank & Trust Company, N.A.

LITTLE ROCK ABSTRACT COMPANY

214 LOUISIANA STREET, P.O. BOX 3414, LITTLE ROCK, ARKANSAS 72203 (501) 372-3400



TITLE CERTIFICATE

No. 74966

WE HEREBY CERTIFY that we have checked the records of Pulaski County, Arkansas, as to the lands described as follows:

Lot 37, Phase II, JACKSON HEIGHTS ADDITION to the City of Jacksonville, Pulaski County, Arkansas.

We find that record title thereto appears to be vested in TOMMY F. ROBINSON and CAROLYN B. ROBINSON, his wife.

We find no liens or judgment liens against Tommy F. Robinson or Carolyn B. Robinson, in any court of record in Pulaski County, Arkansas, which would appear to affect the title to the above described lands, EXCEPT the following:

MORTGAGE executed on Sept. 26, 1978, filed for record Sept. 29, 1978, by Tommy F. Robinson and Carolyn B. Robinson, to First American National Bank securing the sum of \$56,900.00, and recorded as Inst. No. 78-39561;

MORTGAGE executed on March 2, 1981, filed for record March 9, 1981, by Tommy F. Robinson and Carolyn B. Robinson, to Worthen Bank & Trust Company, N. A., and recorded as Inst. No. 81-09459, securing the sum of \$7,000.00.

MORTGAGE executed on August 23, 1984, filed for record Sept. 12, 1984, by Tommy Robinson and Carolyn Robinson, to First State Bank of Sherwood, Sherwood, Arkansas, and recorded as Inst. No. 84-56088, securing the sum of \$20,141.55.

MORTGAGE executed on July 9, 1984, filed for record May 6, 1985, by Tommy Robinson to Worthen Bank & Trust Company, N. A., securing the sum of \$48,000.00, and recorded as Inst. No. 85-23456;

GENERAL TAXES paid for year 1984; Due for year 1985 in sum of \$739.43; NO SPECIAL IMPROVEMENT TAXES.

Our liability does not exceed One Hundred Dollars.
CERTIFYING FROM: Jan. 1, 1978 @ 7:00 A.M.
DATED this 25th day of February, 1986 @ 7:00 A.M.
LITTLE ROCK ABSTRACT COMPANY

BY

Ida Cargile

ABSTRACTER

EXHIBIT

A

FIRST JACKSONVILLE BANK

LARRY T. WILSON
PRESIDENT

March 7, 1986

Hon. Joe Giroir
Rose Law Firm
120 E. 4th
Little Rock, AR 72201

RE: Recorded Instrument #84-56088 Pulaski County Circuit Clerk

Dear Joe:

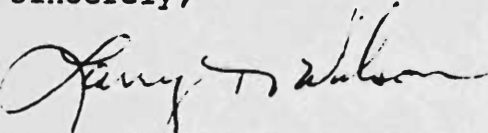
The above referenced instrument, a mortgage in the amount of \$20,141.55 from Tommy Robinson and wife to First Jacksonville Bank and filed August 23, 1984, was apparently file in error.

To the best of my knowledge this instrument was to have been filed in relation to a loan made on June 4, 1984 to Tommy F. Robinson, Campaign Fund and was repaid on July 12, 1984. Obviously since the mortgage was filed after the note was paid it must have been an error.

Enclosed is an executed release deed from First Jacksonville Bank releasing their mortgage.

If you have any questions or need any additional information please do not hesitate to call me.

Sincerely,



Larry T. Wilson
President

LTW/sv

EXHIBIT

B



86040584350

RELEASE DEED

THIS INSTRUMENT PREPARED BY
FIRST JACKSONVILLE BANK
JACKSONVILLE, ARKANSAS
BY: S. Voigt

KNOWN ALL MEN BY THESE PRESENTS:

That First Jacksonville Bank, by its President and Executive Vice President, duly authorized by proper resolution of its Board of Directors, in consideration of the full payment of indebtedness in a certain Mortgage dated August 23, 1984, and recorded in Book _____ at Page _____ Instrument # 84-56088 in the Office of the Circuit Clerk for Pulaski County, Arkansas, said indebtedness originally having been owed by Tommy F. Robinson and Carolyn Robinson to First Jacksonville Bank, and secured by a lien upon the following described property located in Pulaski County, Arkansas:

Lot 37, Phase II Jackson Heights, Pulaski County, Arkansas

Said mortgage is released in full as to all properties now encumbered thereby, on this 7th day of March, 1986.

IN WITNESS WHEREOF, The First Jacksonville Bank has caused its name and seal to be affixed hereto on the last mentioned date.

ATTEST:

Kenneth Pat Wilson

(SEAL)

FIRST JACKSONVILLE BANK-

BY: [Signature]

EXHIBIT

C

ACKNOWLEDGEMENT

STATE OF ARKANSAS
COUNTY OF Pulaski

On this 7th day of March, 1986, before me, a Notary Public, duly commissioned, qualified and acting, within and for said County and State appeared in person the within named Larry T. Wilson and Kenneth Pat Wilson to me personally well known, who stated that they were the President and Chief Executive Officer of the First Jacksonville Bank a corporation, and were fully authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

In Testimony Whereof, I have hereunto set my hand and official seal this 7th day of March, 1986.

MY COMMISSION EXPIRES:

October 31, 1991

[Signature]
NOTARY PUBLIC

9 3 0 4 0 3 8 4 3 5 1



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date : 7/13

From : Patrick W. Edwards

To : file

CREDIT PROPOSAL

CUSTOMER REQUEST

WPI (Prod.) _____
WPI (Mol.) _____
RENEWAL: YES/NO ☒ YES
CUSTOMER: Tommy Robinson For Congress Campaign Fund
ADDRESS: 125 N. Broadway, Suite K, ALB 92114
BUSINESS: _____
CONTACT: Darren Chase
PHONE: _____
FED I.D./SSN: _____
AMOUNT: \$ 48,000.00
NEW BUSINESS AMT: \$ 48,000.00
ENDORSE/ GTR. (Not Worth and Date of P/B): Tommy Robinson

<input type="checkbox"/> Formal Line	<input type="checkbox"/> R/E Term Loan	<input type="checkbox"/> Lease
<input type="checkbox"/> Informal Line	<input type="checkbox"/> Construction	<input type="checkbox"/> S/A Facility
<input type="checkbox"/> L/C (Standby)	<input type="checkbox"/> Term Loan	<input type="checkbox"/> As Offered
<input type="checkbox"/> L/C (Commercial)	<input type="checkbox"/> Revolving	<input type="checkbox"/> Other _____
<input type="checkbox"/> Perds. Purchase	<input type="checkbox"/> Development R/E	

DATE: 7/13
OFFICER: PL

PURPOSE: Campaign expenses

RATE: Prime + 2
TERM: 90 days
FEE: —

REPAYMENT SOURCES:
A. PRIMARY Refinance
B. SECONDARY Campaign Contributions
COLLATERAL 2nd mty. in Robinson's Residence

LOAN/VALUE: _____ BASIS OF VALUE: _____
CLEAN-UP: _____ MATURITY: _____ COMMT. EXPIRATION: _____

2-12-007 (7/83)

EXHIBIT

D

85040504352

LITTLE ROCK ABSTRACT COMPANY

214 LOUISIANA STREET, P.O. BOX 3414, LITTLE ROCK, ARKANSAS 72203 (501) 372-3400



TITLE CERTIFICATE

No. 74966

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GENERAL TAXES paid for year 1984; Due for year 1985 in sum of \$739.43; NO SPECIAL IMPROVEMENT TAXES.

Our liability does not exceed One Hundred Dollars.

CERTIFYING FROM: Jan. 1, 1978 @ 7:00 A.M.

DATED this 25th day of February, 1986 @ 7:00 A.M.

LITTLE ROCK ABSTRACT COMPANY

BY Ida Cargile
ABSTRACTER

EXHIBIT

A

FIRST JACKSONVILLE BANK

LARRY T. WILSON
PRESIDENT

March 7, 1986

Hon. Joe Giroir
Rose Law Firm
120 E. 4th
Little Rock, AR 72201

RE: Recorded Instrument #84-56088 Pulaski County Circuit Clerk

Dear Joe:

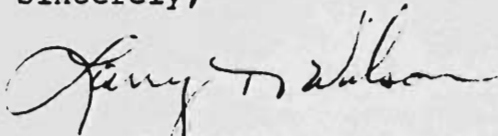
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Enclosed is an executed release deed from First Jacksonville Bank releasing their mortgage.

If you have any questions or need any additional information please do not hesitate to call me.

Sincerely,



Larry T. Wilson
President

LTW/sv

EXHIBIT

B



RELEASE DEED

THIS INSTRUMENT PREPARED BY
FIRST JACKSONVILLE BANK
JACKSONVILLE, ARKANSAS
BY: S. Voigt

KNOWN ALL MEN BY THESE PRESENTS:

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Said mortgage is released in full as to all properties now encumbered thereby, on this 7th day of March, 1986.

IN WITNESS WHEREOF, The First Jacksonville Bank has caused its name and seal to be affixed hereto on the last mentioned date.

ATTEST:

Kenneth Pat Wilson
(SEAL)

FIRST JACKSONVILLE BANK-

BY: Larry T. Wilson

EXHIBIT

C

ACKNOWLEDGEMENT

STATE OF ARKANSAS
COUNTY OF Pulaski

On this 7th day of March, 1986, before me, a Notary Public, duly commissioned, qualified and acting, within and for said County and State appeared in person the within named Larry T. Wilson and Kenneth Pat Wilson to me personally well known, who stated that they were the President and Chief Executive Officer of the First Jacksonville Bank a corporation, and were fully authorized in their respective capacities to execute the foregoing instrument for and in the name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

In Testimony Whereof, I have hereunto set my hand and official seal this 7th day of March, 1986.

MY COMMISSION EXPIRES:

October 31, 1991

Stephanie L. Voigt
NOTARY PUBLIC

WORTHEN Bank & Trust Company, N. A.

CREDIT ANALYSIS

Date : 7/13

From : Patrick W. Edwards

To : file

CREDIT PROPOSAL

CUSTOMER REQUEST

W P I (Proj.) _____
W P I (Mkt.) _____
RENEWAL: YES ☒ NO ☐
DATE: 7/13
OFFICER: PL
CUSTOMER: Tommy Robinson for Congress Campaign Fund
ADDRESS: 425 N. Broadway, Suite K, ALB 92114
BUSINESS: _____
CONTACT: Darren Glasecock
PHONE: _____
FED I.D./SSN: _____
AMOUNT: \$ 48,000.00
NEW BUSINESS AMT: \$ 48,000.00
ENDORSEES/GTR. (Not Worth and Date of F/S): Tommy Robinson

<input type="checkbox"/> Formal Line	<input type="checkbox"/> R/E Term Loan	<input type="checkbox"/> Lease
<input type="checkbox"/> Informal Line	<input type="checkbox"/> Construction	<input type="checkbox"/> B/A Facility
<input type="checkbox"/> I/C (Standby)	<input type="checkbox"/> Term Loan	<input type="checkbox"/> As Offered
<input type="checkbox"/> I/C (Commercial)	<input type="checkbox"/> Revolving	<input type="checkbox"/> Other _____
<input type="checkbox"/> Parts Purchase	<input type="checkbox"/> Development R/E	

PURPOSE: Campaign expenses

RATE: Prime + 2
TERMS: 90 days
FEE: —

REPAYMENT SOURCES:

A. PRIMARY: Refinance
B. SECONDARY: Campaign Contributions
COLLATERAL: 2nd mty. on Robinson's Residence

LOAD/VALUE: _____ BASIS OF VALUE: _____
CLEAN-UP: _____ MATURITY: _____ COMMIT. EXPIRATION: _____

2-12-007 (7/83)

EXHIBIT

D

95040304357



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 24, 1986

Larry C. Wallace, Esquire
House, Wallace, Nelson
& Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

Re: MUR 1721
Twin City Bank

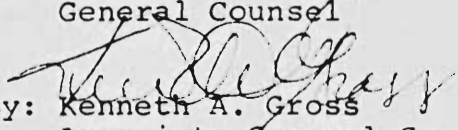
Dear Mr. Wallace:

This is in reference to your letter dated February 19, 1986, requesting an extension until March 7, 1986 to respond to the General Counsel's Supplemental Brief. After considering the circumstances presented in your letter, the Commission has determined to grant you your requested extension. Accordingly, your response will be due on March 7, 1986.

If you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 24, 1986

W. Russell Meeks, III, Esq.
Meeks and Fox, P.A.
404 Superior Federal Building
Capitol and Broadway
Little Rock, Arkansas 72201

Re: MUR 1721
Stephens Security Bank
Bank of Salem

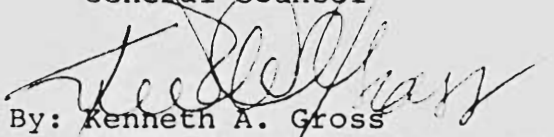
Dear Mr. Meeks:

This is in reference to your letter dated February 14, 1986, requesting an extension until March 11, 1986 to respond to the General Counsel's Supplemental Brief. After considering the circumstances presented in your letter, the Commission has determined to grant you your requested extension. Accordingly, your response will be due on March 11, 1986.

If you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

86040360



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 24, 1986

Donald T. Jack, Jr., Esquire
House, Wallace, Nelson &
Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

Re: MUR 1721
First Commercial Bank

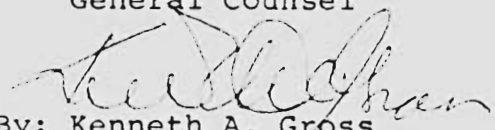
Dear Mr. Jack:

This is in reference to your letter dated February 19, 1986 requesting an extension until March 10, 1986 to respond to the General Counsel's Supplemental Brief. After considering the circumstances presented in your letter, the Commission has determined to grant you your requested extension. Accordingly, your response will be due on March 10, 1986.

If you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

36040584361

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWIN

MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

404 SUPERIOR FEDERAL BUILDING
CAPITOL AND BROADWAY
LITTLE ROCK, ARKANSAS 72201
501-376-4660

REC
GCC# 9774
16 FEB 20 P2:13

February 14, 1986

Honorable Eric Kleinfeld
c/o Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Stephens Security Bank
Bank of Salem

16 FEB 21 A10:23

Dear Mr. Kleinfeld:

Since the inception of this matter we have been dealing with Mr. Andrew Maikovich, whom we understand has recently left the Office of the General Counsel. We will look forward to working with you toward a satisfactory conclusion of this matter. In that respect, we appreciated the opportunity to visit with you concerning the two captioned banks, Stephens Security Bank and Bank of Salem. In our telephone conversation of Monday, February 10, 1986, I advised that we would be filing a supplemental response or brief together with some specific information which we hope will result in a disposition of the case dismissing the two small Arkansas banks represented by the office.

With respect to the filing of the brief, we advised on Monday, February 10, 1986, that we had received your January 29 correspondence in our afternoon mail on February 5, 1986. We verbally requested an extension which we understand will most likely be granted, so we have prepared this letter as a request for an extension of time until Tuesday, March 11, 1986. Our further good cause, as we discussed in our telephone call, basically revolves around my trial schedule which is as follows. While your letter and notice was received February 5, 1986, I did not actually have an opportunity to see it until Monday, February 10, 1986, due to the fact that I was in a federal court trial in St. Paul, Minnesota, which required me to be there on Thursday, February 6 and Friday, February 7. I was preparing for and attending a full day hearing on Monday, February 10, with the hearing on Tuesday, February 11. I am presently scheduled to be in St. Paul, Minnesota, on Wednesday, February 19, 1986, though I am attempting to change that until the following week.

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Honorable Eric Kleinfeld
February 17, 1986
Page 2

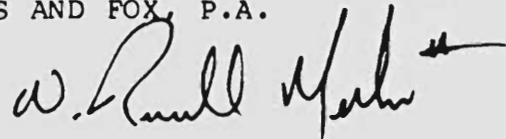
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Additionally, I will be in St. Paul, Minnesota, on Tuesday, February 25, Wednesday, February 26, and Thursday, February 27. Finally, I have additional matters involving a federal court trial for Monday and Tuesday, March 17 and 18, followed by a Pulaski County Circuit Court jury trial on Wednesday and Thursday, March 19 and 20. Accordingly, the extension of time allowing me until Tuesday, March 11, 1986, will grant me necessary sufficient time to prepare a meaningful response or brief. Again, though I understand you've indicated there will be no problem with the extension under these circumstances, I am nevertheless setting forth the present trial schedule, so you will know that my request is not merely for the purposes of delay of the matter. In fact, it is my desire and the desire of my clients, that the matter be concluded as quickly as possible due to the extensive amount of time and monies expended in order to travel through this administrative process.

Please call if you have any questions or comments. Also, I will assume the extension to be granted, as we discussed, unless I hear otherwise from you. Though I will be out of the office extensively during the next week or so, please feel free to contact Ms. Jones of my office, if you need to visit with me, and she will locate me and have me phoned.

Yours very truly,

MEEKS AND FOX, P.A.



W. Russell Meeks, III

WRM:jb

HOUSE, WALLACE, NELSON & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Larry C. Wallace

CCC#9779
RECEIVED BY THE FEC
HAND DELIVERED
86 FEB 20 P 1: 53
TELEX-TELECOPIER
(501) 375-6484

February 19, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721, Twin City Bank

86 FEB 21 A10: 22

RECEIVED
GENERAL COUNSEL

Dear Mr. Steele:

Pursuant to my telephone conversation with Eric Kleinfeld of February 18, 1986, I am submitting in writing my request for an extension of time in which to file the Twin City Bank's response to your letter of January 29, 1986. Our client received your letter on February 6, 1986.

Our reading of the applicable law has left us perplexed as to how to further proceed, in view of the lack of precedent for the position taken thus far by your legal staff. We would appreciate your allowing us until the 7th day of March, 1986, to file our response.

Thanking you in advance for your consideration in this matter, I am

Sincerely,


Larry C. Wallace

LCW/srp

86040564364

CCC#9799
FEC

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

Larry C. Wallace

06 FEB 24 A8:17

TELEX-TELECOPIER: . .

(501) 375-6484

February 19, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721, Twin City Bank

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Sincerely,

Larry C. Wallace

Larry C. Wallace

LCW/srp

85040364365

06 FEB 24 A9:53

HOUSE, WALLACE, NELSON & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Larry C. Wallace

CCC#9779
FEC
HAND DELIVERED
26 FEB 20 P 1:53
TELEX-TELÉCOPIER
(501) 375-6484

February 19, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

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Sincerely,

Larry C. Wallace
Larry C. Wallace

LCW/srp

6 FEB 21 A10:22

0040504366

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

Donald T. Jack, Jr.

CC# 9798

86 FEB 24 A 8:

TELEX-TELECOPIER:

(501) 375-6484

February 19, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721, First Commercial Bank

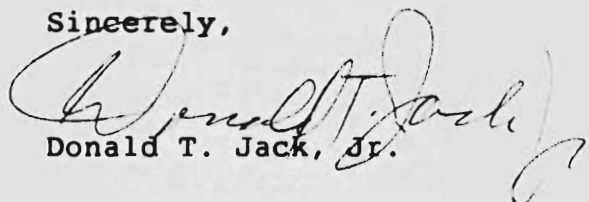
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Sincerely,


Donald T. Jack, Jr.

DTJ/srp

86 FEB 24 A 9:53

26040504367

GCC#9777

RECEIVED BY THE FEC

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

Donald T. Jack, Jr.

HAND DELIVERED
86 FEB 20 P 1: 51
TELEX-TELECOPIER:
(501) 375-6484

February 19, 1986

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

86 FEB 21 AM: 22

RECEIVED
GENERAL COUNSEL

Re: MUR 1721, First Commercial Bank

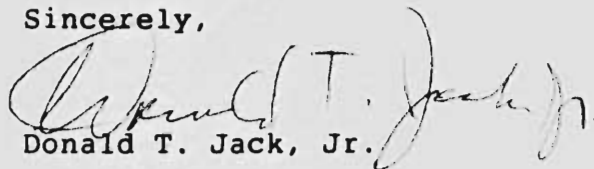
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Donald T. Jack, Jr.

DTJ/srp

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MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

404 SUPERIOR FEDERAL BUILDING
CAPITOL AND BROADWAY
LITTLE ROCK, ARKANSAS 72201
501-378-4880

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWIN

February 14, 1986

Honorable Eric Kleinfeld
c/o Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Kleinfeld:

Since the inception of this matter we have been dealing with Mr. Andrew Maikovich, whom we understand has recently left the Office of the General Counsel. We will look forward to working with you toward a satisfactory conclusion of this matter. In that respect, we appreciated the opportunity to visit with you concerning the two captioned banks, Stephens Security Bank and Bank of Salem. In our telephone conversation of Monday, February 10, 1986, I advised that we would be filing a supplemental response or brief together with some specific information which we hope will result in a disposition of the case dismissing the two small Arkansas banks represented by the office.

With respect to the filing of the brief, we advised on Monday, February 10, 1986, that we had received your January 29 correspondence in our afternoon mail on February 5, 1986. We verbally requested an extension which we understand will most likely be granted, so we have prepared this letter as a request for an extension of time until Tuesday, March 11, 1986. Our further good cause, as we discussed in our telephone call, basically revolves around my trial schedule which is as follows. While your letter and notice was received February 5, 1986, I did not actually have an opportunity to see it until Monday, February 10, 1986, due to the fact that I was in a federal court trial in St. Paul, Minnesota, which required me to be there on Thursday, February 6 and Friday, February 7. I was preparing for and attending a full day hearing on Monday, February 10, with the hearing on Tuesday, February 11. I am presently scheduled to be in St. Paul, Minnesota, on Wednesday, February 19, 1986, though I am attempting to change that until the following week.

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OFFICE OF THE
GENERAL COUNSEL

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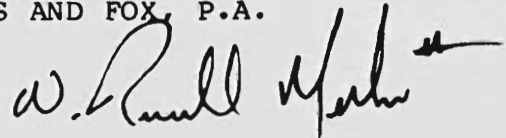
Honorable Eric Kleinfeld
February 17, 1986
Page 2

Additionally, I will be in St. Paul, Minnesota, on Tuesday, February 25, Wednesday, February 26, and Thursday, February 27. Finally, I have additional matters involving a federal court trial for Monday and Tuesday, March 17 and 18, followed by a Pulaski County Circuit Court jury trial on Wednesday and Thursday, March 19 and 20. Accordingly, the extension of time allowing me until Tuesday, March 11, 1986, will grant me necessary sufficient time to prepare a meaningful response or brief. Again, though I understand you've indicated there will be no problem with the extension under these circumstances, I am nevertheless setting forth the present trial schedule, so you will know that my request is not merely for the purposes of delay of the matter. In fact, it is my desire and the desire of my clients, that the matter be concluded as quickly as possible due to the extensive amount of time and monies expended in order to travel through this administrative process.

Please call if you have any questions or comments. Also, I will assume the extension to be granted, as we discussed, unless I hear otherwise from you. Though I will be out of the office extensively during the next week or so, please feel free to contact Ms. Jones of my office, if you need to visit with me, and she will locate me and have me phoned.

Yours very truly,

MEEKS AND FOX, P.A.



W. Russell Meeks, III

WRM:jb

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 13, 1986

Kenneth R. Shemin, Esquire
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

Re: MUR 1721
Worthen Bank & Trust
Company

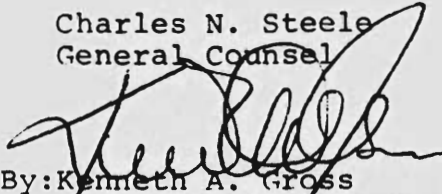
Dear Mr. Shemin:

This is in reference to your letter dated February 11, 1986 requesting an extension of twenty days to respond to the General Counsel's Supplemental Brief. After considering the circumstances presented in your letter, the Commission has determined to grant you your requested extension. Accordingly, your response will be due on March 10, 1986.

If you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

86040534371

GC# 9719

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 378-9131

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U. M. ROSE

1834-1813

February 11, 1986

PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
WEBSTER L. HUBBELL
ALLEN W. BIRD II
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
WILLIAM M. KENNEDY, III
KENNETH R. SHEMIN
DAVID A. KNIGHT
RONALD M. CLARK
GARLAND J. GARRETT
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JACKSON FARROW JR.
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JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LASSITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN K. THOMAS
RICHARD N. MASSEY
GARY N. SPEED
KEVIN R. BURNS
MICHAEL F. LAX
ROBERT J. VIGUET, JR.
DANA DANIELS NIXON

J. GASTON WILLIAMSON
CHARLES W. BAKER
OF COUNSEL

VIA FEDERAL EXPRESS

Mr. Eric Kleinfeld
Federal Election Commission
Washington, D.C. 20463

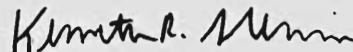
Re: MUR 1721
Worthen Bank & Trust Company.

Dear Mr. Kleinfeld:

On February 3, 1986, we received Mr. Steele's letter dated January 29, 1986, enclosing the General Counsel's Supplemental Brief in the above-referenced matter. We respectfully request that Worthen Bank & Trust Company ("Worthen Bank") be allowed an extension of twenty days from the due date of February 18, 1986 in which to respond to the General Counsel's Supplemental Brief. As I related in our telephone conference of February 11, 1986, I will be taking depositions out of state the latter part of this week and next week, and C. Joseph Giroir, our senior member and contact person with Worthen Bank is also out of the state. We would, therefore respond on or before March 10, 1986.

Thank you for your consideration of our request.

Very truly yours,



Kenneth R. Shemin

krs:jm

cc: Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

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ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

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U. S. POST

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February 11, 1986

PHILIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
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ROBERT J. VIGUET, JR.
DANA DANIELS NIXON
J. BASTON WILLIAMSON
CHARLES W. BAKER
OF COUNSEL

VIA FEDERAL EXPRESS

Mr. Eric Kleinfeld
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Worthen Bank & Trust Company.

Dear Mr. Kleinfeld:

On February 3, 1986, we received Mr. Steele's letter dated January 29, 1986, enclosing the General Counsel's Supplemental Brief in the above-referenced matter. We respectfully request that Worthen Bank & Trust Company ("Worthen Bank") be allowed an extension of twenty days from the due date of February 18, 1986 in which to respond to the General Counsel's Supplemental Brief. As I related in our telephone conference of February 11, 1986, I will be taking depositions out of state the latter part of this week and next week, and C. Joseph Giroir, our senior member and contact person with Worthen Bank is also out of the state. We would, therefore respond on or before March 10, 1986.

Thank you for your consideration of our request.

Very truly yours,

Kenneth R. Shemin
KENNETH R. SHEMA

Kenneth R. Shemin

krs:jm

cc: ✓ Mr. Charles M. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

COPY

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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OFFICE OF THE SECRETARY
FEDERAL ELECTION COMMISSION

SENSITIVE

00 JAN 31 A 9:29

January 30, 1986

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: MUR #1721

Attached for the Commission's review are supplemental briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. Copies of the briefs and a letter notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on January 29, 1986. Following receipt of the Respondents' reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Briefs - (8)
2. Letters to Respondents - (6)

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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JAN 31 1986

SENSITIVE

JAN 31 9:29

January 29, 1986

Kenneth R. Shemin
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Shemin:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

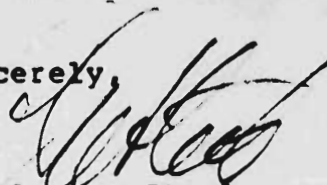
If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

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A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

86040304375

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Worthen Bank & Trust Company) MUR 1721
)

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of bank loans.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 23, 1985, Worthen Bank and Trust Company replied to the Commission's written questions. On October 14, 1985, it filed a supplemental response.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, Worthen Bank and Trust Company lists various loans which it believes

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support the assertion that the campaign loan was in the bank's ordinary course of business. For the numerous commercial loans listed, respondent fails to provide any information pertaining to the particular borrower's balance sheet or financial condition. The information supplied, instead of determining the comparability of the Robinson loan to others made by the bank, demonstrates that the former is quite dissimilar to the ordinary loan.

Worthen Bank and Trust Company also lists two other campaign loans it previously made. The financial balance sheets of these two borrowers are substantially different, in terms of assets and liabilities, from that of Tommy Robinson, and as such, neither loan is of any assistance in determining whether the Robinson loan was within respondent's ordinary course of business.

The evidence produced by Worthen Bank and Trust Company fails to conclusively establish either that the loan to Tommy Robinson was made in the ordinary course of business or even what respondent's ordinary course of business actually is. The loans cited as samples of respondent's business practices are substantially dissimilar from the loan to Tommy Robinson.

However, even were the cited loans to be looked at as comparable to the Robinson loan, the issue remains as to whether, for purposes of the Act, the loan to Robinson was made on a basis which adequately assured repayment. A loan which is unsecured is not made with adequate assurance of repayment, for purposes of the Act. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under

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the Act which is ultimately to be used to influence a federal election.

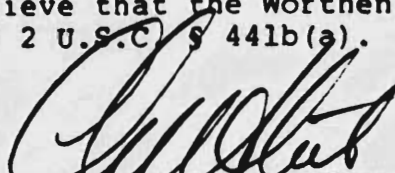
Worthen Bank and Trust claims to hold a second mortgage on Tommy Robinson's house, securing, as part, the loans to Robinson. However, the Certificate of Title on the property indicates that a second mortgage is held by another party. As a result, there was no adequate assurance of repayment on the loans made to Robinson from Worthen Bank and Trust. Therefore, the Office of General Counsel recommends that the Commission find probable cause to believe that Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a).

24 January 1966
Date



Charles N. Steele
General Counsel

86040104379



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

Donald T. Jack
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First Commercial Bank

Dear Mr. Jack:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

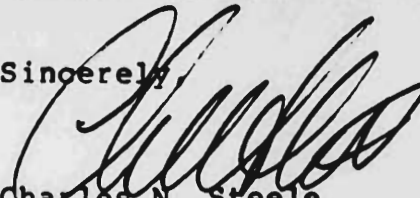
Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

86040381

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First Commercial Bank

)
)
)
)

MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 10, 1985, First Commercial Bank replied to the Commission's written questions.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, First Commercial lists two unsecured loans which it believes support its assertion that the campaign loan made to Tommy Robinson was

made in the ordinary course of business. In Loan A, First Commercial made a \$35,000 loan to an insurance professional with assets of \$32,700 and liabilities of \$14,600. In Loan B, First Commercial made a \$8,900 loan to a banking professional with assets of \$15,000 and liabilities of \$12,500. However, it is difficult to compare these loans to the loan made to the Robinson Committee in that First Commercial Bank admits that it did not know Tommy Robinson's personal assets and liabilities prior to the time the loan was made. The rationale for not discussing Robinson's debt status was that the loan was to be repaid "from a specific source, that being campaign contributions which had been committed." (First Commercial Bank response, page 2).

The evidence produced by First Commercial fails to conclusively establish either that the loan to Tommy Robinson was made in the ordinary course of business or what First Commercial's ordinary course of business actually is. The loans cited by respondent as examples of their business practices are substantially dissimilar from the loan to Tommy Robinson.

However, even were the cited loans to be looked at as comparable to the Robinson loan, the issue remains as to whether, for purposes of the Act, the loan to Robinson was made on a basis which adequately assured repayment. A loan which is unsecured is not made with adequate assurance of repayment, for purposes of the Act. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a

federal election. By virtue of the fact that First Commercial's loan to Robinson was unsecured, there existed no adequate assurance of repayment. Therefore, the Office of General Counsel recommends that the Commission find probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the First Commercial Bank violated 2 U.S.C. § 441b(a).

Date

24 January 1986

Charles N. Steele
General Counsel

8604050434



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

T. E. Renaud
Twin City Bank
One Riverfront Plaza
North Little Rock, Arkansas 72114

RE: MUR 1721
Twin City Bank

Dear Mr. Renaud:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

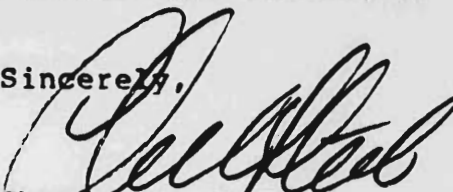
Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

86040584386

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Twin City Bank

)
)
)
)

MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 6, 1985, Twin City Bank replied to the Commission's written questions.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis on which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, Twin City Bank described four loans it believes supports its assertion that the campaign loan made to Tommy Robinson was in the bank's

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ordinary course of business. However, only one of the loans described by Twin City Bank showed a customer with a net financial balance sheet similar to Tommy Robinson's. See Loan C. The borrower of this loan had assets of \$157,000 and liabilities of \$121,000. However the loan proceeds totalled only \$4218, whereas Tommy Robinson borrowed \$32,000 from Twin City. The other three loans cited by respondent were for amounts closer to that lent Robinson, but all three borrowers had substantially different financial balance sheets.

It is difficult to compare the loans cited by respondent to the one made to Tommy Robinson, especially in light of the fact that at the time Twin City lent Robinson \$32,000, it apparently was unaware of prior bank loans made to Robinson or the Robinson Committee. The personal financial statement of Tommy Robinson was dated February 1984, for a loan made on June 17, 1984. The fact that Robinson had borrowed or guaranteed \$202,070 in campaign loans "was not discussed." Thus, Twin City incorrectly believed that Robinson's personal financial condition was \$150,000 in assets and \$126,000 in liabilities (Twin City Bank response, page 2).

The evidence produced by Twin City Bank fails to conclusively establish either that the loan to Tommy Robinson was made in the ordinary course of business or even what Twin City's ordinary course of business actually is. The loans cited by respondent as examples of their business practices are substantially dissimilar from the loan to Tommy Robinson.

However, even were the cited loans to be looked at as

comparable to the Robinson loan, the issue remains as to whether, for purposes of the Act, the loan to Robinson was made on a basis which adequately assured repayment. A loan which is unsecured is not made with adequate assurance of repayment, for purposes of the Act. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a federal election. By virtue of the fact that Twin City's loan to Robinson was unsecured, there existed no adequate assurance of repayment. Additionally, a bank which makes loans to federal candidates, in order to assure repayment, should ascertain the debt of a political candidate, to the best of its ability. This would include discussing prior bank loans and a candidate's financial status prior to the time a loan is made. Twin City Bank failed to obtain this information.

Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that Twin City Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Twin City Bank violated 2 U.S.C. § 441b(a).

Date

24 Jan 1986

Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

W. Russell Meeks, III
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 72201

RE: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Meeks:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

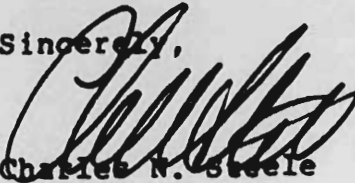
After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review are briefs stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission briefs (10 copies if possible) stating your clients' positions on the issues and replying to the briefs of the General Counsel. (Three copies of such briefs should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's briefs and any briefs which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file responsive briefs within 15 days, you may submit a written request to the Commission for an extension of time in which to file briefs. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

05040384391

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Bank of Salem)

MUR 1721)

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 9, 1985, the Stephens Security Bank and Bank of Salem filed a joint response in reply to the written questions of the Commission.

II. Legal Analysis

The response of Richard T. Smith, President and Chief Executive Officer of Smith Associated Banking Corporation ("SABCO"), the holding company which controls Stephens Security Bank, lacks detail. Although specific characteristics were requested in regards to prior loans which the respondent believes support its assertion that the campaign loan to the Robinson Committee was made in the ordinary course of business, respondent repeated the general explanation aired in its original brief.

Respondent refers to the loan made to the Robinson Committee as an "accommodation credit" which was based primarily upon expectations guided by past experience and history with the party. (Stephen's Security Bank response, p.3). Respondent lists fraternal organizations, ministers and orphanages as organizations which also qualify for "accommodation credit" loans. Respondent fails to show, however, any specific loans granted by it to these organizations which compare in amount and collateral to the \$50,000 loan made to the Robinson Committee.

The response also fails to distinguish between the loan made by the Stephens Security Bank from the one made by the Bank of Salem. When asked whether the bank was aware of Tommy Robinson's personal assets and liabilities, including bank loans, Smith replied, "Yes. No other outstanding Congressional debts existed." While no other Congressional debts existed prior to the loan made by the Stephens Security Bank, over \$250,000 in Congressional debts existed at the time of the loan from the Bank of Salem.

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

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In responding to the Commission's interrogatories, the Bank of Salem indicated that no loan application, financial statement or loan agreement were required for the loan to Robinson. Respondent failed to cite specific examples of similar loans to support their claim that the loan at issue was made in the ordinary course of business. Respondent further admits having never made any other campaign loans to either a federal or state candidate. Instead, Stephens Security Bank relied upon the past credit history and character of the borrower in determining whether to make this loan.

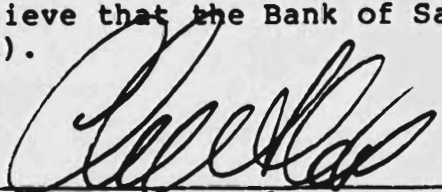
Respondent fails to supply any evidence that its loan to Robinson was adequately assured. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a federal election. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that the Bank of Salem violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Bank of Salem violated 2 U.S.C. § 441b(a).

24 January 1966
Date



Charles N. Steele
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Stephens Security Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 9, 1985, the Stephens Security Bank and Bank of Salem filed a joint response in reply to the written questions of the Commission.

II. Legal Analysis

The response of Richard T. Smith, President and Chief Executive Officer of Smith Associated Banking Corporation ("SABCO"), the holding company which controls Stephens Security Bank, lacks detail. Although specific characteristics were requested in regards to prior loans which the respondent believes support its assertion that the campaign loan to the Robinson Committee was made in the ordinary course of business, respondent repeated the general explanation aired in its original brief.

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Respondent refers to the loan made to the Robinson Committee as an "accommodation credit" which was based primarily upon expectations guided by past experience and history with the party. (Stephen's Security Bank response, p.3). Respondent lists fraternal organizations, ministers and orphanages as organizations which also qualify for "accommodation credit" loans. Respondent fails to show, however, any specific loans granted by it to these organizations which compare in amount and collateral to the \$100,000 loan made to the Robinson Committee.

Under the Federal Election Campaign Act of 1971, as amended, ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, Stephens Security Bank indicated that no loan application, financial statement or loan agreement were required for the loan to Robinson. Respondent failed to cite specific examples of similar loans to support their claim that the loan at issue was made in the ordinary course of business. Respondent further admits having never made any other campaign loans to either a federal or state candidate. Instead, Stephens Security Bank relied upon the

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past credit history and character of the borrower in determining whether to make this loan.

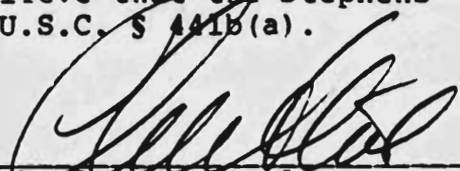
Respondent fails to supply any evidence that its loan to Robinson was adequately assured. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a federal election. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe Stephens Security Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Stephens Security Bank violated 2 U.S.C. § 441b(a).

24 January 1986
Date


Charles N. Steele
General Counsel

860407044397



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1986

Darrell D. Dover
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First State Bank

Dear Mr. Dover:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred. The Commission may or may not approve the General Counsel's Recommendation.

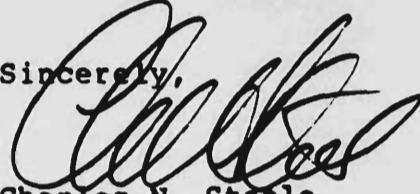
Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your client's position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

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A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Briefs

86040584399

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First State Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

By letter dated September 4, 1985, Al Harkins, President of First State Bank, responded to the Commission's written quetions.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended, ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course. To be considered in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary practices of any particular bank.

In the General Counsel's brief of April 1, 1985, this Office stated that the First Jacksonville Bank, and later the Worthen Bank and Trust Company, had secured a second mortgage on

Robinson's home as collateral for loans it made the Robinson Committee. First State Bank was credited with obtaining a third mortgage, with no equity value, on September 12, 1984.

In its reply brief, however, First State Bank provided evidence that under Arkansas law, it had a valid second mortgage, with an equity exceeding \$38,000. As proof, First State Bank enclosed Title Certificates from two title insurance companies which show First State Bank as the only bank which recorded a mortgage on the property since the Worthen Bank and Trust Company recorded an interest March 9, 1981.

Although First State Bank received the second mortgage after the loan was made to Tommy Robinson, First State Bank provided evidence in its reply to the reason to believe finding that it is in the Bank's ordinary course of business to make unsecured loans which later require collateralization. Additionally, First State Bank received a completed loan application from Tommy Robinson prior to making the loan.

Therefore, the issue is whether repayment of the First State Bank loan was adequately assured by the second mortgage. The loan was made on April 30, 1984, for \$20,070. The mortgage had an equity value exceeding \$38,000. As mortgages on real estate do represent the type of collateral which can assure repayment of a loan, the Office of General Counsel recommends the Commission find no probable cause to believe the First State Bank violated 2 U.S.C. § 441b(a) by making a loan to Tommy Robinson and the Robinson Committee.


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III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find no probable cause to believe First State Bank violated 2 U.S.C. § 441b(a).

24 Jan 1986
Date



Charles N. Steele
General Counsel

96040704402



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

Joseph W. Gelzine
Mitchell, Williams, Selig, Jackson & Tucker
1000 Savers Federal Building
Little Rock, Arkansas 72201

RE: MUR 1721
First American Bank
First Jacksonville Bank

Dear Mr. Gelzine:

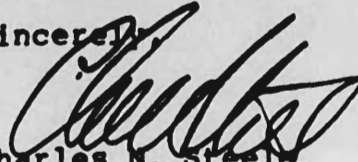
Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred. The Commission may or may not approve the General Counsel's Recommendations.

Submitted for your review are briefs stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission briefs (10 copies if possible) stating your clients' positions on the issues and replying to the briefs of the General Counsel. Three copies of such briefs should also be forwarded to the Office of General Counsel, if possible. The General Counsel's briefs and any briefs which you submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Briefs

86040384404

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First American Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

By letter dated September 5, 1985, Leonard K. Dunn, President of First American Bank, responded to the Commission's written questions.

II. Legal Analysis

The response by Leonard K. Dunn fails to describe specific loans the respondent believes support its assertion that the campaign loan to the Robinson Committee was made in the ordinary course of business. Respondent stated that it had never made a campaign loan prior to the one at issue and that mortgage loans it has made at the request of Worthen Bank & Trust Company are more analogous to the situation.

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in

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In responding to the Commission's interrogatories, the First American Bank indicated that "a financial statement for Mr. Robinson was obtained subsequent to making this loan "(emphasis supplied). No documentation was required prior to making the loan. Respondent admits never having made any other campaign loans to either a federal or state candidate. Instead, First American Bank relied primarily upon the commitment of an upstream correspondent to assure repayment of the loan.

First American Bank lists \$335,950 in construction loans made by it, in a position as downstream correspondent bank, which were made on an assurance by an upstream correspondent that the proceeds would be covered by a future loan or first mortgage. The evidence indicates that loans made at the request of an upstream correspondent bank are in First American's ordinary course of business. First American Bank relied on Worthen Bank and Trust Company and the latter's promise that it would make a loan to Mr. Robinson, the proceeds of which would be used to repay First American's loan. Where a downstream correspondent bank makes a loan based on the request and assurances of an upstream correspondent bank, such a loan is considered to have been made on a basis which adequately assures its repayment.

This is because the upstream correspondent bank provides the downstream correspondent bank with an alternative source of repayment, other than the expectancy of future campaign contributions. Here, Worthen Bank and Trust Company provided First American Bank with an alternative source of repayment. Therefore, the Office of General Counsel recommends that the Commission find no probable cause to believe that First American Bank violated 2 U.S.C. § 441b(a).

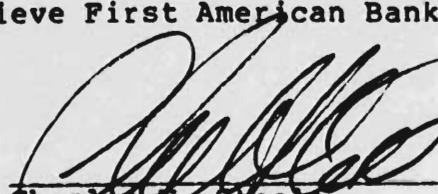
III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find no probable cause to believe First American Bank violated 2 U.S.C. § 441b(a).

Date

24 January 1976


Charles N. Steele
General Counsel

86040704407

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
First Jacksonville Bank)

MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 4, 1985, First Jacksonville Bank replied to the Commission's written questions. On October 11, 1985, it filed a supplemental response.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practice of any particular bank.

In responding to the Commission's interrogatories, the First

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Jacksonville Bank indicated that it could not submit a copy of Tommy Robinson's loan application, because the loan documents had previously been "disposed of." Respondent admits never having made any other campaign loans to either a federal or state candidate. Instead, First Jacksonville Bank relied primarily upon the commitment of an upstream correspondent bank to assure repayment of the loan.

First Jacksonville Bank claims that in its ordinary course of business it frequently makes commercial loans on the assurance of an upstream correspondent that the loan will be repaid from the proceeds of a future loan to be made to the borrower by that upstream correspondent. First Jacksonville Bank relied on Worthen Bank and Trust Company and its promise that it would make a loan to Mr. Robinson, the proceeds of which would be used to repay First Jacksonville's loan. Where a downstream correspondent bank makes a loan based on the request and assurance of an upstream correspondent bank, such a loan is considered to have been made on a basis which adequately assures its repayment. This is because the upstream correspondent bank provides the downstream correspondent bank with an alternate source of repayment, other than the expectancy of future campaign contributions. Here, Worthen Bank and Trust Company provided First Jacksonville Bank with an alternate source of repayment. Therefore, the Office of General Counsel recommends that the Commission find no probable cause to believe that First Jacksonville Bank violated 2 U.S.C. § 441b(a).

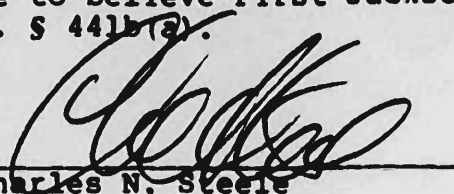
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III. Recommendation

The Office of General Counsel recommends that the
Commission:

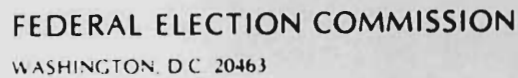
1. Find no probable cause to believe First Jacksonville
Bank violated 2 U.S.C. § 441b(2).

24 January 1966
Date


Charles N. Steele
General Counsel

86040364410

SENSITIVE



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MEMORANDUM

FROM: Charles N. Steele
General Counsel

Attached for the Commission's review are supplemental briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. Copies of the briefs and a letter notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on January 29, 1986. Following receipt of the Respondents' reply to this notice, this Office will make a further report to the Commission.

1. Briefs - (8)
2. Letters to Respondents - (6)



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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SENSITIVE

January 29, 1986

Kenneth R. Shemin
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Shemin:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

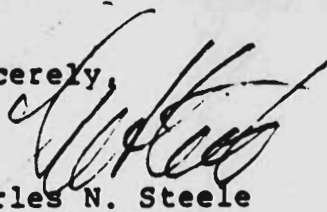
If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

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A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,


Charles N. Steele
General Counsel

Enclosure
Brief

86040384413

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Worthen Bank & Trust Company) MUR 1721
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GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of bank loans.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 23, 1985, Worthen Bank and Trust Company replied to the Commission's written questions. On October 14, 1985, it filed a supplemental response.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, Worthen Bank and Trust Company lists various loans which it believes

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support the assertion that the campaign loan was in the bank's ordinary course of business. For the numerous commercial loans listed, respondent fails to provide any information pertaining to the particular borrower's balance sheet or financial condition. The information supplied, instead of determining the comparability of the Robinson loan to others made by the bank, demonstrates that the former is quite dissimilar to the ordinary loan.

Worthen Bank and Trust Company also lists two other campaign loans it previously made. The financial balance sheets of these two borrowers are substantially different, in terms of assets and liabilities, from that of Tommy Robinson, and as such, neither loan is of any assistance in determining whether the Robinson loan was within respondent's ordinary course of business.

The evidence produced by Worthen Bank and Trust Company fails to conclusively establish either that the loan to Tommy Robinson was made in the ordinary course of business or even what respondent's ordinary course of business actually is. The loans cited as samples of respondent's business practices are substantially dissimilar from the loan to Tommy Robinson.

However, even were the cited loans to be looked at as comparable to the Robinson loan, the issue remains as to whether, for purposes of the Act, the loan to Robinson was made on a basis which adequately assured repayment. A loan which is unsecured is not made with adequate assurance of repayment, for purposes of the Act. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under

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the Act which is ultimately to be used to influence a federal election.

Worthen Bank and Trust claims to hold a second mortgage on Tommy Robinson's house, securing, as part, the loans to Robinson. However, the Certificate of Title on the property indicates that a second mortgage is held by another party. As a result, there was no adequate assurance of repayment on the loans made to Robinson from Worthen Bank and Trust. Therefore, the Office of General Counsel recommends that the Commission find probable cause to believe that Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a).

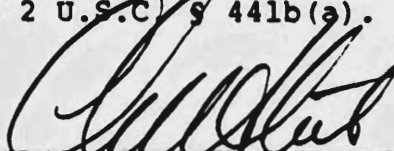
III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a).

Date

24 January 1986


Charles N. Steele
General Counsel

86040364418



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

Donald T. Jack
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First Commercial Bank

Dear Mr. Jack:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

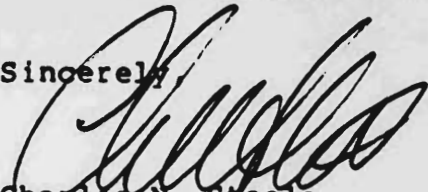
If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

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A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

86040584418

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First Commercial Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 10, 1985, First Commercial Bank replied to the Commission's written questions.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, First Commercial lists two unsecured loans which it believes support its assertion that the campaign loan made to Tommy Robinson was

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made in the ordinary course of business. In Loan A, First Commercial made a \$35,000 loan to an insurance professional with assets of \$32,700 and liabilities of \$14,600. In Loan B, First Commercial made a \$8,900 loan to a banking professional with assets of \$15,000 and liabilities of \$12,500. However, it is difficult to compare these loans to the loan made to the Robinson Committee in that First Commercial Bank admits that it did not know Tommy Robinson's personal assets and liabilities prior to the time the loan was made. The rationale for not discussing Robinson's debt status was that the loan was to be repaid "from a specific source, that being campaign contributions which had been committed." (First Commercial Bank response, page 2).

The evidence produced by First Commercial fails to conclusively establish either that the loan to Tommy Robinson was made in the ordinary course of business or what First Commercial's ordinary course of business actually is. The loans cited by respondent as examples of their business practices are substantially dissimilar from the loan to Tommy Robinson.

However, even were the cited loans to be looked at as comparable to the Robinson loan, the issue remains as to whether, for purposes of the Act, the loan to Robinson was made on a basis which adequately assured repayment. A loan which is unsecured is not made with adequate assurance of repayment, for purposes of the Act. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a

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federal election. By virtue of the fact that First Commercial's loan to Robinson was unsecured, there existed no adequate assurance of repayment. Therefore, the Office of General Counsel recommends that the Commission find probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a).

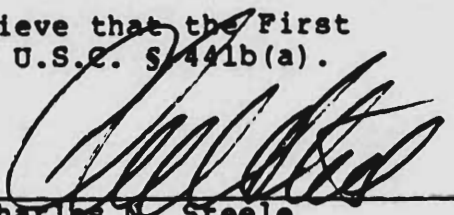
III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the First Commercial Bank violated 2 U.S.C. § 441b(a).

Date

24 January 1986


Charles N. Steele
General Counsel

36040584421



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1986

T. E. Renaud
Twin City Bank
One Riverfront Plaza
North Little Rock, Arkansas 72114

RE: MUR 1721
Twin City Bank

Dear Mr. Renaud:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

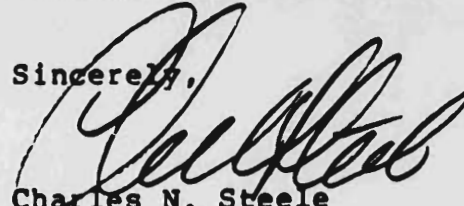
If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

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A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

0040384423

**In the Matter of
Twin City Bank**

MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 6, 1985, Twin City Bank replied to the Commission's written questions.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis on which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, Twin City Bank described four loans it believes supports its assertion that the campaign loan made to Tommy Robinson was in the bank's



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1986

W. Russell Meeks, III
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 72201

RE: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Meeks:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

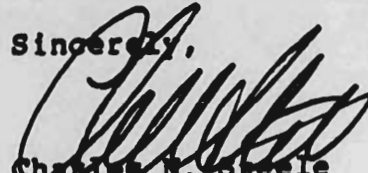
After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review are briefs stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission briefs (10 copies if possible) stating your clients' positions on the issues and replying to the briefs of the General Counsel. (Three copies of such briefs should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's briefs and any briefs which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file responsive briefs within 15 days, you may submit a written request to the Commission for an extension of time in which to file briefs. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

05040784425

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Bank of Salem)

MUR 1721)

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 9, 1985, the Stephens Security Bank and Bank of Salem filed a joint response in reply to the written questions of the Commission.

II. Legal Analysis

The response of Richard T. Smith, President and Chief Executive Officer of Smith Associated Banking Corporation ("SABCO"), the holding company which controls Stephens Security Bank, lacks detail. Although specific characteristics were requested in regards to prior loans which the respondent believes support its assertion that the campaign loan to the Robinson Committee was made in the ordinary course of business, respondent repeated the general explanation aired in its original brief.

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Respondent refers to the loan made to the Robinson Committee as an "accommodation credit" which was based primarily upon expectations guided by past experience and history with the party. (Stephen's Security Bank response, p.3). Respondent lists fraternal organizations, ministers and orphanages as organizations which also qualify for "accommodation credit" loans. Respondent fails to show, however, any specific loans granted by it to these organizations which compare in amount and collateral to the \$50,000 loan made to the Robinson Committee.

The response also fails to distinguish between the loan made by the Stephens Security Bank from the one made by the Bank of Salem. When asked whether the bank was aware of Tommy Robinson's personal assets and liabilities, including bank loans, Smith replied, "Yes. No other outstanding Congressional debts existed." While no other Congressional debts existed prior to the loan made by the Stephens Security Bank, over \$250,000 in Congressional debts existed at the time of the loan from the Bank of Salem.

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, the Bank of Salem indicated that no loan application, financial statement or loan agreement were required for the loan to Robinson. Respondent failed to cite specific examples of similar loans to support their claim that the loan at issue was made in the ordinary course of business. Respondent further admits having never made any other campaign loans to either a federal or state candidate. Instead, Stephens Security Bank relied upon the past credit history and character of the borrower in determining whether to make this loan.

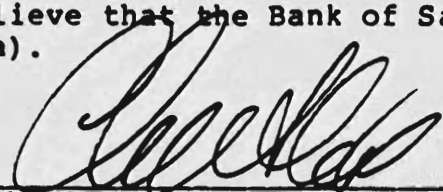
Respondent fails to supply any evidence that its loan to Robinson was adequately assured. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a federal election. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that the Bank of Salem violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Bank of Salem violated 2 U.S.C. § 441b(a).

24 January 1966
Date



Charles N. Steele
General Counsel

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 9, 1985, the Stephens Security Bank and Bank of Salem filed a joint response in reply to the written questions of the Commission.

II. Legal Analysis

The response of Richard T. Smith, President and Chief Executive Officer of Smith Associated Banking Corporation ("SABCO"), the holding company which controls Stephens Security Bank, lacks detail. Although specific characteristics were requested in regards to prior loans which the respondent believes support its assertion that the campaign loan to the Robinson Committee was made in the ordinary course of business, respondent repeated the general explanation aired in its original brief.

Respondent refers to the loan made to the Robinson Committee as an "accommodation credit" which was based primarily upon expectations guided by past experience and history with the party. (Stephen's Security Bank response, p.3). Respondent lists fraternal organizations, ministers and orphanages as organizations which also qualify for "accommodation credit" loans. Respondent fails to show, however, any specific loans granted by it to these organizations which compare in amount and collateral to the \$100,000 loan made to the Robinson Committee.

Under the Federal Election Campaign Act of 1971, as amended, ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, Stephens Security Bank indicated that no loan application, financial statement or loan agreement were required for the loan to Robinson. Respondent failed to cite specific examples of similar loans to support their claim that the loan at issue was made in the ordinary course of business. Respondent further admits having never made any other campaign loans to either a federal or state candidate. Instead, Stephens Security Bank relied upon the

past credit history and character of the borrower in determining whether to make this loan.

Respondent fails to supply any evidence that its loan to Robinson was adequately assured. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a federal election. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe Stephens Security Bank violated 2 U.S.C. § 441b(a).

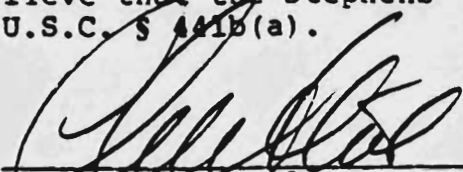
III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Stephens Security Bank violated 2 U.S.C. § 441b(a).

Date

24 January 1986


Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

Darrell D. Dover
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First State Bank

Dear Mr. Dover:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred. The Commission may or may not approve the General Counsel's Recommendation.

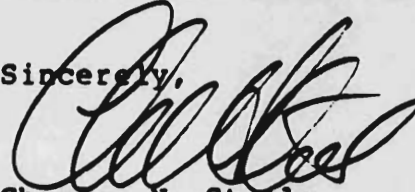
Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your client's position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

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A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Briefs

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First State Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

By letter dated September 4, 1985, Al Harkins, President of First State Bank, responded to the Commission's written questions.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended, ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course. To be considered in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary practices of any particular bank.

In the General Counsel's brief of April 1, 1985, this Office stated that the First Jacksonville Bank, and later the Worthen Bank and Trust Company, had secured a second mortgage on

Robinson's home as collateral for loans it made the Robinson Committee. First State Bank was credited with obtaining a third mortgage, with no equity value, on September 12, 1984.

In its reply brief, however, First State Bank provided evidence that under Arkansas law, it had a valid second mortgage, with an equity exceeding \$38,000. As proof, First State Bank enclosed Title Certificates from two title insurance companies which show First State Bank as the only bank which recorded a mortgage on the property since the Worthen Bank and Trust Company recorded an interest March 9, 1981.

Although First State Bank received the second mortgage after the loan was made to Tommy Robinson, First State Bank provided evidence in its reply to the reason to believe finding that it is in the Bank's ordinary course of business to make unsecured loans which later require collateralization. Additionally, First State Bank received a completed loan application from Tommy Robinson prior to making the loan.


Therefore, the issue is whether repayment of the First State Bank loan was adequately assured by the second mortgage. The loan was made on April 30, 1984, for \$20,070. The mortgage had an equity value exceeding \$38,000. As mortgages on real estate do represent the type of collateral which can assure repayment of a loan, the Office of General Counsel recommends the Commission find no probable cause to believe the First State Bank violated 2 U.S.C. § 441b(a) by making a loan to Tommy Robinson and the Robinson Committee.

III. Recommendation

The Office of General Counsel recommends that the
Commission:

1. Find no probable cause to believe First State Bank
violated 2 U.S.C. § 441b(a).

24 January 1986
Date



Charles N. Steele
General Counsel

86040304437



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

Joseph W. Gelzine
Mitchell, Williams, Selig, Jackson & Tucker
1000 Savers Federal Building
Little Rock, Arkansas 72201

RE: MUR 1721
First American Bank
First Jacksonville Bank

Dear Mr. Gelzine:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") and instituted an investigation of this matter.

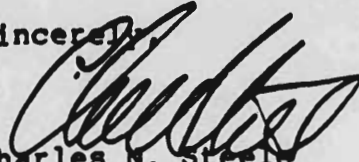
After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred. The Commission may or may not approve the General Counsel's Recommendations.

Submitted for your review are briefs stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission briefs (10 copies if possible) stating your clients' positions on the issues and replying to the briefs of the General Counsel. Three copies of such briefs should also be forwarded to the Office of General Counsel, if possible. The General Counsel's briefs and any briefs which you submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

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Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Briefs

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

By letter dated September 5, 1985, Leonard K. Dunn, President of First American Bank, responded to the Commission's written questions.

II. Legal Analysis

The response by Leonard K. Dunn fails to describe specific loans the respondent believes support its assertion that the campaign loan to the Robinson Committee was made in the ordinary course of business. Respondent stated that it had never made a campaign loan prior to the one at issue and that mortgage loans it has made at the request of Worthen Bank & Trust Company are more analogous to the situation.

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in

the ordinary course of business. To be considered made in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, the First American Bank indicated that "a financial statement for Mr. Robinson was obtained subsequent to making this loan "(emphasis supplied). No documentation was required prior to making the loan. Respondent admits never having made any other campaign loans to either a federal or state candidate. Instead, First American Bank relied primarily upon the commitment of an upstream correspondent to assure repayment of the loan.

First American Bank lists \$335,950 in construction loans made by it, in a position as downstream correspondent bank, which were made on an assurance by an upstream correspondent that the proceeds would be covered by a future loan or first mortgage. The evidence indicates that loans made at the request of an upstream correspondent bank are in First American's ordinary course of business. First American Bank relied on Worthen Bank and Trust Company and the latter's promise that it would make a loan to Mr. Robinson, the proceeds of which would be used to repay First American's loan. Where a downstream correspondent bank makes a loan based on the request and assurances of an upstream correspondent bank, such a loan is considered to have been made on a basis which adequately assures its repayment.

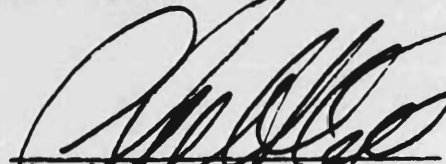
This is because the upstream correspondent bank provides the downstream correspondent bank with an alternative source of repayment, other than the expectancy of future campaign contributions. Here, Worthen Bank and Trust Company provided First American Bank with an alternative source of repayment. Therefore, the Office of General Counsel recommends that the Commission find no probable cause to believe that First American Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find no probable cause to believe First American Bank violated 2 U.S.C. § 441b(a).

24 January 1976
Date


Charles A. Steere
General Counsel

93040504442

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

First Jacksonville Bank)

MUR 1721)

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 4, 1985, First Jacksonville Bank replied to the Commission's written questions. On October 11, 1985, it filed a supplemental response.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practice of any particular bank.

In responding to the Commission's interrogatories, the First

Jacksonville Bank indicated that it could not submit a copy of Tommy Robinson's loan application, because the loan documents had previously been "disposed of." Respondent admits never having made any other campaign loans to either a federal or state candidate. Instead, First Jacksonville Bank relied primarily upon the commitment of an upstream correspondent bank to assure repayment of the loan.

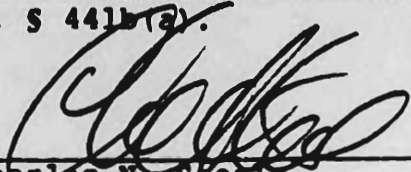
First Jacksonville Bank claims that in its ordinary course of business it frequently makes commercial loans on the assurance of an upstream correspondent that the loan will be repaid from the proceeds of a future loan to be made to the borrower by that upstream correspondent. First Jacksonville Bank relied on Worthen Bank and Trust Company and its promise that it would make a loan to Mr. Robinson, the proceeds of which would be used to repay First Jacksonville's loan. Where a downstream correspondent bank makes a loan based on the request and assurance of an upstream correspondent bank, such a loan is considered to have been made on a basis which adequately assures its repayment. This is because the upstream correspondent bank provides the downstream correspondent bank with an alternate source of repayment, other than the expectancy of future campaign contributions. Here, Worthen Bank and Trust Company provided First Jacksonville Bank with an alternate source of repayment. Therefore, the Office of General Counsel recommends that the Commission find no probable cause to believe that First Jacksonville Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the
Commission:

1. Find no probable cause to believe First Jacksonville Bank violated 2 U.S.C. § 441b(2).

24 January 1966
Date


Charles N. Steele
General Counsel

86040584443

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Bank of Salem)

MUR 1721)

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 9, 1985, the Stephens Security Bank and Bank of Salem filed a joint response in reply to the written questions of the Commission.

II. Legal Analysis

The response of Richard T. Smith, President and Chief Executive Officer of Smith Associated Banking Corporation ("SABCO"), the holding company which controls Stephens Security Bank, lacks detail. Although specific characteristics were requested in regards to prior loans which the respondent believes support its assertion that the campaign loan to the Robinson Committee was made in the ordinary course of business, respondent repeated the general explanation aired in its original brief.

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Respondent refers to the loan made to the Robinson Committee as an "accommodation credit" which was based primarily upon expectations guided by past experience and history with the party. (Stephen's Security Bank response, p.3). Respondent lists fraternal organizations, ministers and orphanages as organizations which also qualify for "accommodation credit" loans. Respondent fails to show, however, any specific loans granted by it to these organizations which compare in amount and collateral to the \$50,000 loan made to the Robinson Committee.

The response also fails to distinguish between the loan made by the Stephens Security Bank from the one made by the Bank of Salem. When asked whether the bank was aware of Tommy Robinson's personal assets and liabilities, including bank loans, Smith replied, "Yes. No other outstanding Congressional debts existed." While no other Congressional debts existed prior to the loan made by the Stephens Security Bank, over \$250,000 in Congressional debts existed at the time of the loan from the Bank of Salem.

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

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In responding to the Commission's interrogatories, the Bank of Salem indicated that no loan application, financial statement or loan agreement were required for the loan to Robinson. Respondent failed to cite specific examples of similar loans to support their claim that the loan at issue was made in the ordinary course of business. Respondent further admits having never made any other campaign loans to either a federal or state candidate. Instead, Stephens Security Bank relied upon the past credit history and character of the borrower in determining whether to make this loan.

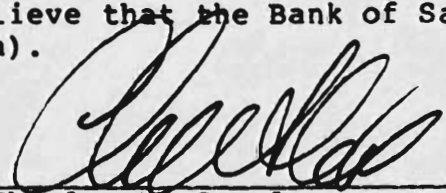
Respondent fails to supply any evidence that its loan to Robinson was adequately assured. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a federal election. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that the Bank of Salem violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Bank of Salem violated 2 U.S.C. § 441b(a).

24 January 1966
Date


Charles N. Steele
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Stephens Security Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 9, 1985, the Stephens Security Bank and Bank of Salem filed a joint response in reply to the written questions of the Commission.

II. Legal Analysis

The response of Richard T. Smith, President and Chief Executive Officer of Smith Associated Banking Corporation ("SABCO"), the holding company which controls Stephens Security Bank, lacks detail. Although specific characteristics were requested in regards to prior loans which the respondent believes support its assertion that the campaign loan to the Robinson Committee was made in the ordinary course of business, respondent repeated the general explanation aired in its original brief.

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Respondent refers to the loan made to the Robinson Committee as an "accommodation credit" which was based primarily upon expectations guided by past experience and history with the party. (Stephen's Security Bank response, p.3). Respondent lists fraternal organizations, ministers and orphanages as organizations which also qualify for "accommodation credit" loans. Respondent fails to show, however, any specific loans granted by it to these organizations which compare in amount and collateral to the \$100,000 loan made to the Robinson Committee.

Under the Federal Election Campaign Act of 1971, as amended, ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, Stephens Security Bank indicated that no loan application, financial statement or loan agreement were required for the loan to Robinson. Respondent failed to cite specific examples of similar loans to support their claim that the loan at issue was made in the ordinary course of business. Respondent further admits having never made any other campaign loans to either a federal or state candidate. Instead, Stephens Security Bank relied upon the

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past credit history and character of the borrower in determining whether to make this loan.

Respondent fails to supply any evidence that its loan to Robinson was adequately assured. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a federal election. Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe Stephens Security Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Stephens Security Bank violated 2 U.S.C. § 441b(a).

Date

24 January 1986

Charles N. Steele
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First Commercial Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 10, 1985, First Commercial Bank replied to the Commission's written questions.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, First Commercial lists two unsecured loans which it believes support its assertion that the campaign loan made to Tommy Robinson was

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made in the ordinary course of business. In Loan A, First Commercial made a \$35,000 loan to an insurance professional with assets of \$32,700 and liabilities of \$14,600. In Loan B, First Commercial made a \$8,900 loan to a banking professional with assets of \$15,000 and liabilities of \$12,500. However, it is difficult to compare these loans to the loan made to the Robinson Committee in that First Commercial Bank admits that it did not know Tommy Robinson's personal assets and liabilities prior to the time the loan was made. The rationale for not discussing Robinson's debt status was that the loan was to be repaid "from a specific source, that being campaign contributions which had been committed." (First Commercial Bank response, page 2).

The evidence produced by First Commercial fails to conclusively establish either that the loan to Tommy Robinson was made in the ordinary course of business or what First Commercial's ordinary course of business actually is. The loans cited by respondent as examples of their business practices are substantially dissimilar from the loan to Tommy Robinson.

However, even were the cited loans to be looked at as comparable to the Robinson loan, the issue remains as to whether, for purposes of the Act, the loan to Robinson was made on a basis which adequately assured repayment. A loan which is unsecured is not made with adequate assurance of repayment, for purposes of the Act. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a

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federal election. By virtue of the fact that First Commercial's loan to Robinson was unsecured, there existed no adequate assurance of repayment. Therefore, the Office of General Counsel recommends that the Commission find probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a).

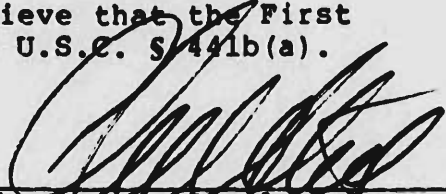
III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the First Commercial Bank violated 2 U.S.C. § 441b(a).

Date

24 January 1986


Charles N. Steele
General Counsel

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In the Matter of)
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Worthen Bank & Trust Company) MUR 1721
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GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of bank loans.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 23, 1985, Worthen Bank and Trust Company replied to the Commission's written questions. On October 14, 1985, it filed a supplemental response.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, Worthen Bank and Trust Company lists various loans which it believes

support the assertion that the campaign loan was in the bank's ordinary course of business. For the numerous commercial loans listed, respondent fails to provide any information pertaining to the particular borrower's balance sheet or financial condition. The information supplied, instead of determining the comparability of the Robinson loan to others made by the bank, demonstrates that the former is quite dissimilar to the ordinary loan.

Worthen Bank and Trust Company also lists two other campaign loans it previously made. The financial balance sheets of these two borrowers are substantially different, in terms of assets and liabilities, from that of Tommy Robinson, and as such, neither loan is of any assistance in determining whether the Robinson loan was within respondent's ordinary course of business.

The evidence produced by Worthen Bank and Trust Company fails to conclusively establish either that the loan to Tommy Robinson was made in the ordinary course of business or even what respondent's ordinary course of business actually is. The loans cited as samples of respondent's business practices are substantially dissimilar from the loan to Tommy Robinson.

However, even were the cited loans to be looked at as comparable to the Robinson loan, the issue remains as to whether, for purposes of the Act, the loan to Robinson was made on a basis which adequately assured repayment. A loan which is unsecured is not made with adequate assurance of repayment, for purposes of the Act. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under

the Act which is ultimately to be used to influence a federal election.

Worthen Bank and Trust claims to hold a second mortgage on Tommy Robinson's house, securing, as part, the loans to Robinson. However, the Certificate of Title on the property indicates that a second mortgage is held by another party. As a result, there was no adequate assurance of repayment on the loans made to Robinson from Worthen Bank and Trust. Therefore, the Office of General Counsel recommends that the Commission find probable cause to believe that Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a).

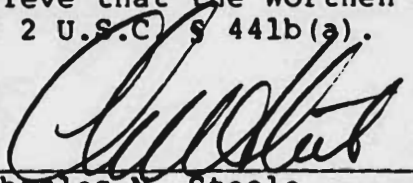
III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a).

Date

24 January 1966


Charles N. Steele
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First State Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

By letter dated September 4, 1985, Al Harkins, President of First State Bank, responded to the Commission's written questions.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended, ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course. To be considered in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary practices of any particular bank.

In the General Counsel's brief of April 1, 1985, this Office stated that the First Jacksonville Bank, and later the Worthen Bank and Trust Company, had secured a second mortgage on

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Robinson's home as collateral for loans it made the Robinson Committee. First State Bank was credited with obtaining a third mortgage, with no equity value, on September 12, 1984.

In its reply brief, however, First State Bank provided evidence that under Arkansas law, it had a valid second mortgage, with an equity exceeding \$38,000. As proof, First State Bank enclosed Title Certificates from two title insurance companies which show First State Bank as the only bank which recorded a mortgage on the property since the Worthen Bank and Trust Company recorded an interest March 9, 1981.

Although First State Bank received the second mortgage after the loan was made to Tommy Robinson, First State Bank provided evidence in its reply to the reason to believe finding that it is in the Bank's ordinary course of business to make unsecured loans which later require collateralization. Additionally, First State Bank received a completed loan application from Tommy Robinson prior to making the loan.

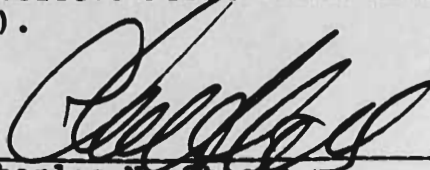
Therefore, the issue is whether repayment of the First State Bank loan was adequately assured by the second mortgage. The loan was made on April 30, 1984, for \$20,070. The mortgage had an equity value exceeding \$38,000. As mortgages on real estate do represent the type of collateral which can assure repayment of a loan, the Office of General Counsel recommends the Commission find no probable cause to believe the First State Bank violated 2 U.S.C. § 441b(a) by making a loan to Tommy Robinson and the Robinson Committee.

III. Recommendation

The Office of General Counsel recommends that the
Commission:

1. Find no probable cause to believe First State Bank
violated 2 U.S.C. § 441b(a).

24 Jan 1986
Date



Charles N. Steele
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First American Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

By letter dated September 5, 1985, Leonard K. Dunn, President of First American Bank, responded to the Commission's written questions.

II. Legal Analysis

The response by Leonard K. Dunn fails to describe specific loans the respondent believes support its assertion that the campaign loan to the Robinson Committee was made in the ordinary course of business. Respondent stated that it had never made a campaign loan prior to the one at issue and that mortgage loans it has made at the request of Worthen Bank & Trust Company are more analogous to the situation.

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in

the ordinary course of business. To be considered made in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, the First American Bank indicated that "a financial statement for Mr. Robinson was obtained subsequent to making this loan " (emphasis supplied). No documentation was required prior to making the loan. Respondent admits never having made any other campaign loans to either a federal or state candidate. Instead, First American Bank relied primarily upon the commitment of an upstream correspondent to assure repayment of the loan.

First American Bank lists \$335,950 in construction loans made by it, in a position as downstream correspondent bank, which were made on an assurance by an upstream correspondent that the proceeds would be covered by a future loan or first mortgage. The evidence indicates that loans made at the request of an upstream correspondent bank are in First American's ordinary course of business. First American Bank relied on Worthen Bank and Trust Company and the latter's promise that it would make a loan to Mr. Robinson, the proceeds of which would be used to repay First American's loan. Where a downstream correspondent bank makes a loan based on the request and assurances of an upstream correspondent bank, such a loan is considered to have been made on a basis which adequately assures its repayment.

This is because the upstream correspondent bank provides the downstream correspondent bank with an alternative source of repayment, other than the expectancy of future campaign contributions. Here, Worthen Bank and Trust Company provided First American Bank with an alternative source of repayment. Therefore, the Office of General Counsel recommends that the Commission find no probable cause to believe that First American Bank violated 2 U.S.C. § 441b(a).

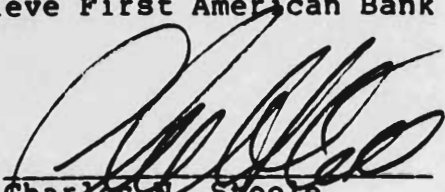
III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find no probable cause to believe First American Bank violated 2 U.S.C. § 441b(a).

Date

24 January 1976


Charles N. Steele
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First Jacksonville Bank

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MUR 1721

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 4, 1985, First Jacksonville Bank replied to the Commission's written questions. On October 11, 1985, it filed a supplemental response.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, for the purposes of the Act, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis in which repayment is not assured violates the Act, regardless of the ordinary business practice of any particular bank.

In responding to the Commission's interrogatories, the First

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Jacksonville Bank indicated that it could not submit a copy of Tommy Robinson's loan application, because the loan documents had previously been "disposed of." Respondent admits never having made any other campaign loans to either a federal or state candidate. Instead, First Jacksonville Bank relied primarily upon the commitment of an upstream correspondent bank to assure repayment of the loan.

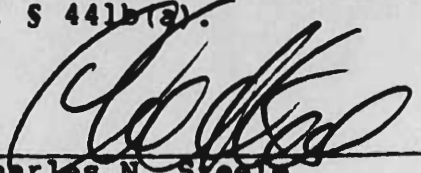
First Jacksonville Bank claims that in its ordinary course of business it frequently makes commercial loans on the assurance of an upstream correspondent that the loan will be repaid from the proceeds of a future loan to be made to the borrower by that upstream correspondent. First Jacksonville Bank relied on Worthen Bank and Trust Company and its promise that it would make a loan to Mr. Robinson, the proceeds of which would be used to repay First Jacksonville's loan. Where a downstream correspondent bank makes a loan based on the request and assurance of an upstream correspondent bank, such a loan is considered to have been made on a basis which adequately assures its repayment. This is because the upstream correspondent bank provides the downstream correspondent bank with an alternate source of repayment, other than the expectancy of future campaign contributions. Here, Worthen Bank and Trust Company provided First Jacksonville Bank with an alternate source of repayment. Therefore, the Office of General Counsel recommends that the Commission find no probable cause to believe that First Jacksonville Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the
Commission:

1. Find no probable cause to believe First Jacksonville
Bank violated 2 U.S.C. § 441b(2).

24 January 1966
Date



Charles N. Steele
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Twin City Bank)

MUR 1721)

GENERAL COUNSEL'S SUPPLEMENTAL BRIEF

I. Statement of the Case

On April 1, 1985, the Office of General Counsel advised the respondent that it was prepared to recommend that the Commission find probable cause to believe that the respondent violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee ("Robinson Committee") in the form of a bank loan.

On July 16, 1985, the Commission requested that the Office of General Counsel obtain additional information from the respondent in regards to the loan made to Tommy Robinson.

On September 6, 1985, Twin City Bank replied to the Commission's written questions.

II. Legal Analysis

Under the Federal Election Campaign Act of 1971, as amended ("Act"), a bank loan is not a contribution if made by the bank in the ordinary course of business. To be considered made in the ordinary course of business, the loan must be made on a basis which assures repayment. 2 U.S.C. § 431(8)(B)(vii)(II). A loan made on a basis on which repayment is not assured violates the Act, regardless of the ordinary business practices of any particular bank.

In responding to the Commission's interrogatories, Twin City Bank described four loans it believes supports its assertion that the campaign loan made to Tommy Robinson was in the bank's

ordinary course of business. However, only one of the loans described by Twin City Bank showed a customer with a net financial balance sheet similar to Tommy Robinson's. See Loan C. The borrower of this loan had assets of \$157,000 and liabilities of \$121,000. However the loan proceeds totalled only \$4218, whereas Tommy Robinson borrowed \$32,000 from Twin City. The other three loans cited by respondent were for amounts closer to that lent Robinson, but all three borrowers had substantially different financial balance sheets.

It is difficult to compare the loans cited by respondent to the one made to Tommy Robinson, especially in light of the fact that at the time Twin City lent Robinson \$32,000, it apparently was unaware of prior bank loans made to Robinson or the Robinson Committee. The personal financial statement of Tommy Robinson was dated February 1984, for a loan made on June 17, 1984. The fact that Robinson had borrowed or guaranteed \$202,070 in campaign loans "was not discussed." Thus, Twin City incorrectly believed that Robinson's personal financial condition was \$150,000 in assets and \$126,000 in liabilities (Twin City Bank response, page 2).

The evidence produced by Twin City Bank fails to conclusively establish either that the loan to Tommy Robinson was made in the ordinary course of business or even what Twin City's ordinary course of business actually is. The loans cited by respondent as examples of their business practices are substantially dissimilar from the loan to Tommy Robinson.

However, even were the cited loans to be looked at as

comparable to the Robinson loan, the issue remains as to whether, for purposes of the Act, the loan to Robinson was made on a basis which adequately assured repayment. A loan which is unsecured is not made with adequate assurance of repayment, for purposes of the Act. Mere reliance upon a future expectancy of campaign contributions does not provide adequate security for a loan under the Act which is ultimately to be used to influence a federal election. By virtue of the fact that Twin City's loan to Robinson was unsecured, there existed no adequate assurance of repayment. Additionally, a bank which makes loans to federal candidates, in order to assure repayment, should ascertain the debt of a political candidate, to the best of its ability. This would include discussing prior bank loans and a candidate's financial status prior to the time a loan is made. Twin City Bank failed to obtain this information.

Accordingly, the Office of General Counsel recommends that the Commission find probable cause to believe that Twin City Bank violated 2 U.S.C. § 441b(a).

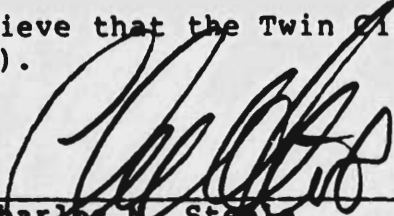
III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Twin City Bank violated 2 U.S.C. § 441b(a).

Date

24 Jan 1986


Charles N. Steele
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

W. Russell Meeks, III
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 72201

RE: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Meeks:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

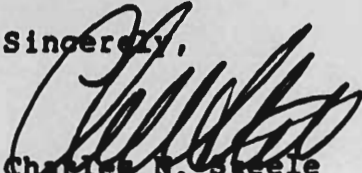
After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review are briefs stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission briefs (10 copies if possible) stating your clients' positions on the issues and replying to the briefs of the General Counsel. (Three copies of such briefs should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's briefs and any briefs which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file responsive briefs within 15 days, you may submit a written request to the Commission for an extension of time in which to file briefs. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

Kenneth R. Shemin
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Shemin:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

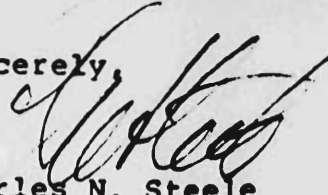
Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,


Charles N. Steele
General Counsel

Enclosure
Brief

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

Darrell D. Dover
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First State Bank

Dear Mr. Dover:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

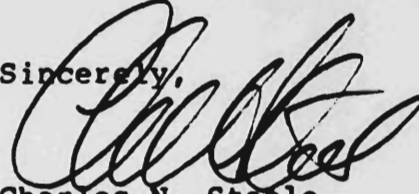
After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred. The Commission may or may not approve the General Counsel's Recommendation.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your client's position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202)376-5690.

Sincerely,

A handwritten signature in dark ink, appearing to read 'C. Steele', written over the word 'Sincerely,'.

Charles N. Steele
General Counsel

Enclosure
Briefs

86040584475



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

Donald T. Jack
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First Commercial Bank

Dear Mr. Jack:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

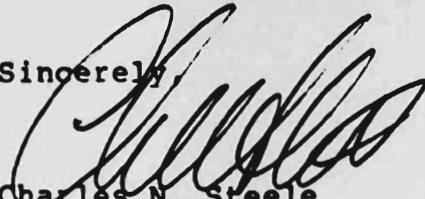
Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

86040584477



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1986

T. E. Renaud
Twin City Bank
One Riverfront Plaza
North Little Rock, Arkansas 72114

RE: MUR 1721
Twin City Bank

Dear Mr. Renaud:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.


Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days. All requests for extension of time must be submitted 5 days prior to the due date and must be in writing. Further good cause must be shown.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to handle this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Brief

86040584479



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 29, 1986

Joseph W. Gelzine
Mitchell, Williams, Selig, Jackson & Tucker
1000 Savers Federal Building
Little Rock, Arkansas 72201

RE: MUR 1721
First American Bank
First Jacksonville Bank

Dear Mr. Gelzine:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client, the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") and instituted an investigation of this matter.

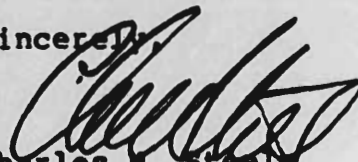
After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred. The Commission may or may not approve the General Counsel's Recommendations.

Submitted for your review are briefs stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission briefs (10 copies if possible) stating your clients' positions on the issues and replying to the briefs of the General Counsel. Three copies of such briefs should also be forwarded to the Office of General Counsel, if possible. The General Counsel's briefs and any briefs which you submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

85040584480

Should you have any questions, please contact Eric Kleinfeld, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,



Charles N. Steele
General Counsel

Enclosure
Briefs

86040364481



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 16, 1985

William R. Wilson, Jr.
Wilson, Engstrom & Corum
809 W. Third Street
Little Rock, Arkansas 72203

Dear Mr. Wilson:

We have received your letter of September 30, 1985, regarding the possibility of a violation of the Federal Election Campaign Act of 1971, as amended ("the Act").

If you desire the Commission to look into the matter discussed in your letter to determine if the FECA has been violated, a formal complaint as described in 2 U.S.C. § 437g(a)(1) must be filed. Requirements of this section of the law and Commission regulations at 11 C.F.R. § 111.4 which are a prerequisite to Commission action are detailed below:

- (1) A complaint must be in writing. (2 U.S.C. § 437g(a)(1)).
- (2) Its contents must be sworn to and signed in the presence of a notary public and shall be notarized. (2 U.S.C. § 437g(a)(1)).
- (3) A formal complaint must contain the full name and address of the person making the complaint. (11 C.F.R. § 111.4).
- (4) A formal complaint should clearly identify as a respondent each person or entity who is alleged to have committed a violation. (11 C.F.R. § 111.4).
- (5) A formal complaint should identify the source of information upon which the complaint is based. (11 C.F.R. § 111.4).
- (6) A formal complaint should contain a clear and concise recitation of the facts describing the violation of a statute or law over which the Commission has jurisdiction. (11 C.F.R. § 111.4).

85040564482

Ltr to William Wilson
Page 2

- (7) A formal complaint should be accompanied by supporting documentation if known and available to the person making the complaint. (11 C.F.R. § 111.4).

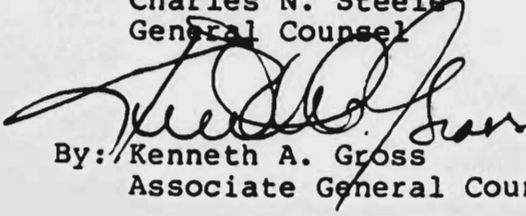
In addition, if you have a question regarding a specific transaction or activity that a client of yours plans to undertake, you may file a request for an advisory opinion pursuant to 2 U.S.C. § 437f(a)(1). See also 11 C.F.R. § 112.1 et. seq.

Furthermore, the Commission is prohibited from commenting on whether there is a matter pending concerning the party referred to in your letter. See 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A).

If we can be of any further assistance, please do not hesitate to contact me at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

35040364483



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

William R. Wilson, Jr.
Wilson, Engstrom & Corum
809 W. Third Street
Little Rock, Arkansas 72203

Dear Mr. Wilson:

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If you desire the Commission to look into the matter discussed in your letter to determine if the FECA has been violated, a formal complaint as described in 2 U.S.C. § 437g(a)(1) must be filed. Requirements of this section of the law and Commission regulations at 11 C.F.R. § 111.4 which are a prerequisite to Commission action are detailed below:

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- (2) Its contents must be sworn to and signed in the presence of a notary public and shall be notarized. (2 U.S.C. § 437g(a)(1)).
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Ltr to William Wilson
Page 2

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Furthermore, the Commission is prohibited from commenting on whether there is a matter pending concerning the party referred to in your letter. See 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A).

If we can be of any further assistance, please do not hesitate to contact me at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

3 5 0 4 0 3 5 4 4 8 5

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

U. M. ROSE
1834-1913

October 14, 1985

PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
HERBERT C. JULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
WEBSTER L. HUBBELL
ALLEN W. BIRD II
WILLIAM E. BISHOP
MILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH R. SHERIN
DAVID A. KNIGHT
RONALD M. CLARK

GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CAROL S. ARNOLD
JACKSON FARROW JR.
LES R. BALEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LASSITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARLIN K. THOMAS
SUSAN HALSTON MCLEAN
RICHARD N. MASSEY
GARY N. SPEED
J. GASTON WILLIAMSON
CHARLES W. BAKER
OF COUNSEL

VIA FEDERAL EXPRESS ZAP MAIL

Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721 - Worthen Bank & Trust Co.

Dear Andrew:

Pursuant to our telephone conference last week, I am hereby submitting on behalf of Worthen Bank & Trust Co., N.A. its Supplemental Responses to Interrogatories.

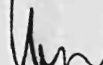
I tried several times today to contact you by telephone, however, it appears that your offices are closed for Columbus Day.

Because we agreed that Worthen Bank would submit its Supplemental Responses on October 14, 1985, I have attempted to Zap Mail through Federal Express a copy of our Supplemental Responses to you. In addition, we are Federal Expressing an original and eleven copies to the Secretary of the Federal Election Commission which will be received tomorrow morning.

Please let me emphasize to you and I hope that you will convey to the Federal Election Commission that Worthen Bank is prepared to submit numerous additional examples of loans that it has made that would be relevant to the Tommy Robinson situation if desired.

Thank you for the opportunity to Supplement our Responses to Interrogatories. If you have any other questions, please do not hesitate to call.

Very truly yours,



Kenneth R. Rose

krs:jm

Enclosures

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A 8:27

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of the

BCC# 8717

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

U. M. ROSE
1834-1913

October 14, 1985

PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
HEMMERT C. HULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
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WEBSTER L. HUBBELL
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KENNETH R. SHEMIN
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R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LASSITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN K. THOMAS
SUSAN R. STONEMAN
RICHARD R. MASSEY
GARY N. SPEED
J. GAYSON WILLIAMSON
CHARLES W. BAKER
OF COUNSEL

8:27

VIA FEDERAL EXPRESS ZAP MAIL

Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721 - Worthen Bank & Trust Co.

Dear Andrew:

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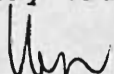
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Thank you for the opportunity to Supplement our Responses to Interrogatories. If you have any other questions, please do not hesitate to call.

Very truly yours,



Kenneth R. Shemin

krs:jm

Enclosures

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF TOMMY ROBINSON)
AND THE TOMMY ROBINSON FOR)
CONGRESS COMMITTEE, GEORGE M.)
FELKINS, AS TREASURER

MUR 1721

SUPPLEMENTAL RESPONSES TO INTERROGATORIES

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INTERROGATORY NO. 2: Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 2: The following examples were obtained from loan officers at Worthen Bank. In each case, the loan amount exceeded the collateral or there was an extension of a loan that was uncollateralized, i.e. line of credit without collateral. In addition, the net worth of the individual or corporation did not justify the extension of credit. Credit was extended based on reputation, credit history, and/or prospective ability to perform as was the case in the Tommy Robinson loan extension.

The following summaries are the actual statements of the loan officer involved:

85040764489
Numerous additional examples can and will be supplied by Worthen Bank upon request. Worthen Bank, as part of its marketing strategy and commitment to the community it serves, frequently makes loans to young professionals and others that do not have adequate financial statements to justify the loan but have outstanding character and have demonstrated successful skills.

The obvious intent of Worthen Bank in making these types of loans, is to assist the customer and to build a strong and loyal banking relationship.

Worthen Bank implores the Federal Election Commission to recognize that when the relevant loans were extended, Tommy Robinson was a long-time customer of Worthen Bank with an excellent credit history. The officers of Worthen Bank knew Tommy Robinson possessed a high degree of personal integrity and that he had captured the public's trust.

These are the same qualities and characteristics possessed by the aforementioned customers and thus, were in the ordinary course of Worthen Bank's business.

Respectfully submitted,

ROSE LAW FIRM
A Professional Association
120 East Fourth Street
Little Rock, Arkansas 72201
(501) 375-9131

By: Kenneth R. Shemin
Kenneth R. Shemin

Attorneys for Worthen Bank &
Trust Company, N.A.

CERTIFICATE OF SERVICE

I, Kenneth R. Shemin, do hereby certify that I mailed a copy of the above and foregoing Supplemental Responses to Interrogatories to Mr. Charles N. Steele, General Counsel, Federal Election Commission, Washington, D.C. 20463, on this _____ day of October, 1985.

Kenneth R. Shemin

Kenneth R. Shemin

85040564490

A PROFESSIONAL ASSOCIATION

120 EAST FOURTH STREET

LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131

TELECOPIER (BOI) 375-1309

U. M. ROSE
1834-1913

TRANSMITTAL NUMBER: 008061830

TIME: 09:02 AM CDT

PHONE: (501) 375-9131

USA

ORIGIN ZAPNET#: 5013724212

A. MAIKOVICH
FED. ELECTION COMM.

PHONE: () -

USA

DESTINATION ZAPNET#: 2024666139

WORTHEN/FEC

SATURDAY SERVICE: NO
CONFIDENTIAL TO RECIPIENT: NO

HOLD AT FEDERAL EXPRESS: NO
HOLD AT LOCATION CONTACT NAME:
HOLD AT LOCATION CONTACT PHONE NUMBER:

SENDER'S FEDERAL EXPRESS ACCOUNT: YES
 RECIPIENT'S ACCOUNT NUMBER:
 THIRD PARTY'S ACCOUNT NUMBER:
 COLLECT CASH: NO

SCANNED AT 09:03 ON 10/14/89
FROM MFN 5013724212

PRINTED AT 10:12 ON 10/14/81
TO MPN 2028879075
007 PAGES PRINTED

RECIPIENT COPY

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

150 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 378-8131
TELECOPIER (501) 378-1206

U. M. ROSE
1934-1919

October 14, 1985

PHILIP CARROLL
W. DANE CLAY
C. JOSEPH CIRIO, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
WEBSTER L. HUBBELL
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MARTIN R. THOMAS
SUSAN BALSTON MILEAN
RICHARD H. WARREN
BARRY H. SPEED
J. GASTON WILLIAMSON
CHARLES W. BAKER
OF COUNSEL

VIA FEDERAL EXPRESS

Ms. Marjorie Emmons, Secretary
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 2-473

Re: In the Matter of Tommy Robinson and The Tommy
Robinson for Congress Committee George H. Perkins,
as Treasurer; Before the Federal Election Commission,
No. MUR 1721.

Dear Ms. Emmons:

Enclosed for filing please find an original and ten
copies of Worthen Bank & Trust Co., N.A.'s Supplemental
Responses to Interrogatories in the above-referenced matter.
I would appreciate your returning to me a file-marked copy
of this pleading in the enclosed, addressed envelope.

Thank you for your assistance in this matter.

Very truly yours,

Kenneth R. Shemin

krs:jm

Enclosures

cc: Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463

Mr. Larry C. Wallace
House, Wallace & Jewell, P.A.
1550 Tower Building
Little Rock, Arkansas 72201

COPY

86040584492

50117 P1:58

GENERAL COUNSEL

ROSE LAW FIRM
A Professional Association
120 East Fourth Street
LITTLE ROCK, ARKANSAS 72201

8 OCT 17 A10:14

Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463

RECEIVED THE REC
85 OCT 11 11:32

LAW OFFICES
MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER

1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE 501-376-3151

MARCELLA J. TAYLOR
TIMOTHY W. GROOMS
ROBERT L. THACKER
RICHARD C. JANS
CYNTHIA J. DAVIS
LANCE M. LLEN
SANDRA L. SMITH
TRACY BARGER
T. H. PATTERSON, JR.
WALTER G. WRIGHT, JR.

N. MAURICE MITCHELL
RICHARD A. WILLIAMS
JOHN S. SELIG
JOSEPH W. GELSINE
W. CHRISTOPHER BARRIER
JERRY D. JACKSON
JIM GUY TUCKER
EUGENE O. SAYRE
BYRON FREELAND
KENT FOSTER
ALLAN GATES
PAT MORAN
W. H. L. WOODYARD, III
MICHAEL C. O'MALLEY
JOHN C. LESSEL
DOAK FOSTER
JAMES E. SMITH, JR.
JEAN D. STOCKBURNER
ANNE RITCHIE
DEBRA K. BROWN
SUSAN GUNTER
CRAIG WESTBROOK
W. KIRBY LOCKHART
JOYCE KINKAD
DOUGLAS B. WARD

JACKSONVILLE OFFICE

1202 WEST MAIN STREET
JACKSONVILLE, ARKANSAS 72076
TELEPHONE 501-982-9411

October 10, 1985

COUNSEL
W. B. RILEY
RICHARD F. JACKSON
MICHAEL J. WILSON
J. L. KENNEL
KEVIN E. SPITZER

11:32
P3:09

FEDERAL EXPRESS

Mr. Andrew Maikovich
Federal Election Commission
Office of General Counsel
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 1721, First American Bank of Hot Springs, N.A.

Dear Mr. Maikovich:

This is in response to your recent telephone call regarding your request for a more detailed response and additional information in regard to the second paragraph of Mr. Leonard K. Dunn's Affidavit dated September 5, 1985, submitted under our cover letter of September 5, 1985. Specifically, as I understand it, you wanted additional detail regarding the Bank's first mortgage construction loans on which a take-out letter was required by First American Bank. You will recall the Bank's loan to Tommy Robinson was made on April 24, 1984. Accordingly, the following is a representative list of construction loans made by First American Bank during the general time period on which a take-out commitment by an up-stream correspondent or other first mortgage lender was required:

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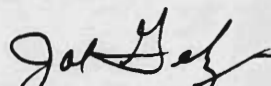
During this general time approximately 50 other similar loans totalling \$1,800,000 were made by First American Bank.

I trust this information will be sufficient. However, if you would like for me to obtain an affidavit from Mr. Dunn, or some other verification of the above information, please let me know and I will be glad to do so.

Very truly yours,

MITCHELL, WILLIAMS, SELIG,
JACKSON AND TUCKER

By


Joseph W. Gelzine

JWG:11k

cc: Mr. Leonard K. Dunn

GCC# 8675
Mark

OFFICE OF THE
COMMISSIONER
SECRETARY

WILSON, ENGSTROM & CORUM
LAWYERS
809 WEST THIRD STREET
LITTLE ROCK, ARKANSAS 72203
501/375-6453

OCT 4 1985

35 OCT 4 P1:48

WM R WILSON, JR.
STEPHEN ENGSTROM
ROXANNE T WILSON
GARY D. CORUM

PLEASE REPLY TO:
POST OFFICE BOX 71

September 30, 1985

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: Campaign Debts of Representative Tommy Robinson (Dem. Ark.)

Mr. Danny L. McDonald
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

5 OCT 1 1985
P 3:50
OFFICE OF THE
COMMISSIONER
SECRETARY

Dear Mr. McDonald:

According to newspaper reports last year, Mr. Robinson borrowed huge sums on large, separate notes, from various financial institutions.

There was no security given for these loans, according to the reports, and Mr. Robinson reported very few assets.

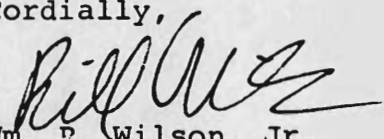
Accordingly, it appears that there is no way that anyone could argue that these were loans made in a normal commercial manner.

Despite this fact, it appears that your Commission is taking no action.

It appears that I will be advising some candidates in Federal elections next year and I would assume that there is some provision in the Election Code that I have missed which permits a candidate to take out large unsecured loans during the course of election to finance the campaign--and apparently the candidate and the financial institution can do this with impunity.

If I am in error, I would appreciate it if you would advise me. Naturally, I would not want a client/candidate of mine to be investigated and charged for doing exactly the same thing Mr. Robinson did.

I look forward to hearing from you.

Cordially,

Wm. R. Wilson, Jr.

WRWjr:kb

86040384496

WILSON, ENGSTROM & CORUM

Lawyers

P.O. Box 71

Little Rock, Arkansas 72203

05 OCT 4 11:39

CERTIFIED

P 606 353 243

MAIL

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Danny L. McDonald
Chairman
Federal Election Committee
1325 "K" N.W.
Washington, D.C. 20463

RECEIVED AT THE FED
HAND DELIVERED
85 SEP 23 AM: 40
GOC# P599

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION
ATTORNEYS

180 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

U. M. ROSE
1934-1915

September 20, 1985

PHILLIP CARROLL
W. BANE CLAY
C. JOSEPH GIBSON, JR.
GEORGE E. CAMPBELL
HERBERT C. RILEY, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
WEBSTER L. HUBBELL
ALLEN W. BIRD II
WILLIAM E. SIBTOP
HILLARY ROSSMAN CLINTON
C. BRANTLY BUCK
TIM BOE
H. JANE DICKET
WILLIAM M. KENNEDY, III
KENNETH R. SHERIN
DAVID A. RHONY
RONALD M. CLARK

ORLANDO J. BARRETT
JERRY C. JONES
THOMAS R. THRASH
CAROL E. ARNOLD
JACKSON FARNOW JR.
LEE R. BALEDOE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LARBITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN R. THOMAS
SUSAN RALSTON WILKIN
RICHARD M. HARVEY
GARY N. SPEED
J. EASTON WILLIAMSON
CHARLES W. BAKER
OF COUNSEL

VIA FEDERAL EXPRESS

**Ms. Marjorie Emmons, Secretary
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463**

**Re: In the Matter of Tommy Robinson and The Tommy
Robinson for Congress Committee George M. Perkins,
as Treasurer, Before the Federal Election Commission,
No. NUR 1721.**

Dear Ms. Emmons:

Enclosed for filing please find an original and ten
copies of Worthen Bank & Trust Company, N.A.'s Response to
Interrogatories in the above-referenced matter. I would
appreciate your returning a file-marked copy of this
Response to me.

Thank you for your assistance in this matter.

Sincerely,

Kenneth R. Sherin
Kenneth R. Sherin

krs:ja

Enclosures

cc: VIA FEDERAL EXPRESS

**Mr. Charles M. Steele, General Counsel
Federal Election Commission
Washington, D.C. 20463**

COPY

86040384498

RECEIVED
GENERAL COUNSEL
5 SEP 23 AM: 24

WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date : 7/13

From : Patrick W. Edwards

To : file

CREDIT PROPOSAL

CUSTOMER REQUEST

W P I (Proj.) _____

W P I (Mkt.) _____

RENEWAL: YES/NO NO

CUSTOMER: Tommy Robinson for Congress Campaign Fund

ADDRESS: 425 N. Broadway, Suite K, ALB 42114

BUSINESS: _____

CONTACT: Darren Glascock

PHONE: _____

FED I.D./SSN: _____

AMOUNT: \$ 48,000.00

NEW BUSINESS AMT: \$ 48,000.00

ENDORSERS/GTR. (Not Worth and Date of F/S): Tommy Robinson

DATE: 7/13

OFFICER: PL

☐ Formal Line

☐ Informal Line

☐ L/C (Standby)

☐ L/C (Commercial)

☐ Parts Purchase

☐ R/E Term Loan

☐ Construction

☐ Term Loan

☐ Revolving

☐ Development R/E

☐ Lease

☐ S/A Facility

☐ As Offered

☐ Other _____

PURPOSE: Campaign expenses

RATE: Prime + 2

TERM: 90 days

FEES: —

REPAYMENT SOURCES:

A. PRIMARY Refinance

B. SECONDARY Campaign Contributions

COLLATERAL: 2nd mty. on Robinson's Residence

LOAN/VALUE: _____

BASIS OF VALUE: _____

CLEAN-UP: _____

MATURITY: _____

COMMIT. EXPIRATION: _____



WORTHEN Bank & Trust Company, N. A.

CREDIT ANALYSIS

Date : November. 28, 1983
From : M. Jaycox
To : Credit Dept

CREDIT PROPOSAL CUSTOMER REQUEST

W P I _____

RENEWAL: YES / NO _____

CUSTOMER: Tommy Robinson

ADDRESS _____

BUSINESS _____

PHONE: _____ FED I.D./S.S.# _____

CONTACT: _____

AMOUNT: 6,000 -

NEW BUSINESS AMT.: _____

ENDORSEES/STRS. (Not Worth) _____

<input type="checkbox"/> Formal Line	<input type="checkbox"/> R/E Term Loan	<input type="checkbox"/> Lease
<input type="checkbox"/> Informal Line	<input type="checkbox"/> Construction	<input type="checkbox"/> S/A Facility
<input type="checkbox"/> L/C (Standby)	<input type="checkbox"/> Term Loan	<input type="checkbox"/> As Offered
<input type="checkbox"/> L/C (Commercial)	<input type="checkbox"/> Revolving	<input type="checkbox"/> Other _____
<input type="checkbox"/> Partial Purchase	<input type="checkbox"/> Development R/E	

PURPOSE: personal expenses

RATE: 13.90 fixed

TERMS: on demand at 6 mo.

REPAYMENT SOURCES:

A. PRIMARY personal income

B. SECONDARY _____

COLLATERAL: unsecured

LOAN/VALUE: _____ BASIS OF VALUE: _____

CLEAN-UP: _____ MATURITY: _____ COMMIT. EXPIRATION: _____

DATE: 11-28-83
OFFICER: DEE/MT

WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date :

From :

To :

CREDIT PROPOSAL

DATE: OFF
OFFICE: MT

DEBT SUMMARY

NAME	COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION
<u>Tommy Robinson</u>			

TOTAL (Total debt for concentration purposes including unfunded Commit, balances and proposed loan) \$ 42,652

BUSINESS RELATIONSHIP

COMMENTS

CREDIT SERVICES CONCUR: YES / NO _____

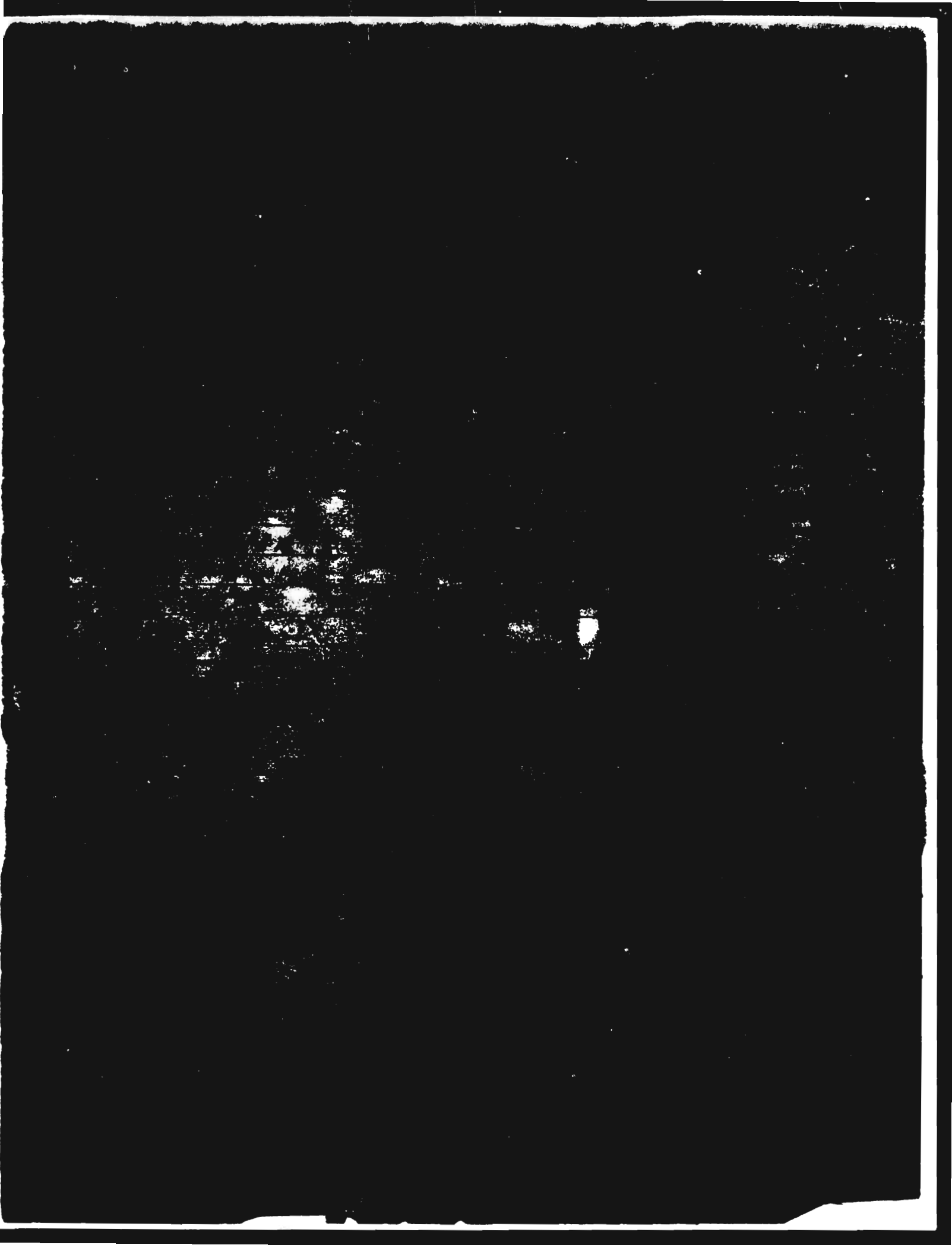
STATEMENTS AUDITED: YES / NO _____

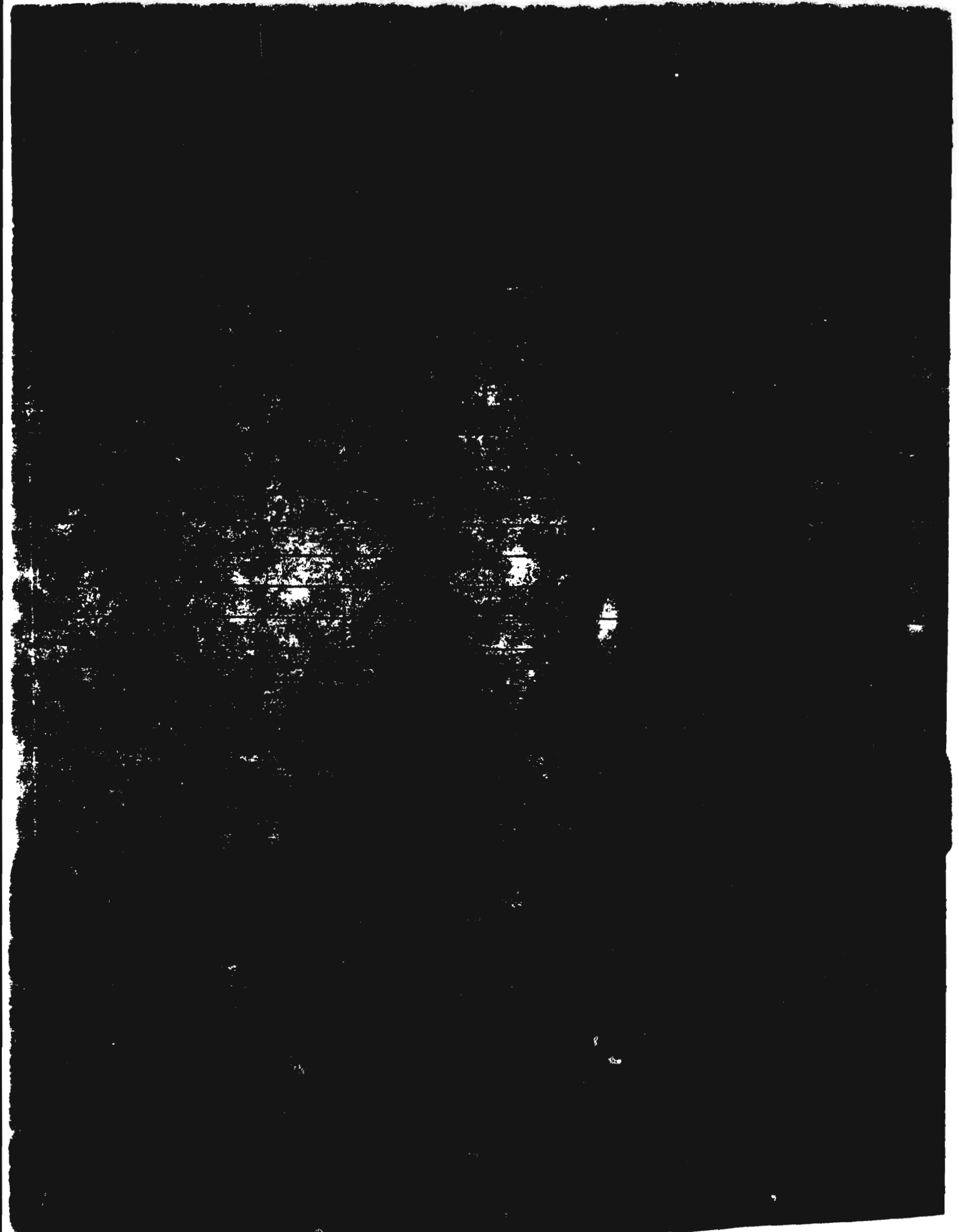
QUALITY RATING

CHARACTER	<u>2</u>
CAPACITY	<u>2</u>
COLLATERAL	<u>2</u>
RISK FACTOR	<u>2</u>
OVERALL ASSIGNED RATING	<u>2</u>
LOAN OFFICER APPROVAL	<u>My</u>

LOAN APPROVAL

APPROVED	DECLINED
<u>My</u>	





FILE NO.

FRANCIS M. BATES

Collateral/Security: Open note (Description and Value)

Notes and References

DEPOSITORY RELATIONSHIP		Projection	BORROWING RELATIONSHIP		Projection
		Actual			Actual
Account Nos.	6004 346 3				
	C.R. → 7293 911 2				
	7382 217 6				
	Current Balance	Month		\$11,500	
	Average Balance			7,000	

ACCOUNTS RECEIVABLE

INVENTOR:
Security Agreement
Financing Statement
Insurance

SAVINGS
— **Certificates**
— **Insurance**
— **Bonds**

Acceptance

1990

32 REV

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF TOMMY ROBINSON)
AND THE TOMMY ROBINSON FOR)
CONGRESS COMMITTEE, GEORGE M.)
FELKINS, AS TREASURER)

MUR 1721

15 SEP 23 A10:24

RECEIVED
OFFICE OF THE
CLERK OF THE
COMMISSION

RESPONSE TO INTERROGATORIES

INTERROGATORY NO. 1: Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign

8
0
4
0
5
0
4
5
0
8

related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

RESPONSE TO INTERROGATORY NO. 1: The following is a recap of Tommy Robinson's credit history with the installment loan department of Worthen Bank & Trust Company, N.A. prior to the relevant extension of credit to the Tommy Robinson for Congress Campaign Fund, personally guaranteed by Tommy Robinson:

<u>ILD</u>	<u>Opened</u>	<u>Closed</u>	<u>Amount</u>	<u>Months</u>	<u>Rating</u>	<u>Collateral</u>
Loan #120400567	05-05-80	07-21-80	\$15,350.95	2	1/30	Signature
Loan #120401123	07-05-80	10-20-80	15,295.89	4	0/30	Renew
Loan #120401660	09-04-80	02-05-81	15,546.98	4	1/30	Renew
Loan #120421416	01-02-81	06-31-81	13,432.89	1	1/30	Renew
Loan #120424430	05-18-81	12-18-81	13,975.04	6	1/30	Renew
Loan #120426466	12-17-81	04-07-82	14,605.95	3	0/30	Renew
Loan #120427454	04-06-82	08-25-82	14,605.95	3	1/30	Renew
Loan #174002565	11-25-75	03-05-77	775.20	24	0/30	McCabe Furn.
Loan #174017780	06-20-79	06-21-82	2,450.78	36	0/30	McCabe Furn.
Loan #174020898	10-05-82	06-10-83	2,358.72	36	0/30	McCabe Furn.

Documents relevant to these credit extensions were considered. See attachments for documents requested.

a. All relevant documents in the Bank referring to a particular customer, i.e. credit history, credit

8 6 0 4 0 5 8 4 5 1 0

application and financial statements, normally are considered in making a determination of credit worthiness. In the instant case, as described above, Mr. Robinson had an extensive credit history with Worthen Bank. In addition, Mr. Robinson enjoyed a high profile in the Little Rock community and was known throughout the community as a man of exceptional character and abilities.

b. Yes.

INTERROGATORY NO. 2: Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

RESPONSE TO INTERROGATORY NO. 2: As the General Counsel pointed out on page 8 of the General Counsel's Brief, Worthen carries approximately 1,377 second mortgages as collateral for loans. The data processing system of Worthen does not provide for accessing the information regarding comparable loans as requested herein. In addition, it would be extremely time consuming to manually ferret out identical loans as requested.

In light of the foregoing, Worthen respectfully requests that the FEC reconsider this particular request for production.

INTERROGATORY NO. 3: Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

RESPONSE TO INTERROGATORY NO. 3: Yes.

INTERROGATORY NO. 4: If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral and all other factors which were used to determine that these loans be made.

RESPONSE TO INTERROGATORY NO. 4:

EXAMPLE 1

86040534511

INTERROGATORY NO. 5: Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

RESPONSE TO INTERROGATORY NO. 5: Yes.

INTERROGATORY NO. 6: If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

RESPONSE TO INTERROGATORY NO. 6: Lack of credibility, poor reputation in the community, lack of personal assets to secure the loan and perceived inability to raise campaign funds necessary to repay the loan.

Respectfully submitted,

ROSE LAW FIRM
A Professional Association
120 East Fourth Street
Little Rock, Arkansas 72201
(501) 375-9131

By: Kenneth R. Shemin
Kenneth R. Shemin

Attorneys for Worthen Bank &
Trust Company, N.A.

CERTIFICATE OF SERVICE

I, Kenneth R. Shemin, do hereby certify that I mailed a copy of the above and foregoing Response to Mr. Charles N. Steele, General Counsel, Federal Election Commission, Washington, D.C. 20463, on this 20 day of September, 1985.

Kenneth R. Shemin

Kenneth R. Shemin

86040384513



WORTHEN Bank & Trust Company, N.A.

CREDIT ANALYSIS

Date : May 18, 1984
From : Petril W. Edwards
To : File

CREDIT PROPOSAL

CUSTOMER REQUEST

WPI _____ DATE: 5-18-84
RENEWAL: YES ☒ OFFICER: Pk
CUSTOMER: Tommy Robinson for Congress Campaign Fund
ADDRESS: 425 W. Broadway, Suite OK, North Little Rock 72114
BUSINESS _____
PHONE: FEE LB./S.S. ☐ Formal Line ☐ R/E Term Loan ☐ Lease
CONTACT: Tommy Robinson Daniel Blacich ☐ Informal Line ☐ Construction ☐ B/A Facility
AMOUNT: 50,479.45 ☐ I/C (Standby) ☐ Term Loan ☐ As Offered
NEW BUSINESS AMT.: 50,479.45 ☐ I/C (Commercial) ☐ Revolving ☐ Other
ENDORSE/STRS. (Not Worth) ☐ Parts. Purchase ☐ Development R/E
Tommy Robinson
PURPOSE: Campaign expenses
RATE: Prime + 2 FEE: —
TERMS: Due 5-30-84
REPAYMENT SOURCES:
A. PRIMARY Refinanced
B. SECONDARY Corp. Cont. / Personal income
COLLATERAL _____
LOAN/VALUE: _____ BASIS OF VALUE: _____
CLEAN-UP: _____ MATURITY: _____ CURRENT. EXPIRATION: _____
2-12-007 (12/82)

WORTHEN Bank & Trust Company, N. A.

CREDIT ANALYSIS

Date : *May 18, 1984*
 From : *Patric W. Edwards*
 To : *File*

CREDIT PROPOSAL

DATE: *5-18-84*
 OFFICER: _____

DEBT SUMMARY

NAME	COMMITMENT AMT.	AMT. CURR. USAGE	DESCRIPTION
11			

TOTAL (Total debt for concentration purposes including unfunded Commit, balance and proposed loan) \$ _____

BUSINESS RELATIONSHIP

COMMENTS

*Deposit proceeds of note in Tommy Robinson
 for longer of Campaign Fund
 Acct. # 6003-848-7*

CREDIT SERVICES ORDER: YES / NO _____

STATEMENTS AUDITED: YES / NO _____

QUALIFYING

CHARACTER 1
 CAPACITY 2
 COLLATERAL -
 RISK FACTOR 2
 OVERALL ASSIGNED RATING 2
 LOAN OFFICER APPROVAL Pat

LOAN APPROVAL

APPROVED	REJECTED
<i>[Signature]</i>	

36040584515

August 28, 1981

AGREEMENT

THIS AGREEMENT between WORTHEN BANK & TRUST COMPANY, N.A., (Worthen)
and Tommy F. and Carolyn B. Robinson (Borrower);

WHEREAS, Borrower borrowed Seven Thousand and no/100-----
7,000.00
from Worthen and executed a Note on March 2, 1981
evidencing such debt and a Mortgage was also executed on that date to secure
such debt conveying as collateral:

**Lot 37, Phase II, Jackson Heights Addition to the City of
Jacksonville, Pulaski County, Arkansas**

WHEREAS, Borrower desires to modify the terms of the original loan and
execute this agreement to evidence such modification, and Worthen has agreed
to such modification of terms of repayment;

NOW, THEREFORE, be it agreed by Borrower and Worthen as follows:

1. The unpaid principal debt of 7,000.00
shall be due and payable on February 24, 1982, together
with interest of 5 per centum per annum.
2. All other terms of the original Note dated March 2, 1981
shall remain in full force and effect, as well as the terms of the Mortgage
executed to secure such debt. All terms of any other of the Mortgage executed
by the parties hereto shall also remain in effect.
3. This Agreement shall have no effect on the original obligation of the
Borrower to repay the sums borrowed nor the obligation of sureties thereon
except as specifically modified hereby.

WORTHEN BANK & TRUST COMPANY, N.A.

BY: _____

BORROWER:

BY: 
Tommy F. Robinson

BY: 
Carolyn B. Robinson

We have read and agree to the terms of this Agreement.

GUARANTORS AND/OR COMAKERS:

MORTGAGE**CONSUMER****KNOW ALL MEN BY THESE PRESENTS:**

(1) That Tommy F. Robinson and Carolyn B. Robinson, Husband and Wife

(hereinafter called "Mortgagor", whether one or more) for a valuable consideration, do hereby grant, bargain, sell, convey and deliver unto WORTHEN BANK & TRUST COMPANY, N.A., (hereinafter called "Mortgagee"), a banking corporation under the laws of Arkansas, and unto its successors and assigns, the following described property, to-wit:

Lot 37, Phase II, Jackson Heights Subdivision to the City of Jacksonville, Pulaski County, Arkansas.

FILED & RECORDED

MAR 9 11 58 AM '81

BY *Juan P. [Signature]*
JACQUES A. ALEXANDER
PULASKI CO. CIRCUIT CLERK

Prepared BY:

Worthen Bank & Trust Co., N.A.
ILD
P.O. Box 1681
Little Rock, AR 72203

81-09459

This mortgage also conveys all buildings and improvements now or at any time hereafter located on any land hereinabove described, together with all of the following equipment now or at any time hereafter located in any such building regardless of method of annexation or removability, viz: All electrical equipment (including lighting equipment, refrigeration equipment, ceiling fans, attic and window fans, motors and all other electrical paraphernalia) except items attached merely by plugging in wall sockets; all furnaces (including floor furnaces), heaters, radiators and all other heating equipment except small gas stoves on floor; all bath tubs, toilets, sinks, basins, pipes and other plumbing equipment; all screens, awnings, and window shades; all linoleum and other permanent floor coverings; all engines and elevators.

(2) TO HAVE AND TO HOLD the same unto the WORTHEN BANK & TRUST COMPANY, N.A., its successors and assigns forever.

(3) And Mortgagor covenants with Mortgagee, its successors and assigns, that Mortgagor will forever warrant and defend the title to all said property against all lawful claims whatever.

(4) PROVIDED, however, the foregoing conveyance is given as a Mortgage for the purpose of securing—

- (a) The payment of one promissory note, of even date herewith, and all successive extensions and renewals of the indebtedness represented thereby, evidencing a principal indebtedness (which indebtedness, and all extensions and renewals thereof is hereinafter called the "Primary Indebtedness") of Seven Thousand and no/100 Dollars (\$7,000.00), executed by mortgagors payable to the order of Mortgagee, said note(s) bearing interest from date until maturity at the rate recited in said note(s), and after maturity (meaning either normal maturity or maturity created by acceleration) at the highest rate permitted by law per annum, said note(s) being payable as to principal and interest as follows:

The total loan shall be due and payable ON DEMAND or 179 days after date thereof.

- (b) Also, the repayment to the holder(s) of the indebtedness secured hereby of all reimbursable expense at any time accruing to such holder(s) under the provisions of Paragraph (7) hereof.

Upon the payment of all such sums, this Mortgage will become void and will be released by a proper marginal notation or, at the option of the holder(s) of the secured debt, by a release deed to be recorded at the expense of Mortgagor.

(5) Mortgagor agrees:

- (a) To pay, prior to delinquency, all taxes, special improvement assessments and other governmental charges against the mortgaged property, both real and personal, at any time levied or becoming due.
- (b) To carry insurance upon all insurable property encumbered hereby against such hazards, in such amounts and under such form of policies, as shall be acceptable to, or requested by, the holder(s) of the indebtedness secured hereby; each insurance policy to carry mortgage clause in favor of such holder(s) upon such form as may be approved by the holder(s), and each policy to be delivered to and held by such holder(s). Also to carry public liability insurance, and insurance against other hazards, to such extent as may be requested by the holder(s) of the secured indebtedness. In each instance Mortgagor shall have the right to select the insurer, subject to Mortgagee's right to reject the proposed insurer for reasonable cause.
- (c) To prevent the mortgaged property from becoming encumbered by any lien or charge having priority over, or on a parity with, the lien of this mortgage; and to comply with all statutes, ordinances and regulations relating to such property.
- (d) To protect the mortgaged property from waste, injury or unusual deterioration and, without subjecting the property to any statutory lien, to make all replacements and repairs necessary to keep the mortgaged property in good physical condition. In that connection, it is agreed that Mortgagor may not cut the timber from any land encumbered hereby; moreover, Mortgagor may not remove or substantially remodel or alter any structure on the mortgaged land without the prior written consent of the holder(s) of the secured indebtedness.

(6) The holder(s) of the Primary Indebtedness or any future or additional indebtedness secured hereby under Paragraph (4) (b) hereof (whether such indebtedness then be evidenced by the original note(s) or by any instrument(s) given in renewal or extension of such indebtedness) may, at the option of such holder(s), declare the entire unmatured portion of all indebtedness secured hereby, together with all interest accrued on the entire secured debt, to be immediately due and payable, and the same shall forthwith become immediately due and payable (which acceleration of maturity may be accomplished without notice to anyone), in any one of the following events:

- (a) Upon the filing of a voluntary or involuntary petition to subject Mortgagor (or any party obligated as maker, endorser, surety or guarantor for the payment of the secured indebtedness) to any bankruptcy, debt-adjustment, receivership or other insolvency proceeding.
- (b) Upon the occurrence of any event, which, under the terms of the instrument(s) at any time evidencing the indebtedness secured hereby, warrants an acceleration (at the option of the payee) of the maturity of said indebtedness.
- (c) If default shall be made in the payment of any part of the principal indebtedness secured hereby, or any interest accruing on such principal indebtedness, as the same becomes due and payable according to the terms of the original note(s), or of any extension or renewal thereof at any time evidencing such indebtedness.
- (d) If Mortgagor shall fail to comply with any of the agreements contained in Paragraph (5) of this mortgage.
- (e) If Mortgagor, being a partnership or a corporation, shall be dissolved or reorganized in any manner.
- (f) If at any time it should appear that the Mortgagor has attempted to sell free from the lien of this Mortgage any personal property or removable fixture encumbered hereby, or is about to attempt such a sale; or that any personalty or removable fixture encumbered hereby has been, or is about to be, moved to a different jurisdiction, subjected to physical damage or unusual deterioration, seized under legal process, or subjected by the Mortgagor or a third party to any other disposition which in the opinion of the holder(s) of the secured indebtedness will impair the security value of this instrument.
- (g) If at any time it shall appear that any financial statement or other representation made to obtain the loan secured hereby is materially incorrect; or that Mortgagor's title to the mortgaged properties, or any portion thereof, is subject to any prior lien, title or interest not mentioned in this mortgage as a prior encumbrance.
- (h) If at any time Mortgagor shall sell or convey the title to or any interest in any realty mortgaged hereunder without the prior written consent of the holder(s) of the secured indebtedness.

It is particularly understood that the foregoing acceleration provisions will be applicable not only to the maturities recited in the original mortgage note(s) but also to any substituted maturities created by extension or renewal. The failure of the holder(s) of the secured indebtedness to declare an acceleration of maturities when a ground therefor exists, even though such forbearance may be repeated from time to time, will not constitute a waiver of the right of such holder(s) to accelerate maturities upon a recurrence of the same ground therefor; nor will the act of such holder(s) in remedying any condition resulting from Mortgagor's default bar the holder(s) from declaring an acceleration of maturities by reason of such default.

(7) If the holder(s) of the indebtedness secured hereby shall expend any sum or sums for the protection of any of the mortgaged property or the lien of this mortgage (such holder(s) to have uncontrolled discretion as to the necessity of making any such expenditures), the repayment of such sum or sums on demand (with interest thereon at the rate of 10% per annum from the date of each expenditure) shall be the personal obligation of the Mortgagor; and such obligation to repay will constitute a part of the indebtedness secured hereby. The expenditures thus made reimbursable will include (without limiting the foregoing) taxes, special improvement assessments, insurance premiums, repairs and maintenance expenses, watchman's compensation, sums paid to discharge prior liens, rents on premises in which mortgaged personalty may be situated, etc. The cost of any abstract or supplemental abstract procured by the holder(s) of the secured indebtedness to facilitate foreclosure will also constitute a part of the reimbursable expense secured hereby.

(8) In the event of a default hereunder the holder(s) of the indebtedness secured hereby shall be entitled to the following remedies:

- (a) Such holder(s) may foreclose this mortgage through equity proceedings in respect to any real estate encumbered hereby.
- (b) Such holder(s) may require the Mortgagor to assemble (at Mortgagor's expense) any or all of the personal property encumbered hereby and make it available to such holder(s) at a place specified by such holder(s) which is reasonably convenient to both parties; and such holder(s) may enforce all of its or their remedies, in respect to the encumbered personal property, that may be available under the Uniform Commercial Code. In this last event all expenses of retaking, holding, preparing for sale, selling or the like, as well as all reasonable attorney's fees (not exceeding 10% of the secured indebtedness plus accrued interest) and lawful expenses incurred by said holder(s) in enforcing such remedies shall be payable to said holder(s) by Mortgagor and shall constitute a part of the secured indebtedness.
- (c) The holder(s) of the indebtedness secured hereby may enforce the lien of this mortgage in respect to all real and personal property encumbered hereby by proceedings that are prosecuted simultaneously or are prosecuted separately in such order as the holder(s) may select.

(9) The Mortgagor releases all right of appraisal hereunder and also releases unto the Mortgagee all right of redemption under the laws of Arkansas, including particularly all right of redemption under the Act of May 8, 1899.

(10) And Carolyn B. Robinson

, wi fe

of the said Tommy F. Robinson

for a valuable consideration hereby acknowledged, hereby release 5 unto the Mortgagee, its successors and assigns, all her rights of dower and homestead in respect to the property encumbered hereby.

EXECUTED 2nd day of March, 1981
Tommy F. Robinson Carolyn B. Robinson

STATE OF ARKANSAS

County of Pulaski

ss.

ACKNOWLEDGMENT

BE IT REMEMBERED, That on this day came before me, the undersigned, a Notary Public within and for the County aforesaid, duly commissioned and acting Tommy F. Robinson and Carolyn B. Robinson, Husband and Wife

well known as the grantor in the foregoing Mortgage, and acknowledged that they to me personally had executed the same for the consideration and purposes therein mentioned and set forth.

And on the same day voluntarily appeared before me the said Carolyn B. Robinson, wi fe of the said Tommy F. Robinson

to me personally well known, and Carolyn B. Robinson in the absence of her said husband, declared that she had of her own free will executed said mortgage and signed and sealed the relinquishment of dower and homestead therein contained, for the consideration and purposes therein mentioned and set forth, without the compulsion or undue influence of her said husband.

WITNESS my hand and seal as such Notary Public on this 2nd day of March, 1981
 My commission expires:

Debbie Harris
 Notary Public

1-16-84

STATE OF ARKANSAS } 8 5 0 4 0 5 8 4 0 0
County of _____ }
ACKNOWLEDGMENT
BE IT REMEMBERED, That on this day came before me, the undersigned, a _____
within and for the County aforesaid, duly commissioned and acting _____
_____ to me personally
well known as the grantor _____ in the foregoing Mortgage, and acknowledged that _____ had executed the
same for the consideration and purposes therein mentioned and set forth.
And on the same day voluntarily appeared before me the said _____, wi _____ of the said
_____ to me personally well known, and _____ in the absence of her said husband,
declared that she had of her own free will, executed said mortgage and signed and sealed the relinquishment of dower
and homestead therein contained, for the consideration and purposes therein mentioned and set forth, without the com-
pulsion or undue influence of her said husband.
WITNESS my hand and seal as such _____
on this _____ day of _____, 19_____

Notary Public
My commission expires: _____

STATE OF ARKANSAS }
County of _____ }
ACKNOWLEDGMENT
On this _____ day of _____, 19_____, before me, _____
a Notary Public, duly commissioned, qualified and acting within and for said County and State, appeared in person the
within named _____ and _____
_____ (_____ and _____, respectively, of
_____, a corpora-
tion under the laws of _____), to me personally well known, who stated
that they were the _____ and _____ of said _____
a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the
name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered
said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.
IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this _____ day of
_____, 19_____

Notary Public
My commission expires: _____

MORTGAGE

TO

WORTHEN
Bank & Trust Company, N.A.

Filed for Record this

day of _____, 19____

at _____ o'clock _____ M.

Clerk

By _____ D.C.

Fees Paid \$ _____

CERTIFICATE OF RECORD

STATE OF ARKANSAS }
County of _____ }
The undersigned, being the Circuit Clerk and Ex-Officio Recorder for the County aforesaid, hereby certifies that
the annexed and foregoing mortgage was filed for record in his office at _____
_____, Arkansas, on the _____ day of _____
19_____, at _____ o'clock _____ M, and that the same is now duly recorded in Book _____
at Page _____ et seq., of the Mortgage Records of his said office.
IN WITNESS WHEREOF, the undersigned has set his hand and official seal this _____ day of
_____, 19_____

Circuit Clerk and Ex-Officio Recorder
By _____
Deputy.

MORTGAGE

CONSUMER

KNOW ALL MEN BY THESE PRESENTS:

(1) That Tommy Robinson

(hereinafter called "Mortgager", whether one or more) for a valuable consideration, do hereby grant, bargain, sell, convey and deliver unto WORTHEN BANK & TRUST COMPANY, N.A., (hereinafter called "Mortgagee"), a banking corporation under the laws of Arkansas, and unto its successors and assigns, the following described property, to-wit:

Second Mortgage

Lot 37, Phase 2, Jackson Heights Addition to the City of Jacksonville,
County of Pulaski, State of Arkansas.

3 6 9 4 0 5 8 4 5 2

This mortgage also conveys all buildings and improvements now or at any time hereafter located on any land hereinabove described, together with all of the following equipment now or at any time hereafter located in any such building regardless of method of annexation or removability, viz: All electrical equipment (including lighting equipment, refrigeration equipment, ceiling fans, attic and window fans, motors and all other electrical paraphernalia) except items attached merely by plugging in wall sockets; all furnaces (including floor furnaces), heaters, radiators and all other heating equipment except small gas stoves on floor; all bath tubs, toilets, sinks, basins, pipes and other plumbing equipment; all screens, awnings, and window shades; all linoleum and other permanent floor coverings; all engines and elevators.

(2) TO HAVE AND TO HOLD the same unto the WORTHEN BANK & TRUST COMPANY, N.A., its successors and assigns forever.

(3) And Mortgagor covenants with Mortgagee, its successors and assigns, that Mortgagor will forever warrant and defend the title to all said property against all lawful claims whatever.

(4) PROVIDED, however, the foregoing conveyance is given as a Mortgage for the purpose of securing—

(a) The payment of one promissory note of even date herewith, and all successive extensions and renewals of the indebtedness represented thereby, evidencing a principal indebtedness (which indebtedness, and all extensions and renewals thereof is hereinafter called the "Primary Indebtedness") of Forty-eight Thousand and No/100-----
Dollars (\$ 48,000.00), executed by Tommy Robinson

payable to the order of Mortgagee, said note(s) bearing interest from date until maturity at the rate recited in said note(s), and after maturity (meaning either normal maturity or maturity created by acceleration) at the highest rate permitted by law per annum, said note(s) being payable as to principal and interest as follows:

ON DEMAND OR Ninety-two days (October 9, 1984).

(b) Also, the repayment to the holder(s) of the indebtedness secured hereby of all reimbursable expense at any time accruing to such holder(s) under the provisions of Paragraph (7) hereof.

Upon the payment of all such sums, this Mortgage will become void and will be released by a proper marginal notation or, at the option of the holder(s) of the secured debt, by a release deed to be recorded at the expense of Mortgagor.

(5) Mortgagor agrees:

- (a) To pay, prior to delinquency, all taxes, special improvement assessments and other governmental charges against the mortgaged property, both real and personal, at any time levied or becoming due.
- (b) To carry insurance upon all insurable property encumbered hereby against such hazards, in such amounts and under such form of policies, as shall be acceptable to, or requested by, the holder(s) of the indebtedness secured hereby; each insurance policy to carry mortgage clause in favor of such holder(s) upon such form as may be approved by the holder(s), and each policy to be delivered to and held by such holder(s). Also to carry public liability insurance, and insurance against other hazards, to such extent as may be requested by the holder(s) of the secured indebtedness. In each instance Mortgagor shall have the right to select the insurer, subject to Mortgagee's right to reject the proposed insurer for reasonable cause.
- (c) To prevent the mortgaged property from becoming encumbered by any lien or charge having priority over, or on a parity with, the lien of this mortgage; and to comply with all statutes, ordinances and regulations relating to such property.
- (d) To protect the mortgaged property from waste, injury or unusual deterioration and, without subjecting the property to any statutory lien, to make all replacements and repairs necessary to keep the mortgaged property in good physical condition. In that connection, it is agreed that Mortgagor may not cut the timber from any land encumbered hereby; moreover, Mortgagor may not remove or substantially remodel or alter any structure on the mortgaged land without the prior written consent of the holder(s) of the secured indebtedness.
- (e) Borrower will at all times keep proper books of accounts in a manner satisfactory to Lender. Borrower hereby authorizes Lender to make or cause to be made, at Borrower's expense, and in such manner and at such time as Lender requires, (a) inspections and audits of any books, records, and papers in the custody or control of Borrower or others, relating to Borrower's financial or business condition, including the making of copies thereof and extracts therefrom and (b) inspections and appraisals of any of Borrower's assets.
- (f) Borrower will furnish to Lender at his expense for the twelve months period most recently ended and annually thereafter no later than ninety (90) days following the expiration of any such period and at such other times and in such form as Lender may prescribe, Borrower's financial operating statement. Borrower hereby authorizes all federal, state, and municipal authorities to furnish reports of examinations, records, and other information relating to the conditions and affairs of Borrower and any desired information from reports, returns, files, and records of such authorities upon request therefor to Lender.

(6) The holder(s) of the Primary Indebtedness or any future or additional indebtedness secured hereby under Paragraph (4) (b) hereof (whether such indebtedness then be evidenced by the original note(s) or by any instrument(s) given in renewal or extension of such indebtedness) may, at the option of such holder(s), declare the entire unmatured portion of all indebtedness secured hereby, together with all interest accrued on the entire secured debt, to be immediately due and payable, and the same shall forthwith become immediately due and payable (which acceleration of maturity may be accomplished without notice to anyone), in any one of the following events:

- (a) Upon the filing of a voluntary or involuntary petition to subject Mortgagor (or any party obligated as maker, endorser, surety or guarantor for the payment of the secured indebtedness) to any bankruptcy, debt-adjustment, receivership or other insolvency proceeding.
- (b) Upon the occurrence of any event, which, under the terms of the instrument(s) at any time evidencing the indebtedness secured hereby, warrants an acceleration (at the option of the payee) of the maturity of said indebtedness.
- (c) If default shall be made in the payment of any part of the principal indebtedness secured hereby, or any interest accruing on such principal indebtedness, as the same becomes due and payable according to the terms of the original note(s), or of any extension or renewal thereof at any time evidencing such indebtedness.
- (d) If Mortgagor shall fail to comply with any of the agreements contained in Paragraph (5) of this mortgage.
- (e) If Mortgagor, being a partnership or a corporation, shall be dissolved or reorganized in any manner.
- (f) If at any time it should appear that the Mortgagor has attempted to sell free from the lien of this Mortgage any personal property or removable fixture encumbered hereby, or is about to attempt such a sale; or that any personalty or removable fixture encumbered hereby has been, or is about to be, moved to a different jurisdiction, subjected to physical damage or unusual deterioration, seized under legal process, or subjected by the Mortgagor or a third party to any other disposition which in the opinion of the holder(s) of the secured indebtedness will impair the security value of this instrument.
- (g) If at any time it shall appear that any financial statement or other representation made to obtain the loan secured hereby is materially incorrect; or that Mortgagor's title to the mortgaged properties, or any portion thereof, is subject to any prior lien, title or interest not mentioned in this mortgage as a prior encumbrance.
- (h) If at any time Mortgagor shall sell or convey the title to or any interest in any realty mortgaged hereunder without the prior written consent of the holder(s) of the secured indebtedness.

It is particularly understood that the foregoing acceleration provisions will be applicable not only to the maturities recited in the original mortgage note(s) but also to any substituted maturities created by extension or renewal. The failure of the holder(s) of the secured indebtedness to declare an acceleration of maturities when a ground therefor exists, even though such forbearance may be repeated from time to time, will not constitute a waiver of the right of such holder(s) to accelerate maturities upon a reoccurrence of the same ground therefor; nor will the act of such holder(s) in remedying any condition resulting from Mortgagor's default bar the holder(s) from declaring an acceleration of maturities by reason of such default.

(7) If the holder(s) of the indebtedness secured hereby shall expend any sum or sums for the protection of any of the mortgaged property or the lien of this mortgage (such holder(s) to have uncontrolled discretion as to the necessity of making any such expenditures), the repayment of such sum or sums on demand (with interest thereon at the rate of 10% per annum from the date of each expenditure) shall be the personal obligation of the Mortgagor; and such obligation to repay will constitute a part of the indebtedness secured hereby. The expenditures thus made reimbursable will include (without limiting the foregoing) taxes, special improvement assessments, insurance premiums, repairs and maintenance expenses, watchman's compensation, sums paid to discharge prior liens, rents on premises in which mortgaged personalty may be situated, etc. The cost of any abstract or supplemental abstract procured by the holder(s) of the secured indebtedness to facilitate foreclosure will also constitute a part of the reimbursable expense secured hereby.

(8) In the event of a default hereunder the holder(s) of the indebtedness secured hereby shall be entitled to the following remedies:

- (a) Such holder(s) may foreclose this mortgage through equity proceedings in respect to any real estate encumbered hereby.
- (b) Such holder(s) may require the Mortgagor to assemble (at Mortgagor's expense) any or all of the personal property encumbered hereby and make it available to such holder(s) at a place specified by such holder(s) which is reasonably convenient to both parties; and such holder(s) may enforce all of its or their remedies, in respect to the encumbered personal property, that may be available under the Uniform Commercial Code. In this last event all expenses of retaking, holding, preparing for sale, selling or the like, as well as all reasonable attorney's fees (not exceeding 10% of the secured indebtedness plus accrued interest) and lawful expenses incurred by said holder(s) in enforcing such remedies shall be payable to said holder(s) by Mortgagor and shall constitute a part of the secured indebtedness.
- (c) The holder(s) of the indebtedness secured hereby may enforce the lien of this mortgage in respect to all real and personal property encumbered hereby by proceedings that are prosecuted simultaneously or are prosecuted separately in such order as the holder(s) may select.

(9) The Mortgagor releases all right of appraisal hereunder and also releases unto the Mortgagee all right of redemption under the laws of Arkansas, including particularly all right of redemption under the Act of May 8, 1899.

(10) And Tommy Robinson, husband(s) and wi.

of the said Mortgagor(s), for valuable consideration hereby acknowledged, hereby release unto the said Mortgagee, its successors and assigns all of the right of dower, homestead and curtesy, respectively, in and to the property encumbered hereby.

EXECUTED on this 9th day of July, 1984
Tommy Robinson

STATE OF ARKANSAS }
County of Pulaski } ss. ACKNOWLEDGMENT
BE IT REMEMBERED, That on this day came before me, the undersigned, a Notary Public within and for the County aforesaid, duly commissioned and acting Tommy Robinson to me personally well known as the grantor in the foregoing Mortgage, and acknowledged that he had executed the same for the consideration and purposes therein mentioned and set forth.
And on the same day voluntarily appeared before me, the said Tommy Robinson, husband(s) and wi. to me personally well known, and they in the absence of their spouse(s) declared that they had of their own free will executed said Mortgage and signed and sealed the relinquishment of dower, homestead and curtesy therein contained, for the consideration and purposes therein mentioned and set forth, without the compulsion or undue influence of their spouse.
WITNESS my hand and seal as such Notary Public on this 9th day of July, 1984
My commission expires: 11-29-90
Walter Jean Russell
Notary Public

STATE OF ARKANSAS

County of _____

ss.

ACKNOWLEDGMENT

BE IT REMEMBERED, That on this day came before me, the undersigned, a _____
 within and for the County aforesaid, duly commissioned and acting _____

well known as the grantor _____ in the foregoing Mortgage, and acknowledged that _____ to me personally
 same for the consideration and purposes therein mentioned and set forth. had executed the

And on the same day voluntarily appeared before me the said _____

wi

of the said

to me personally well known, and _____ in the absence of her said husband,
 declared that she had of her own free will executed said mortgage and signed and sealed the relinquishment of dower and
 homestead therein contained, for the consideration and purposes therein mentioned and set forth, without the compulsion
 or undue influence of her said husband.

WITNESS my hand and seal as such _____

on this _____ day of _____, 19____.

My commission expires: _____

Notary Public

STATE OF ARKANSAS

County of _____

ss.

ACKNOWLEDGMENT

On this _____ day of _____, 19____, before me, _____
 a Notary Public, duly commissioned, qualified and acting within and for said County and State, appeared in person the
 within named _____ and _____

(_____ and _____, respectively, of
 _____, a corpora-

tion under the laws of _____), to me personally well known, who stated
 that they were the _____ and _____ of said _____

a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the
 name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered
 said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this _____ day of

_____, 19____.

Notary Public

My commission expires: _____

MORTGAGE

TO

WORTHEN
 Bank & Trust Company, N.A.

Filed for Record this _____

day of _____, 19____

at _____ o'clock _____ M.

Clerk

By _____ D.C.

Fees Paid \$ _____

CERTIFICATE OF RECORD

STATE OF ARKANSAS

County of _____

ss.

The undersigned, being the Circuit Clerk and Ex-Officio Recorder for the County aforesaid, hereby certifies that
 the annexed and foregoing mortgage was filed for record in his office at _____

_____, Arkansas, on the _____ day of _____
 19____, at _____ o'clock _____ M, and that the same is now duly recorded in Book _____
 at Page _____ of seq. of the Mortgage Records of his said office.

IN WITNESS WHEREOF, the undersigned has set his hand and official seal this _____ day of

_____, 19____.

Circuit Clerk and Ex-Officio Recorder

By _____

Deputy.

940393 Due 10-9-84
7103477WORTHERN
Bank & Trust Company, N.A.

48,000.00

110
10-17-
KA

Little Rock, Ark.,

July 1984

ON DEMAND OR Ninety-two (92) Days

after date, _____, promise to pay to the order of Worthern Bank & Trust Company, N.A., of Little Rock, Arkansas (hereinafter called "Bank"), at its banking house in the City of Little Rock, Arkansas, in funds current at the Little Rock Clearing House, the sum of Forty-eight thousand and No/100-----

DOLLARS, for value received, negotiable and payable without defalcation or discount, with interest at 2 % over the prime rate charged borrowers by Bank, to be adjusted on the day following any change in Bank's prime rate, but in no event to exceed the highest rate provided by law. If any part of the principal or interest is not paid at maturity, it shall bear interest thereafter at the highest rate provided by law. The makers and endorsers of this note hereby severally waive presentment for payment, notice of non-payment, protest and notice of protest and consent that the time of payment may be extended without notice thereof. To secure the payment of this and any other obligations of us or any of us to said Bank, heretofore or hereafter incurred, and due or to become due, _____ we hereby assign to said Bank, or its assigns holders of the same, the following collaterals:

Second mortgage on Lot 37, Phase 2, Jackson Heights Addition to the City of Jacksonville, County of Pulaski, State of Arkansas. Guaranty of Tommy Robinson.

The undersigned execute this note as makers, for value, and it is hereby agreed that on the non-payment, as and when they respectively become payable, of this obligation, or any other obligations of any of the undersigned, heretofore or hereafter incurred, whether joint or several, primary or secondary, absolute or contingent, in the form of a bill, note, acceptance, endorsement, guaranty, surety, overdraft, open account, or otherwise, to said Bank, either as original obligee or as transferee thereof, or incurred to, or acquired by, it at any time prior to the payment of the principal and interest of this obligation in full, or any installment of interest upon this or any of said other obligations, the said Bank, or its assigns of this obligation, may sell all or any part of the said collaterals, at public or private sale, for cash or on credit, as a whole or in parcels, in any place in the said city of Little Rock, all as said Bank, or its assigns, may determine, without prior notice to or demand of any of the parties hereto, and in the instance of such public sale, without further advertisement than one insertion, not less than two days before such sale, in any newspaper regularly published in said City. The said Bank, or assigns, may at any such public sale purchase all or any part of said collaterals. After deducting all costs of such public or private sale, the balance of the proceeds, or credit thereof, shall be applied upon the principal and interest of this, and on any other obligations, heretofore or hereafter incurred, whether all thereof are then due or not, owing to said Bank, or assigns, by us or any of us, in such order, manner and proportions as the said Bank, or assigns, may elect.

If the collateral hereby pledged shall consist of shares of stock in a corporation, said Bank, or its assigns, is hereby authorized to cause said shares to be transferred into its own name (or into the name of any nominee selected by it) as pledgee, trustee, or otherwise and shall be entitled (in addition to the rights and privileges otherwise granted to it hereunder) to exercise all rights and privileges in connection with the shares by virtue of being the holder thereof of record, including voting or other powers; and, whether or not it is the holder of record, to receive all cash dividends paid on the pledged shares and all additional shares hereafter issued by way of stock dividend, split or otherwise, in connection with the shares pledged hereunder. All such dividends received shall be and become a part of the security held by said Bank, hereunder. Said Bank, or its assigns, may accept and receipt for any cash dividends on the pledged shares, or any additional shares issued in connection therewith; and, when deemed by it necessary may cancel and surrender the certificates covering the pledged shares in order to receive such additional shares. In case the right to purchase new or additional stock shall accrue to the benefit of said shares, said Bank shall not be obligated to exercise such right of purchase, but may sell or otherwise dispose of its rights in respect thereto (regardless of any default by the undersigned), if such rights be transferable, and hold the proceeds as a part of said security.

The said collaterals may from time to time, by consent of the undersigned and said Bank, or assigns, be exchanged for others, which shall be held under the same terms and conditions. The undersigned and endorsers hereon agree to give to said Bank, or assigns, such additional collaterals as it, or they, may at any time demand. If such additional collateral shall not be given within twenty-four hours after demand therefor, or in the event of an application for the appointment of a receiver for the undersigned, or any party hereto, or the filing of a petition in bankruptcy by or against, or the making of a general assignment by the undersigned, or any guarantor or endorser of this note, or any party hereto, or any other act of insolvency of any of said parties, however expressed or indicated, all of the aforesaid liabilities shall, without notice, at the option of the said Bank, become immediately due, without demand for payment thereof.

The undersigned shall take all necessary steps to administer, supervise, preserve, protect and realize upon all collateral, but the said Bank, or its assigns, may, at their option, collect, renew, extend, compromise, exchange, sue for, or realize upon, any and all of said collateral, the said Bank, or assigns, shall in no event be liable or responsible to the makers or endorsers of or parties to this or any of said other obligations upon any claim of any kind or character, which they, or any of them, may seek to assert growing out of or connected with the dealing with or disposition by said Bank of any of said collaterals.

The undersigned shall pay all expenses of any nature, whether incurred in or out of court, and whether incurred before or after this note shall become due, at its maturity, or otherwise, including, but not limited to, reasonable attorneys' fees and costs, which may be necessary or proper in connection with the supervision, preservation, protection of, or realization upon, said collaterals. The said Bank, or assigns, may, upon any default in any of the terms of this note by the undersigned, or the endorsers hereon, or the maturity (normal or accelerated) of any of the obligations of any of the makers, or endorsers, secured by any provision hereof, or at any time after such maturity, retain the proceeds of any checks, drafts, notes or acceptances which it or they may hold or have in process of collection for the account of the undersigned or endorsers hereon, or any of them, and may apply such proceeds together with any money on deposit with it or them, to the credit of the undersigned or endorsers hereon, or any of them, to the payment of this or any of said other obligations of the undersigned, or any of them, in the order, manner and proportions as it or they may elect.

It is further agreed that upon any transfer of this note the said Bank may deliver the said collateral, or any part thereof, to the transferee, who shall thereupon become vested with all of the powers and rights hereinabove given to the said Bank in respect to said note and collateral, and the said Bank shall be thereafter forever relieved and fully discharged from any liability or responsibility in connection therewith. Upon the discharge of this obligation, said Bank shall have power to deliver the same with its collaterals to the order of any of the undersigned, or endorsers hereon; but shall also have the right to retain such of said collaterals as it, or they, may consider desirable to secure any one or more of said other obligations to said Bank, just as if the said collateral so retained were specifically pledged therefor.

If this obligation, after default, is placed in the hands of an attorney for collection, the maker(s) will be obligated to pay the holder hereof an additional sum, as attorney's fee, equal to ten per cent of the unpaid principal plus all accrued interest.

If the insured named in any life insurance policy hypothecated as collateral for this note should die, the holder hereof may, at its option, declare the entire principal indebtedness then owing hereunder, with all interest accrued thereon, to be immediately due and payable.

Borrower will at all times keep proper books of accounts in a manner satisfactory to Lender. Borrower hereby authorizes Lender to make or cause to be made, at Borrower's expenses, and in such manner and at such times as Lender requires, (a) inspections and audits of any books, records, and papers in custody or control of Borrower or others, relating to Borrower's financial or business condition, including the making of copies thereof and extracts therefrom and (b) inspections and appraisals of any of Borrower's assets.

Borrower will furnish to Lender at his expense for the twelve months period most recently ended and annually thereafter no later than ninety (90) days following the expiration of any such period and at such other times and in such form as Lender may prescribe, Borrower's financial operating statement. Borrower hereby authorizes all federal, state, and municipal authorities to furnish reports of examinations, records, and other information relating to the conditions and affairs of Borrower and any desired information from reports, returns, files, and records of such authorities upon request therefor by Lender.

Phone No. _____

425 West Broadway, Suite K
North Little Rock, AR 72114

TOMMY ROBINSON FOR CONGRESS CAMPAIGN FUND

BY: *Handwritten signature**Handwritten signature: Daniel S. Hancock*
Chairman

pg. 7

TOMMY ROBINSON FOR CONGRESS CAMPAIGN FUND Prime + 2% (Floating) Max. 14%

No. 9003868
Due 1-7-84

Little Rock, Ark.

October 9

Prin. \$ 48,000 + 00

7103477

WORTHEN BANK & TRUST COMPANY, N.A.

LITTLE ROCK, ARKANSAS

In consideration of \$ -0-

principal payment and/or interest of \$ 1,602.74

2-2

Bank & Trust Company, N.A., receipt of which is acknowledged by Worthen Bank & Trust Company, N.A., balance heretofore due totaling \$ 48,000.00 on Note No. 9003968 of borrower(s) are/is deferred for 90 days from date with interest at 2 % over the prime rate charged borrowers by Bank, to be adjusted on the day following any change in Bank's prime rate, but in no event to exceed the highest rate provided by law.

Receipt of a copy of this agreement is acknowledged

October 9

19 84

Notice to 425 West Broadway, Suite K

North Little Rock, AR 72114

TOMMY ROBINSON FOR CONGRESS CAMPAIGN FUND
BY: [Signature]

Home Phone

Bus

Witnessed and Approved

2-18-294

97

TOMMY ROBINSON FOR CONGRESS CAMPAIGN FUND

PRIME + 2% (FLOATING) MAX. 13.00% PUL

No. 9003868

Little Rock, Ark.

January 7

19 85

Due 4/8/85

EXTENSION AGREEMENT

7103477

WORTHEN BANK & TRUST COMPANY, N.A.

LITTLE ROCK, ARKANSAS

In consideration of \$ -0-

principal payment and/or interest of \$ 1,602.74

payable on indebtedness to Worthen

Bank & Trust Company, N.A., receipt of which is acknowledged by Worthen Bank & Trust Company, N.A., balance heretofore due totaling \$ 48,000.00 on Note No. 9003868 of borrower(s) are/is deferred for a period of 91 days from date with interest at 2 % over the prime rate charged borrowers by Bank, to be adjusted on the day following any change in Bank's prime rate, but in no event to exceed the highest rate provided by law.

Receipt of a copy of this agreement is acknowledged

January 7

19 85

Notice to

425 West Broadway, Suite K

North Little Rock, AR 72114

TOMMY ROBINSON FOR CONGRESS CAMPAIGN FUND

BY: [Signature]

Home Phone

Bus

Witnessed and Approved

2-18-294

97

APPRAISAL REPORT FOR WORTHEN BANK & TRUST COMPANY, N.A.

BORROWER: Tommy Robinson

ADDRESS 717 Adams

Jacksonville, Arkansas

PROPERTY ADDRESS 717 Adams

Jacksonville, Arkansas

CERTIFICATE

We hereby certify that we have personally inspected this property and that all statements and information given in this appraisal report are true to the best of our knowledge and belief and that we have no interest whatsoever in the property, owner, or as a creditor of the borrower.

DATE APPRAISED
May 18, 1984

VALUE LAND \$15,000

VALUE IMPS. 73,900

TOTAL VALUE \$88,900

APPRAISED BY:

Tom L. Wray

Tom L. Wray

DATE RE-APPRAISED
VALU
APPR
DATE RE-APPRAISED
DATI

VALUE LAND _____

VALUE IMPS. _____

TOTAL VALUE _____

APPRAISED BY:
APPRAISED BY:
APPRAISED BY:

HEATING AND AIR CONDITIONED AREA	<u>1,980</u> SQ. FT.	X \$30.00	\$59,400
GARAGE AND STORAGE AREA	<u>750</u> SQ. FT.	X \$12.00	9,000
CARPORT AREA	_____ SQ. FT.		1,000
KITCHEN EQUIPMENT	_____		2,500
FIREPLACE	_____		2,000
WALKWAYS, DRIVEWAYS, LANDSCAPING, FENCING	<u>XXXXXXXX</u>		
OTHER:	_____		

TOTAL VALUE IMPROVEMENTS **\$73,900**

NEIGHBORHOOD INFORMATION

NEIGHBORHOOD TREND: IMPROVING XX STATIC DECLINING
 TYPE OF NEIGHBORHOOD Residential homes in \$85,000 to \$95,000 range

LOT INFORMATION

LOT NO. 37 ^{Phase} II SUBDIVISION Jackson Heights
 SIZE X SHAPE Rectangle AREA West of Jacksonville LANDSCAPING Yes
 TOPOGRAPHICAL FEATURES Level
 STREET Blacktop ALLEY No SIDEWALKS Yes DRIVES Yes
 WATER Public GAS Public ELECTRIC Public SEWER Public

BUILDING INFORMATION

DESCRIPTION OF IMPROVEMENTS One-level brick ranch style residence

EXTERIOR DETAIL

ROOF Comp. Shingles
 GUTTERS No
 EXTERIOR WALLS Brick
 PORCHES Concrete
 WINDOWS Aluminum Framed
 FOUNDATION Slab on Grade

MECHANICAL DETAIL

ELECTRICAL Good Quality
 HEATING Central
 AIR CONDITIONING Central
 PLUMBING Good Quality
 SPECIAL EQUIPMENT Fireplace, Dishwasher, Electric Range

INTERIOR DETAILS

	TRIM	FLOORS	WALLS	CEILINGS	DOORS
LIVING	Good	Carpets	Sheetrock	Sheetrock	Solid
DINING	Good	Carpets	Sheetrock	Sheetrock	Solid
BEDROOMS (3)	Good	Carpets	Sheetrock	Sheetrock	Solid
FAMILY ROOM	Good	Carpets	Paneling	Sheetrock	Solid
KITCHEN	Good	Vinyl	Paper	Sheetrock	Solid
BATH (2)	Good	Carpets	Paper/tile	Sheetrock	Solid
UTILITY	Good	Concrete	Sheetrock	Sheetrock	Solid
HALLS	Good	Carpets	Sheetrock	Sheetrock	Solid
SEWING ROOM	None				
STUDY	None				
CARPORT - GARAGE	2-Car Good	Concrete	Sheetrock	Sheetrock	2-Overhead Good
AGE OF IMPROVEMENT	6 Years				OVERALL CONDITION
IMMEDIATE REPAIRS NEEDED <u> </u>					

OTHER INFORMATION: Directions to Subject Property:

Go to Jacksonville, Arkansas; exit Main Street Exit; turn left back under freeway and go about two miles west toward Gravel Ridge to Harris Road; turn right to General Samuels Road; turn left to Second Street on right (Adams Street); turn right to third house on left.

HOUSE, WALLACE, NELSON & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Donald T. Jack, Jr.

RECEIVED AT THE FEC
800# 8494
85 SEP 10 P 1:09
TELEX-TELECOPIER
(501) 375-8484

September 9, 1985

Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: FEC MUR 1721

FEDERAL EXPRESS

Dear Mr. Gross:

Enclosed are the responses of Mr. Edwin P. Henry of First Commercial Bank, to the interrogatories submitted by the Federal Election Commission in the above referenced matter, which are due September 10, 1985.

If you have any questions, please let me know.

Very truly yours,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.

Donald T. Jack, Jr.
Donald T. Jack, Jr.

dp

Enclosures

SEP 10 P 2:33

00440104529

STATE OF ARKANSAS

COUNTY OF PULASKI

AFFIDAVIT

BEFORE ME, Notary Public, duly commissioned by and acting on behalf of the State of Arkansas, personally came and appeared EDWIN P. HENRY who, after being first duly sworn, did depose and say in response to the interrogatories submitted by the Federal Election Commission on August 16, 1985:

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

RESPONSE: See Attachment 1, Loan Application, May 6, 1984;

See Attachment 2, Personal Financial Statement of Tommy Robinson, April 30, 1984;

See Attachment 3, Promissory Note (Loan Agreement), May 7, 1984;

See Attachment 4, Ethics in Government Act-Financial Disclosure Statement.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

RESPONSE: No.

1. If the answer to question 1a is yes, please produce a copy of these documents.

RESPONSE: Not applicable.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

RESPONSE: Not applicable.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

RESPONSE: No.

We discussed the fact that there was additional debt, but did not discuss specific amounts due to the fact that our loan was to be repaid from a specific source, that being campaign contributions which had been committed.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

RESPONSE: Yes.

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

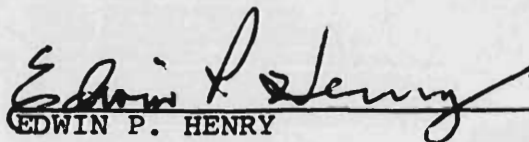
5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

RESPONSE: No.

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

RESPONSE: Not applicable.

FURTHER AFFIANT SAITH NOT.


EDWIN P. HENRY

SWORN AND SUBSCRIBED BEFORE ME on this 9 day of
September, 1962, at Rock, Arkansas.




NOTARY PUBLIC

MY COMMISSION EXPIRES:

MY COMMISSION EXPIRES DECEMBER 7, 1962.

ATTACHMENT 3

\$35,000.00
 Pay to the order of **COMMERCIAL NATIONAL BANK**
 of Little Rock, Ark.
 At demand, if no demand then on or before
 thirty (30) days--
 May 7 1964
 LITTLE ROCK, ARK.
 DAYS AFTER DATE TWO OR EITHER OF US PROMISE TO PAY TO THE ORDER OF
COMMERCIAL NATIONAL BANK
 OF LITTLE ROCK
 ---Thirty-Five Thousand and No/100---
 \$35,000.00
 425 W. Broadway, Suite K
 North Little Rock, Ark 72114
 BY: *[Signature]*
 Jimmy Robinson, Vice President
 CME-1234

100010104535

ORIGINAL

Name <u>Tommy Robinson</u> Address <u>Jacksonville, Arkansas</u> Business _____ Principals _____		BORROWER INFORMATION Date Last Annual Statement _____ N W S _____ Date Last Interim Statement _____ N W S _____ Customer Since _____																
Line of Credit } Requested \$ <u>35,000.00</u> Loan } Presently Committed \$ _____ Letter of Credit } Participation } Total \$ _____		DEBT RECAP <table border="1"> <thead> <tr> <th></th> <th>Committed</th> <th>Outstanding</th> </tr> </thead> <tbody> <tr> <td>Direct</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Other Direct</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Indirect</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Related</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table>			Committed	Outstanding	Direct	_____	_____	Other Direct	_____	_____	Indirect	_____	_____	Related	_____	_____
	Committed	Outstanding																
Direct	_____	_____																
Other Direct	_____	_____																
Indirect	_____	_____																
Related	_____	_____																
Rate Desired <u>13%</u>		LETTER OF CREDIT: _____																
This Commitment Expires <u>1 month</u>		Last 12 months High: _____ Low: _____ 12 mos. Avg. Loans _____																

Use of Funds: Proceeds of the loan will be used to pay expenses in connection with his congressional campaign for U. S. Representative of the 2nd District

Liquidation Agreement and Source of Funds: Loan will be repaid on or before maturity from contributions to Mr. Robinson's campaign

Collateral and Valuation: Unsecured

Co-Makers
Endorsers
Guarantors:

Officer Comments: We have been assured by Don Jack that there are campaign contributions committed which are more than sufficient to cover this obligation. It is anticipated the loan will be repaid prior to maturity.

Risk Code:

<input type="checkbox"/> APPROVE <input type="checkbox"/> DECLINE: WITHOUT COMMITTEE ACTION _____ 19 _____ OFFICER'S OK _____			
Loan Officer _____	OFFICERS Committee Action: _____ 19 _____ <input type="checkbox"/> Approve Initials _____ <input type="checkbox"/> Decline _____ <input type="checkbox"/> Accepted Report _____		EXECUTIVE Committee Action: _____ 19 _____ <input type="checkbox"/> Approve Initials _____ <input type="checkbox"/> Decline _____ <input type="checkbox"/> Accepted Report _____
Officer's Recommendation: <input type="checkbox"/> Approve <input type="checkbox"/> Decline <input type="checkbox"/> None	Conditions of Approval: _____ _____ _____ _____		DIRECTORS Committee Action: _____ 19 _____ <input type="checkbox"/> Approve Initials _____ <input type="checkbox"/> Decline _____ <input type="checkbox"/> Accepted Report _____
Officer's Report <input type="checkbox"/> Approved <input type="checkbox"/> Declined	_____ _____ _____		_____ _____ _____
Date <u>5-6-84</u>	_____ _____ _____		_____ _____ _____

SCHEDULE B - U.S. GOVERNMENT AND MARKETABLE SECURITIES

No. of Shares or Face Value (Bonds)	Description	In Name Of	Market Value	Source of Value

SCHEDULE C - NON-MARKETABLE SECURITIES

Description of Securities	No. of Shares Owned	Dated	Book Value Per Financial Statement	No of Shares Outstanding	Total Value

SCHEDULE D - PARTIAL INTERESTS IN REAL ESTATE EQUITIES

Location of Property	% of Ownership	Type	Yr. of Purch.	Cost (C) or Market (M)	Mortgage	Value of Equity

SCHEDULE E - REAL ESTATE OWNED

Description of Property and Improvements	Date Acquired	Title in Name of	Cost	Market Value	Mortgage	
					Amount	Maturity
717 Adams, Jacksonville, Arkansas	1978	T. Robinson				

SCHEDULE F - LIFE INSURANCE CARRIED, INCL. N.S.L.I. AND GROUP INSURANCE

Face Amount	Name of Company	Beneficiary	Cash Surrender Value	Loans
200,000	Southwest Life Insurance	Carolyn Robinson		

SCHEDULE G - NAMES OF BANKS OR FINANCE COMPANIES WHERE CREDIT HAS BEEN OBTAINED

Name and Address	Original Date	High Credit	Owe Currently	Secured or Unsecured
Worthen Bank of Little Rock				
First Jacksonville Bank, Jacksonville				

THE UNDERSIGNED CERTIFIES THAT BOTH SIDES HEREOF AND THE INFORMATION INSERTED THEREIN HAS BEEN CAREFULLY READ AND IS TRUE, CORRECT AND COMPLETE.

(USE ADDITIONAL SCHEDULES WHEN NECESSARY)

SIGNATURE X

James H. Robinson

April 30,

19 84

DUE DATE_____

(Full Name)

(Mailing Address)

(Office Use Only)

☐ **New Officer or Employee—Employing Office.**

SOURCE

TYPE

AMOUNT

1. Pulaski County Sheriff's Department (1983)

Salary

\$31,900.00

2. Jerral W. Jones (1983)

Salary

7,500.00

3. Pulaski County Sheriff's Dept..(thru 4-30-84)

Salary

12,300.00

SOURCE

TYPE

CATEGORIES

(OVER)

2[3 0 4 0 5 8 4 3 7]
IN PART I AND II, THE INFORMATION REQUIRED SHOULD BE CURRENT AS
OF A DATE WHICH IS LESS THAN THIRTY-ONE DAYS BEFORE THE FILING
DATE. THE INFORMATION BELOW IS CURRENT AS OF 4-03-84

(Date)

NOTE: For Parts II and III below, indicate Category of Value, as follows: Category A—not more than \$5,000; B—\$5,001–\$15,000; C—\$15,001–\$50,000; D—\$50,001–\$100,000; E—\$100,001–\$250,000; F—over \$250,000.

II. HOLDINGS

The identity and category of value of any interest in property held in a trade or business, or for investment or the production of income, which has a fair market value in excess of \$1,000 as of the date specified above.

IDENTITY	CATEGORY
Investment Properties III	C

III. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeds \$10,000 as of the date specified above.

IDENTITY	CATEGORY
Worthen Bank & Trust Co., Little Rock, AR	C
Barrett Hamilton, Little Rock, AR	C
First National Bank of Hot Springs	B
Jerral W. Jones, Little Rock, AR	C

IV. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise any nonprofit organization, any labor organization, or any educational or other institution other than the United States Government.

POSITION	NAME OF ORGANIZATION
Partner	Investment Properties III

V. AGREEMENTS

(For New Employees Only)

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT

VI. ADDITIONAL INFORMATION

A. Are you aware of any interests in property or liabilities of a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES _____ NO X

B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other excepted trust? (See Instructions) YES _____ NO X

NOTE: Any individual who knowingly and willfully falsifies or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions (2 U.S.C. 706 and 18 U.S.C. 1001).

Signature <u>[Signature]</u>	Date <u>4-27-84</u>
------------------------------	---------------------

CCC# 8484 RECEIVED AT THE FEC

85 SEP 9 P1:17

MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-378-4880

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWIN

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
P 246 429 712

SEP 9 P2:27
RECEIVED
FEDERAL ELECTION COMMISSION

September 5, 1985

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, DC 20463

Re: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Steele:

We enclose herewith our client's response to the questions propounded by the Federal Election Commission. The responses have been made under oath by Richard T. Smith, Chairman of the Board of Directors, President and Chief Executive Officer of Smith Associated Banking Corporation (hereafter "SABCO"). SABCO is an Arkansas corporation which is the holding company owning all or substantially all of the common stock of Stephens Security Bank and Bank of Salem. SABCO is the controlling shareholder for both banks.

Please call if you have any questions.

Yours Very Truly,

MEEKS AND FOX, P.A.

W. Russell Meeks, III
W. Russell Meeks, III

WRM:jb

Enclosures

cc: with enclosures

Honorable Kenneth A. Gross
Associate General Counsel

Andrew Maikovich
Assistant General Counsel

33 SEP 10 1985

WRITTEN RESPONSE OF STEPHENS SECURITY BANK,
BANK OF SALEM, AND RICHARD T. SMITH
TO WRITTEN QUESTIONS PROPOUNDED BY
THE FEDERAL ELECTION COMMISSION

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This response to the written questions submitted to Stephens Security Bank, and to the Bank of Salem, is being submitted as a full and complete response to the questions that have been asked, and should further be considered as the formal response of Richard T. Smith who is the President, Chief Executive Officer, and Chairman of the Board of Directors, of Smith Associated Banking Corporation (hereafter "SABCO"). SABCO is the Arkansas corporation and holding company owning all or substantially all of the common stock of the two Arkansas banks, Stephens Security Bank of Stephens, Arkansas, and Bank of Salem, Salem, Arkansas. Richard T. Smith acts as the chief lending officer of SABCO, and supervises and assists, under a holding company management agreement, the lending efforts of the subsidiaries. Mr. Smith was the designated lending officer to Tommy Robinson or the Robinson Committee (hereafter "Robinson" or "Committee", or "Campaign" when referred to both collectively). Mr. Smith had experience with Mr. Robinson's personal banking practices, while Mr. Smith was an employee of Worthen Bank & Trust Company, N.A., of Little Rock, Arkansas, and while Mr. Robinson was an individual customer of Worthen, and thereafter a political customer of Worthen during his campaign for sheriff. During that period of time Smith was familiar with the Robinson line of credit, and with Robinson's credibility, confidence, credit, and character.

As the designated officer for Robinson and/or the Robinson Committee, for SABCO and it's two banks, Richard T. Smith is the proper person to answer on behalf of all entities for and on behalf of SABCO, and is the person directly involved with the Robinson loans.

Therefore, as used in this Response, the terms as defined on page one (1) of the "written questions", are accepted as proper definitions and these responses are intended to comply with those definitions as set forth by the Federal Election Commission. Further, this response is intended to be a full and complete response on behalf of SABCO, the two banks, Mr. Smith, and any and all agents, servants, employees, or related personnel, as that term is defined in subparagraph "D" of the definition section of the written questions.

RESPONSE

1. At the direction of Richard T. Smith, the Federal Election Commission has been provided with all documents pertaining to the Robinson loans. There was no loan application, financial statement, or loan agreement required in this loan, or used in connection with this loan. None were tendered to the prospective borrower by the bank, nor were any executed by the borrower. Mr. Smith was familiar with the borrower, Robinson, had handled the financing for Robinson in the past, to include the financing of state political campaigns through Worthen Bank & Trust Company, and was the chief lending officer, at the time of

these loans, with the new institution, Smith Associated Banking Corporation. When approached by Robinson, Smith called upon his past knowledge as a banker and loan officer as to this borrower, and this borrower's credibility, confidence, past credit, and character. The experience and custom of dealings of the two individuals, Smith and Robinson, and the historical data of the parties, allowed Smith to determine whether or not to make this loan. This type of credit is more commonly referred to, by small state banks, as an "accommodation credit", and is different from an accounts receivable credit, a real estate credit, working capital account credit, home mortgage credit, consumer loan credit, as well as many others. The "accommodation credit" refers to a type of credit that is based more upon expectation, guided by past experience and history of the parties and their dealings. The criteria utilized by Mr. Smith was met from day one, and had been based upon the historical data of the parties, to include the dealings between Smith and Robinson while Robinson was a borrower, and Smith a lending officer, with Worthen Bank & Trust Company, N.A. Because the "accommodation credit" is different from other credits, there is no set requirement or gauge for documentation of these types of loans, or of other "accommodation credit", such as loans to civic groups or organizations, fraternal organizations, local ministers, orphanages, and similiar groups that require short term financial capital immediately with little planning, but with reliance upon a great expectation of

the ability to raise capital from other sources to make payment on satisfaction of the debt. As is the case with the Robinson loan, which has now been paid, these "accommodation credits" are made on an expectation and paid on fulfillment of that expectation rather than being made upon a full collateralization or guaranteed security basis. These respondents submit that with small country banks it is more important to be able to evaluate these types of "accommodation credits".

Question 1 (a). No.

Question 1 (a)(1). Not applicable. (Question 1 answered "No").

Question 1 (a)(2). Not applicable. (Question 1 answered "No").

Question 1 (b). Yes. No other outstanding Congressional debts existed.

Question 1 (b)(1). Not applicable.

Question 2. Often in either of the two small country banks, loans made upon the basis of the character and past performances of the borrower, loans made as "accommodation credits", loans where future ability and future expectation exist, and loans to be paid out of some future event, are done on a regular basis. To that extent, loans similiar to this campaign debt are done. For example, loan to be paid out of some future event such as the settlement of claims in an estate, or the performance of a contract, or the settlement of an insurance claim, or the comple-

tion of a church or charity funds drive, are made to borrowers. These typically fall into what has been described as a category of credit known as "accommodation credit", where there is no absolute guarantee or certainty of repayment, as there is no absolute guarantee or certainty of the occurrence of the future event. Of course, there is never an absolute guarantee or absolute certain assurance of repayment of any indebtedness, irrespective of how well secured. With "accommodation credit", however, more reliance is placed upon the past performance, character, credibility, confidence, and past historical credit of the borrower combined with emphasis on the nature and extent of the future ability, nature of the future event, and credibility of the borrower, with the lender, for the borrower to be able to see the event, expectation or contingency realized. The key to these types of loans is that pay-off is purely the result of a future event, or in more technical terms a fulfillment of the future expectation of the borrower. In these types of loans, it is usually not possible, and is not necessary, to determine the existence of any asset or liability at the actual time that credit is made, as these are not relevant factors in the decision process, and certainly do not outweigh the lenders decision as to the weight to be given to the capacity of the borrower to see the event or expectation fulfilled, which will in turn result in the pay-off. For example, in the loans at question, the pay-off of the loans have occurred, all principal and interest has been paid, and the loans have been satisfied in full. At the time the

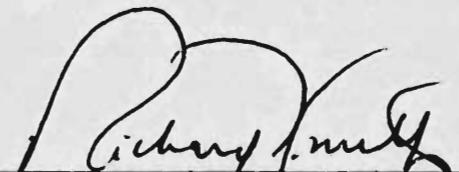
loans were made, the lender engaged in the transaction believing, based upon the historical data, personal knowledge, credit, confidence, credibility, character, historical credit, and custom and course of dealings with, and satisfactory performance by, the borrower, in the making of the loan, based upon the future expectation of raising funds necessary to pay off the loan. In this case, the borrower's expectation was fulfilled, and the loans paid in full. More importantly, the lender's decision, based upon the credibility that this borrower would be capable of fulfilling the expectation and future event of raising the funds necessary to retire the debt, in full, was proven to be correct, and resulted in a wise and prudent loan, which not only was made in the ordinary course of business, but resulted in a profit to the bank, and to the shareholders of the bank.

Question 3. No.

Question 4. Not applicable. (Answer to Question 3 was "No").

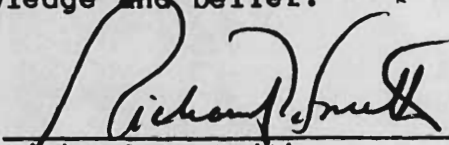
Question 5. No. Never been approached.

Question 6. Not applicable. (Answer to Question 5 was "No").

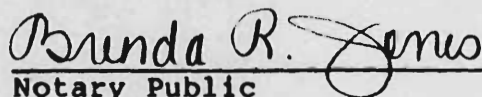

RICHARD T. SMITH
Chairman and Chief Executive
Officer of Smith Associated
Banking Corporation

VERIFICATION

I, Richard T. Smith, do hereby state on oath that the information contained in the above and foregoing instrument is true and correct to the best of my knowledge and belief.


Richard T. Smith

SUBSCRIBED and sworn to before me this 5th day of September, 1985.


Notary Public

My Commission Expires:

7-25-91

00040104545

85 SEP 9 9:11

MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-376-4880W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWINCERTIFIED MAIL
RETURN RECEIPT REQUESTED
P 246 429 712

September 5, 1985

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, DC 20463Re: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Steele:

We enclose herewith our client's response to the questions propounded by the Federal Election Commission. The responses have been made under oath by Richard T. Smith, Chairman of the Board of Directors, President and Chief Executive Officer of Smith Associated Banking Corporation (hereafter "SABCO"). SABCO is an Arkansas corporation which is the holding company owning all or substantially all of the common stock of Stephens Security Bank and Bank of Salem. SABCO is the controlling shareholder for both banks.

Please call if you have any questions.

Yours Very Truly,

MEEKS AND FOX, P.A.

Original Signed By
W. RUSSELL MEEKS, III

W. Russell Meeks, III

WRM:jb

Enclosures

cc: with enclosures

Honorable Kenneth A. Gross
Associate General CounselAndrew Maikovich
Assistant General Counsel

06040304545

WRITTEN RESPONSE OF STEPHENS SECURITY BANK,
BANK OF SALEM, AND RICHARD T. SMITH
TO WRITTEN QUESTIONS PROPOUNDED BY
THE FEDERAL ELECTION COMMISSION

26040304547

This response to the written questions submitted to Stephens Security Bank, and to the Bank of Salem, is being submitted as a full and complete response to the questions that have been asked, and should further be considered as the formal response of Richard T. Smith who is the President, Chief Executive Officer, and Chairman of the Board of Directors, of Smith Associated Banking Corporation (hereafter "SABCO"). SABCO is the Arkansas corporation and holding company owning all or substantially all of the common stock of the two Arkansas banks, Stephens Security Bank of Stephens, Arkansas, and Bank of Salem, Salem, Arkansas. Richard T. Smith acts as the chief lending officer of SABCO, and supervises and assists, under a holding company management agreement, the lending efforts of the subsidiaries. Mr. Smith was the designated lending officer to Tommy Robinson or the Robinson Committee (hereafter "Robinson" or "Committee", or "Campaign" when referred to both collectively). Mr. Smith had experience with Mr. Robinson's personal banking practices, while Mr. Smith was an employee of Worthen Bank & Trust Company, N.A., of Little Rock, Arkansas, and while Mr. Robinson was an individual customer of Worthen, and thereafter a political customer of Worthen during his campaign for sheriff. During that period of time Smith was familiar with the Robinson line of credit, and with Robinson's credibility, confidence, credit, and character.

As the designated officer for Robinson and/or the Robinson Committee, for SABCO and it's two banks, Richard T. Smith is the proper person to answer on behalf of all entities for and on behalf of SABCO, and is the person directly involved with the Robinson loans.

Therefore, as used in this Response, the terms as defined on page one (1) of the "written questions", are accepted as proper definitions and these responses are intended to comply with those definitions as set forth by the Federal Election Commission. Further, this response is intended to be a full and complete response on behalf of SABCO, the two banks, Mr. Smith, and any and all agents, servants, employees, or related personnel, as that term is defined in subparagraph "D" of the definition section of the written questions.

RESPONSE

1. At the direction of Richard T. Smith, the Federal Election Commission has been provided with all documents pertaining to the Robinson loans. There was no loan application, financial statement, or loan agreement required in this loan, or used in connection with this loan. None were tendered to the prospective borrower by the bank, nor were any executed by the borrower. Mr. Smith was familiar with the borrower, Robinson, had handled the financing for Robinson in the past, to include the financing of state political campaigns through Worthen Bank & Trust Company, and was the chief lending officer, at the time of

these loans, with the new institution, Smith Associated Banking Corporation. When approached by Robinson, Smith called upon his past knowledge as a banker and loan officer as to this borrower, and this borrower's credibility, confidence, past credit, and character. The experience and custom of dealings of the two individuals, Smith and Robinson, and the historical data of the parties, allowed Smith to determine whether or not to make this loan. This type of credit is more commonly referred to, by small state banks, as an "accommodation credit", and is different from an accounts receivable credit, a real estate credit, working capital account credit, home mortgage credit, consumer loan credit, as well as many others. The "accommodation credit" refers to a type of credit that is based more upon expectation, guided by past experience and history of the parties and their dealings. The criteria utilized by Mr. Smith was met from day one, and had been based upon the historical data of the parties, to include the dealings between Smith and Robinson while Robinson was a borrower, and Smith a lending officer, with Worthen Bank & Trust Company, N.A. Because the "accommodation credit" is different from other credits, there is no set requirement or gauge for documentation of these types of loans, or of other "accommodation credit", such as loans to civic groups or organizations, fraternal organizations, local ministers, orphanages, and similiar groups that require short term financial capital immediately with little planning, but with reliance upon a great expectation of

the ability to raise capital from other sources to make payment on satisfaction of the debt. As is the case with the Robinson loan, which has now been paid, these "accommodation credits" are made on an expectation and paid on fulfillment of that expectation rather than being made upon a full collateralization or guaranteed security basis. These respondents submit that with small country banks it is more important to be able to evaluate these types of "accommodation credits".

Question 1 (a). No.

Question 1 (a)(1). Not applicable. (Question 1 answered "No").

Question 1 (a)(2). Not applicable. (Question 1 answered "No").

Question 1 (b). Yes. No other outstanding Congressional debts existed.

Question 1 (b)(1). Not applicable.

Question 2. Often in either of the two small country banks, loans made upon the basis of the character and past performances of the borrower, loans made as "accommodation credits", loans where future ability and future expectation exist, and loans to be paid out of some future event, are done on a regular basis. To that extent, loans similar to this campaign debt are done. For example, loan to be paid out of some future event such as the settlement of claims in an estate, or the performance of a contract, or the settlement of an insurance claim, or the comple-

tion of a church or charity funds drive, are made to borrowers. These typically fall into what has been described as a category of credit known as "accommodation credit", where there is no absolute guarantee or certainty of repayment, as there is no absolute guarantee or certainty of the occurrence of the future event. Of course, there is never an absolute guarantee or absolute certain assurance of repayment of any indebtedness, irrespective of how well secured. With "accommodation credit", however, more reliance is placed upon the past performance, character, credibility, confidence, and past historical credit of the borrower combined with emphasis on the nature and extent of the future ability, nature of the future event, and credibility of the borrower, with the lender, for the borrower to be able to see the event, expectation or contingency realized. The key to these types of loans is that pay-off is purely the result of a future event, or in more technical terms a fulfillment of the future expectation of the borrower. In these types of loans, it is usually not possible, and is not necessary, to determine the existence of any asset or liability at the actual time that credit is made, as these are not relevant factors in the decision process, and certainly do not outweigh the lenders decision as to the weight to be given to the capacity of the borrower to see the event or expectation fulfilled, which will in turn result in the pay-off. For example, in the loans at question, the pay-off of the loans have occurred, all principal and interest has been paid, and the loans have been satisfied in full. At the time the

loans were made, the lender engaged in the transaction believing, based upon the historical data, personal knowledge, credit, confidence, credibility, character, historical credit, and custom and course of dealings with, and satisfactory performance by, the borrower, in the making of the loan, based upon the future expectation of raising funds necessary to pay off the loan. In this case, the borrower's expectation was fulfilled, and the loans paid in full. More importantly, the lender's decision, based upon the credibility that this borrower would be capable of fulfilling the expectation and future event of raising the funds necessary to retire the debt, in full, was proven to be correct, and resulted in a wise and prudent loan, which not only was made in the ordinary course of business, but resulted in a profit to the bank, and to the shareholders of the bank.

Question 3. No.

Question 4. Not applicable. (Answer to Question 3 was "No").

Question 5. No. Never been approached.

Question 6. Not applicable. (Answer to Question 5 was "No").

RICHARD T. SMITH
Chairman and Chief Executive
Officer of Smith Associated
Banking Corporation

VERIFICATION

I, Richard T. Smith, do hereby state on oath that the information contained in the above and foregoing instrument is true and correct to the best of my knowledge and belief.

Richard T. Smith

SUBSCRIBED and sworn to before me this ____ day of _____, 1985.

Notary Public

My Commission Expires:

0604038455

86040304554



85 SEP 9 P

MEEKS AND FOX, P.A.
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201

To:

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, DC 20463

CERTIFIED

P 246 429 712

MAIL

LAW OFFICES

MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER

H. MAURICE MITCHELL
 RICHARD A. WILLIAMS
 JOHN S. SELIG
 JOSEPH W. GELZINE
 W. CHRISTOPHER BARRIER
 JERRY D. JACKSON
 JIM GUY TUCKER
 EUGENE C. SAYRE
 BYRON FREELAND
 KENT FOSTER
 ALLAN GATES
 PAT MORAN
 W. H. L. WOODYARD, III
 MICHAEL C. O'MALLEY
 JOHN C. LESSEL
 DOAK FOSTER
 JAMES E. SMITH, JR.
 JEAN D. STOCKBURNER
 ANNE RITCHIE

1000 SAVERS FEDERAL BUILDING
 CAPITOL AVENUE AT SPRING STREET
 LITTLE ROCK, ARKANSAS 72201
 TELEPHONE 501-376-0151

DEBRA K. BROWN
 SUSAN GUNTER
 CRAIG WESTBROOK
 W. KIRBY LOCKHART
 JOYCE KINERAD
 DOUGLAS B. WARD
 MARCELLA J. TAYLOR
 TIMOTHY W. GROOMS
 ROBERT L. THACKER
 RICHARD C. JANE

OF COUNSEL
 HENRY E. SPITZBERG

September 5, 1985

Secretary
 Federal Election Commission
 1325 "K" Street, N.W.
 Washington, D.C. 20463

FEDERAL EXPRESS

SEP 6
 12:02
 1985

Re: MUR 1721, First American Bank of Hot
 Springs, N.A., Hot Springs, Arkansas

Dear Sirs:

This has reference to Mr. Kenneth A. Gross's
 letter of August 16, 1985 to the undersigned. We enclose
 herewith 9 copies and the original of an Affidavit with
 attachments signed by Leonard K. Dunn on behalf of First
 American Bank. We are also forwarding, with a copy of this
 letter, 3 copies to the Office of General Counsel.

We are also enclosing a copy of the check evidencing
 repayment of the loan.

Very truly yours,

MITCHELL LAW FIRM

By *Joseph W. Gelzine*
 Joseph W. Gelzine

JWG;dee

Enclosures

cc: Office of General Counsel
 Leonard K. Dunn, President
 First American Bank

AFFIDAVIT

STATE OF ARKANSAS)
COUNTY OF SALINE) ss.

Comes Leonard K. Dunn, President of First American Bank of Hot Springs, N.A., Hot Springs, Arkansas (First American) who being duly sworn states on oath in the order in which presented, his responses to the Federal Election Commission's written questions to First American, copies of which are attached hereto:

1. A copy of the Loan Worksheet/Documentation was attached to our reply brief furnished under cover letter of May 1, 1985. Attached hereto are copies of the note, disclosure, and security agreement, guaranty and assignment of life insurance. No other documents exist.

(a) Except for a financial statement, no bank documents other than those produced or referred to in question 1 are customarily used to judge the credit worthiness of a customer.

1. Not applicable.
2. A financial statement for Mr. Robinson was obtained subsequent to making this loan.

(b) The bank was unaware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time the bank made the loan to Mr. Robinson.

1. First American was relying on Worthen Bank & Trust Company, N.A. and its assurances that it would make a loan to Mr. Robinson, the proceeds of which would be used

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to repay First American's loan. This is what happened. See affidavit submitted under cover letter of May 1, 1985.

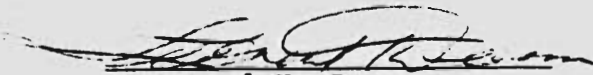
2. First American had not previously made a loan similar to this loan. It is therefore difficult to attempt to compare a loan of this nature for a political candidate to other types of commercial or business loans. First American does on frequent occasions agree to make first mortgage construction loans on the assurance by upstream correspondants that the loan will be repaid from the proceeds of a permanent first mortgage loan to be made to the borrower by the upstream correspondent or other lending institution. We believe that this type of loan is more analogous to the Tommy Robinson loan than any other type of loan made by First American.

3. First American has never made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee.

4. Not applicable.

5. Since First American has never been approached by a political candidate for a campaign loan, it has never denied a loan to a state or federal candidate. At one time a political candidate made a preliminary inquiry but did never follow through and actually request a loan.

6. Not applicable.


Leonard K. Dunn

86040584557

SUBSCRIBED AND SWORN to before me, a Notary Public,
on this 5th day of September, 1985.

Leah Caroline
Notary Public

My Commission Expires:

10-1-1990

(S E A L)

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As used in the written questions, the terms listed below are defined as follows:

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

d. The term "you" shall mean the First American Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

00040504560

WENDY JOHNSON FOR CONGRESS
CAMPAIGN FUND
400 W. BROADWAY, SUITE K
NORTH LITTLE ROCK, ARKANSAS 72114

001062

01-7000

5/84
50479.45
First American National Bank of Hot Springs
FOR DEPOSIT ONLY
DOLLARS

WENDY JOHNSON
NORTH LITTLE ROCK, ARKANSAS

Wendy Johnson
For & Return

001062 000000073: 6005-848-70

0005047945

COMMERCIAL LOANS GRAND NATIONAL BANK

NAME *Johnny Johnson*

000 0002380900 02380901

051984 5000000-1

59 47945

Total: *50,479.45*

000000 5/21/84 000479.45 0

67790002

0005047945

Johnny Johnson
Left hand side

870.12

00000001

COMBINATION PLAIN LANGUAGE NOTE, DISCLOSURE & SECURITY AGREEMENT

\$ 50,000.00

Hot Springs, Arkansas

April 24

1984

For value received "I", "We", "Me" and "MY", meaning all borrowers who sign this note, jointly and severally, promise to pay to the order of any holder of this note
Fifty Thousand Dollars and No/100-----DOLLARS (\$ 50,000.00)

(including) (plus) interest from April 24 19 84 at a rate of 14 % per year until paid.
 at the office of **THE GRAND NATIONAL BANK OF HOT SPRINGS, ARKANSAS** Payment of the
 Note Total will be: ☒ (a) on demand, but if no demand is made on June 23, 1984 (60 Days)

☐ (b) in _____ payments to be made _____ in the amount of \$ _____
 each, and one payment of \$ _____. The first payment is due and payable on or before the
 _____ day of _____, 19 _____, with one payment to become due and
 payable on or before _____ of each succeeding _____ and one
 final payment of \$ _____ will become
 due and payable on or before _____, 19 _____.

☐ (c) OTHER _____

With interest from maturity until paid, at the maximum legal interest rate per annum or contract rate, whichever is greater. The makers and endorsers of this note hereby waive presentment, notice of non-payment, protests, notice protests, and consent that the time of payment may be extended without notice thereof. If it becomes necessary to place this note in the hands of an attorney for collection, the undersigned jointly and severally agree to pay the holder thereof, in addition to the principal and interest, ten percent of the principal and interest due hereon as attorney's fees.
☐ Payments on this note are precomputed and include the finance charge in the "Total of Payments". In the event of voluntary prepayment, a prorated portion of the unearned finance charge based on the time of prepayment (Rule of 78's monthly installment) will be refunded. However, a minimum loan fee of \$15.00 may be collected if the earned finance charge is less than \$15.00.
☒ This is a simple interest note with each payment being first applied to accrued finance charges with the balance of each payment being applied to reduce the principal balance. The final payment may be more or less than the amount scheduled depending upon my payment record.

DISCLOSURES

This loan may/not be assumed.

☐ This loan has a demand feature.

ANNUAL PERCENTAGE RATE

the cost of my credit as a yearly rate.

14 %

FINANCE CHARGE

the dollar amount the credit will cost me.

\$ 1,150.68

AMOUNT FINANCE

the amount of credit provided to me or on my behalf.

\$ 50,000.00

TOTAL OF PAYMENTS

the amount I will have paid after I have made all payments as scheduled.

\$ 51,150.68

MY PAYMENT SCHEDULE WILL BE:

PAYMENTS	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE	INSURANCE - Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless you sign, or initial, and agree to pay the additional cost.		
1	51,150.68	Due June 23, 1984			
			TYPE	PREMIUM	SIGNATURE
			Credit Life		
			Credit		
			Credit Life & Disability		

If this loan is secured by tangible property, property insurance is required. I may obtain property insurance from anyone I want that is acceptable to the Creditor.

SECURITY AGREEMENT: I will secure the payments of this note total by giving a security interest in the property described below: _____

Unsecured

FILING FEES: \$ -0- **NON-FILING INSURANCE:** \$ -0-

LATE CHARGES: I will pay a late charge of 5% of the amount of a payment, (but not less than \$ -0- nor more than \$ -0-) for each payment that is 10 days late.

PREPAYMENT: If I pay off early, I ☐ may ☒ will not have to pay a penalty. ☐ may ☒ will not be entitled to a refund of part of the finance charge.

I can see my contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

e - means estimate.

PURPOSE OF LOAN: Personal Investment

☒ Personal ☐ Business ☐ Agricultural

I agree to the terms and conditions of this note and security agreement (including those on reverse side) and by signing I acknowledge receipt of a copy hereof with all applicable blanks filled in.

ITEMIZATION OF AMOUNT FINANCED:

Amount given to me directly \$50,000.00

Amount paid on my account \$ _____

Amounts paid to others on my behalf:

To Property Ins. Company \$ _____

To Credit Life Ins. Company \$ _____

To Disability Ins. Company \$ _____

To Public Officials \$ _____

\$ _____

\$ _____

Prepaid Finance Charge \$ _____

AMT. FINANCED \$50,000.00

Signature of Lender (When necessary for filing this security agreement.)

GRAND NATIONAL BANK of HOT SPRINGS, ARK.

By [Signature]

X
SIGNATURE OF BORROWER

FOR FILING OFFICER

DEBTOR Tommy Robinson

ADDRESS 425 West Broadway, Suite K

CITY, STATE AND ZIP North Little Rock, AR

TELEPHONE 372-4816 72114

CUSTOMER NO

ACCOUNT NO

23809-00 23809-01

X
SIGNATURE OF BORROWER

GUARANTY

Hot Springs, Arkansas

April 24, 1984

FOR THE SUM OF ONE DOLLAR, and other valuable considerations, receipt of which is hereby acknowledged, I, we, or either of us, hereinafter called Guarantors, hereby agree, jointly and severally, to pay to GRAND NATIONAL BANK, Hot Springs, Arkansas, hereinafter called Bank, its successors or assigns, at its office in the City of Hot Springs, Arkansas, any and all indebtedness which

Tommy Robinson

hereinafter called Debtor, may now or at any time hereafter owe said Bank, together with interest, collection costs and attorneys' fees, as may be provided in any instrument evidencing said indebtedness, whether said indebtedness arises or is represented by notes, discounts, overdrafts or otherwise. Guarantors expressly waive diligence on the part of the said Bank in the collection of any and all said indebtedness, protest, notice and all extensions that may be granted to the Debtor. Bank shall be under no obligation to notify Guarantors of its acceptance hereof nor of any advances made or credit extended on the faith hereof, nor of the failure of said Debtor to pay said indebtedness as it matures, nor to use diligence in preserving the liability of any person on said indebtedness, or in bringing suit to enforce collection of the debt due under this guaranty; but it is understood that Guarantors shall not be required to pay hereunder more than the sum of

Fifty Thousand Dollars and No/100----- Dollars, together with 10% of the indebtedness additional as attorneys' fee should this contract be placed in the hands of an attorney for collection or should it be collected through any court; and when Guarantors shall have paid the said Bank the indebtedness of said Debtor amounting to said sum this obligation shall be thereby satisfied and discharged.

Should the status of the Debtor change, this guaranty will continue and also cover the indebtedness of the Debtor under the new status, according to the terms hereof guaranteeing the indebtedness of the original Debtor.

In the event that the Debtor is a partnership, this guaranty shall continue in effect and apply to all obligations of the Debtor and/or any successor partnership incurred or accruing before or after any change which may arise by reason of the death or withdrawal of any partner, or of the acceptance into partnership of one or more new partners.

This instrument is intended to be, and is a continuing guaranty, and shall apply to and cover all indebtedness and renewals thereof above mentioned and described, and all other indebtedness of Debtor to Bank subject only to that limitation, if any, written above. The Guarantors, or one or more of them, may give to the Bank written notice that the Guarantor or Guarantors giving such notice will not be liable hereunder for any indebtedness created, incurred or arising after the giving of such notice; but the obligation of all Guarantors who shall not have given such notice shall, as to all indebtedness created, incurred, or arising after the giving of such notice, remain and continue as if such Guarantors had been the only Guarantor signing this instrument. The notice above provided for shall not be considered as given until actually received and acknowledged in writing by an officer of said Bank, or until Bank receives written notice of termination by registered mail at its offices. In the event of the death of any Guarantor hereunder, the obligation of the deceased shall continue in full force and effect against his estate as to all indebtedness which shall have been created or incurred by the Debtor prior to the time when the Bank shall have received notice, in writing, of such death; and this guaranty shall from the date of such death as to all indebtedness created, incurred or arising after such death remain and continue in full force as a guaranty of the surviving Guarantors.

It is expressly understood that said Bank shall not be required to pursue any other remedies before invoking the benefits of this guaranty, especially it shall not be required to exhaust its remedies against endorser, collateral and other security; and should the indebtedness of the Debtor be in excess of the amount named herein, said Bank may apply any fund, payment, collections through any court, process of law or otherwise, or other collateral of the Debtor to the satisfaction and liquidation of said excess, without impairing the character of liability herein assumed and without any way lessening or reducing the same in amount.

Bank is hereby given a lien for the amount of the liability created by the foregoing guaranty, whether payable or still not payable, upon all property and securities now or hereafter given unto or left in the possession or custody of said Bank for any purpose (including safe-keeping or pledge for this or any other liability of the undersigned) now or hereafter in the possession of said Bank for any purpose, including safe-keeping or pledge for this or any other liability of the undersigned, and including any balance on deposit or otherwise for the account of, or to the credit of, or belonging to any of the undersigned.

Bank is hereby authorized and empowered, at its option, to appropriate and apply to the payment and extinguishment of the liability created by the foregoing guaranty at any time after such liability becomes payable, any and all moneys or other property of the undersigned and proceeds thereof (including proceeds of sales provided below) now or hereafter in the possession of said Bank for any purpose, including safe-keeping or pledge for this or any other liability of the undersigned, and including any balance on deposit or otherwise for the account of, or to the credit of, or belonging to any of the undersigned.

Bank is hereby authorized and empowered, at its option, at any time after the liability created by the foregoing guaranty becomes payable, to sell, assign and deliver any securities or property at any time given unto or left in the possession or custody of said Bank for any purpose (including safe-keeping or pledge for this or any other liability of the undersigned), by or for any of the undersigned or in which any of the undersigned may have any interest, at any Broker's Board, stock exchange or at public or private sale, for cash, upon credit, or for future delivery, all at the option of said Bank or any of its officers, without demand, advertisement or notice all of which are hereby expressly waived.

Upon any sale or sale at public auction, Broker's Board, or stock exchange above provided for, said Bank, its successors or assigns, may bid for and/or purchase the whole or any part of such securities or property free from any right of redemption, which is hereby waived and released.

In case of any sale by said Bank of any of said securities or property on credit or for future delivery, the securities and property sold may be retained by said Bank until the selling price is paid by the purchaser and said Bank shall incur no liability in case of failure of the purchaser to take up and pay for the securities or property so sold. In case of any such failure the securities or property may be again sold.

If any or all of the indebtedness hereby guaranteed be secured, the Guarantors agree that the Bank may from time to time, at its discretion and with or without valuable consideration, allow substitution or withdrawal of collateral or may release security, and should the Debtor execute in favor of said Bank any collateral agreement, the exercise by the Bank of any right conferred upon it in said agreement shall be wholly discretionary with the Bank, and such exercise of, or failure to exercise, such right shall in no wise impair or diminish the obligation of the guarantors hereunder.

It is specially and expressly agreed that in the event the Debtor is a corporation or is hereafter incorporated, if the indebtedness of said corporation now or at any time hereafter exceeds the amount permitted by law, or said corporation is not liable because the act of creating the obligation is ultra vires, or the officers creating same acted without authority and for these reasons the indebtedness to the Bank which Guarantors agree to pay cannot be enforced against the corporation, such fact shall in no manner affect Guarantors' liability hereunder, but Guarantors shall be liable hereunder, notwithstanding said corporation is not liable for such indebtedness and to the same extent as Guarantors would have been if the indebtedness of said corporation had been enforceable against it.

This contract of guaranty shall inure to the benefit of the transferee, assignee, or holder of the principal debt, however, all indebtedness to the Bank shall first be paid in full, before the assignee of any debt guaranteed shall receive any benefit of this contract of guaranty.

It is specially agreed that suit may be brought against the Guarantors, jointly and severally, and against any one or more of them, less than all, without impairing the rights of the Bank, its successors or assigns, against the others of the Guarantors; and that the Bank may compound with any one of the Guarantors for such sum or sums as it may see fit and release such of the Guarantors from all further liability to the Bank for such indebtedness without impairing the right of the Bank to demand and collect the balance of such indebtedness from others of the Guarantors not so released; but it is agreed among the Guarantors themselves, however, that such compounding and release shall in no wise impair the rights of the Guarantors as among themselves.

This guaranty is to be construed according to the laws of the State of Arkansas.

EXECUTED this the 24th day of April, 1984

IN THE PRESENCE OF

Tommy Robinson for Congress Campaign

By: Darrell Glascock, Chairman

ASSIGNMENT OF LIFE INSURANCE POLICY AS COLLATERAL

- A. ~~For Value Received~~ the undersigned hereby assign, transfer and set over to _____
(formerly Grand National Bank)
First American Bank of Hot Springs, N.A. _____ of Hot Springs, AR
- its successors and assigns, (herein called the "Assignee") Policy No. _____ issued by the
Southwest Life Insurance Company _____
(herein called the "Insurer") and any supplementary contracts issued in connection therewith (said policy and contracts being
herein called the "Policy"), upon the life of Tommy Robinson _____
of North Little Rock, AR _____ and all claims, options, privileges, rights, title and interest therein
and thereunder (except as provided in Paragraph C hereof), subject to all the terms and conditions of the Policy and to all
superior liens, if any, which the Insurer may have against the Policy. The undersigned by this instrument jointly and severally
agree and the Assignee by the acceptance of this assignment agrees to the conditions and provisions herein set forth.
- B. It is expressly agreed that, without detracting from the generality of the foregoing, the following specific rights are included
in this assignment and pass by virtue hereof:
1. The sole right to collect from the Insurer the net proceeds of the Policy when it becomes a claim by death or maturity;
 2. The sole right to surrender the Policy and receive the surrender value thereof at any time provided by the terms of the
Policy and at such other times as the Insurer may allow;
 3. The sole right to obtain one or more loans or advances on the Policy, either from the Insurer or, at any time, from other
persons, and to pledge or assign the Policy as security for such loans or advances;
 4. The sole right to collect and receive all distributions or shares of surplus, dividend deposits or additions to the Policy now
or hereafter made or apportioned thereto, and to exercise any and all options contained in the Policy with respect thereto;
provided, that unless and until the Assignee shall notify the Insurer in writing to the contrary, the distributions or shares
of surplus, dividend deposits and additions shall continue on the plan in force at the time of this assignment; and
 5. The sole right to exercise all nonforfeiture rights permitted by the terms of the Policy or allowed by the Insurer and to
receive all benefits and advantages derived therefrom.
- C. It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and
excluded from this assignment and do not pass by virtue hereof:
1. The right to collect from the Insurer any disability benefit payable in cash that does not reduce the amount of insurance;
 2. The right to designate and change the beneficiary;
 3. The right to elect any optional mode of settlement permitted by the Policy or allowed by the Insurer;
but the reservation of these rights shall in no way impair the right of the Assignee to surrender the Policy completely with all
its incidents or impair any other right of the Assignee hereunder, and any designation or change of beneficiary or election of a
mode of settlement shall be made subject to this assignment and to the rights of the Assignee hereunder.
- D. This assignment is made and the Policy is to be held as collateral security for any and all liabilities of the undersigned,
or any of them, to the Assignee, either now existing or that may hereafter arise in the ordinary course of business between
any of the undersigned and the Assignee (all of which liabilities secured or to become secured are herein called "Liabilities").
- E. The Assignee covenants and agrees with the undersigned as follows:
1. That any balance of sums received hereunder from the Insurer remaining after payment of the then existing Liabilities,
matured or unmatured, shall be paid by the Assignee to the persons entitled thereto under the terms of the Policy had this
assignment not been executed;
 2. That the Assignee will not exercise either the right to surrender the Policy or (except for the purpose of paying premiums)
the right to obtain policy loans from the Insurer, until there has been default in any of the Liabilities or a failure to pay any
premium when due, nor until twenty days after the Assignee shall have mailed, by first-class mail, to the undersigned at the
addresses last supplied in writing to the Assignee specifically referring to this assignment, notice of intention to exercise
such right; and
 3. That the Assignee will upon request forward without unreasonable delay to the Insurer the Policy for endorsement of any
designation or change of beneficiary or any election of an optional mode of settlement.
- F. The Insurer is hereby authorized to recognize the Assignee's claims to rights hereunder without investigating the reason for
any action taken by the Assignee, or the validity or the amount of the Liabilities or the existence of any default therein, or
the giving of any notice under Paragraph E (2) above or otherwise, or the application to be made by the Assignee of any
amounts to be paid to the Assignee. The sole signature of the Assignee shall be sufficient for the exercise of any rights under
the Policy assigned hereby and the sole receipt of the Assignee for any sums received shall be a full discharge and release
therefor to the Insurer. Checks for all or any part of the sums payable under the Policy and assigned herein, shall be drawn
to the exclusive order of the Assignee if, when, and in such amounts as may be, requested by the Assignee.
- G. The Assignee shall be under no obligation to pay any premium, or the principal of or interest on any loans or advances on
the Policy whether or not obtained by the Assignee, or any other charges on the Policy, but any such amounts so paid by the
Assignee from its own funds, shall become a part of the Liabilities hereby secured, shall be due immediately, and shall draw
interest at a rate fixed by the Assignee from time to time not exceeding 6% per annum.
- H. The exercise of any right, option, privilege or power given herein to the Assignee shall be at the option of the Assignee,
but (except as restricted by Paragraph E (2) above) the Assignee may exercise any such right, option, privilege or power
without notice to, or assent by, or affecting the liability of, or releasing any interest hereby assigned by the undersigned, or
any of them.
- I. The Assignee may take or release other security, may release any party primarily or secondarily liable for any of the Liabili-
ties, may grant extensions, renewals or indulgences with respect to the Liabilities, or may apply to the Liabilities in such order as
the Assignee shall determine, the proceeds of the Policy hereby assigned or any amount received on account of the Policy by the
exercise of any right permitted under this assignment, without resorting or regard to other security.
- J. In the event of any conflict between the provisions of this assignment and provisions of the note or other evidence of any
Liability, with respect to the Policy or rights of collateral security therein, the provisions of this assignment shall prevail.
- K. Each of the undersigned declares that no proceedings in bankruptcy are pending against him and that his property is not
subject to any assignment for the benefit of creditors.

Signed and sealed this _____ day of _____, 19____

Witness

Tommy Robinson Insured or Owner

425 West Broadway, Suite K,
North Little Rock, AR 72114

Beneficiary

Address

3 6 0 4 0 3 8 1 5 6 6

LAW OFFICES

MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER
1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201

FOR:

Office of General Counsel
1325 "K" Street, N.W.
Washington, D.C. 20463

RETURN POSTAGE GUARANTEED

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

OGC
Docket

IN THE MATTER OF TOMMY ROBINSON)
AND THE TOMMY ROBINSON FOR)
CONGRESS COMMITTEE, GEORGE M.)
FELKINS, AS TREASURER

MUR 1721

SUPPLEMENTAL RESPONSES TO INTERROGATORIES

INTERROGATORY NO. 2: Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

SUPPLEMENTAL RESPONSE TO INTERROGATORY NO. 2: The following examples were obtained from loan officers at Worthen Bank. In each case, the loan amount exceeded the collateral or there was an extension of a loan that was uncollateralized, i.e. line of credit without collateral. In addition, the net worth of the individual or corporation did not justify the extension of credit. Credit was extended based on reputation, credit history, and/or prospective ability to perform as was the case in the Tommy Robinson loan extension.

The following summaries are the actual statements of the loan officer involved:

86040304567

Numerous additional examples can and will be supplied by Worthen Bank upon request. Worthen Bank, as part of its marketing strategy and commitment to the community it serves, frequently makes loans to young professionals and others that do not have adequate financial statements to justify the loan but have outstanding character and have demonstrated successful skills.

The obvious intent of Worthen Bank in making these types of loans, is to assist the customer and to build a strong and loyal banking relationship.

Worthen Bank implores the Federal Election Commission to recognize that when the relevant loans were extended, Tommy Robinson was a long-time customer of Worthen Bank with an excellent credit history. The officers of Worthen Bank knew Tommy Robinson possessed a high degree of personal integrity and that he had captured the public's trust.

These are the same qualities and characteristics possessed by the aforementioned customers and thus, were in the ordinary course of Worthen Bank's business.

Respectfully submitted,

ROSE LAW FIRM
A Professional Association
120 East Fourth Street
Little Rock, Arkansas 72201
(501) 375-9131

By: Kenneth R. Shemin
Kenneth R. Shemin

Attorneys for Worthen Bank &
Trust Company, N.A.

CERTIFICATE OF SERVICE

I, Kenneth R. Shemin, do hereby certify that I mailed a copy of the above and foregoing Supplemental Responses to Interrogatories to Mr. Charles N. Steele, General Counsel, Federal Election Commission, Washington, D.C. 20463, on this ____ day of October, 1985.

Kenneth R. Shemin
Kenneth R. Shemin



The Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

T.E. RENAUD

Chairman of the Board &
Chief Executive Officer

August 30, 1985

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D. C. 20463

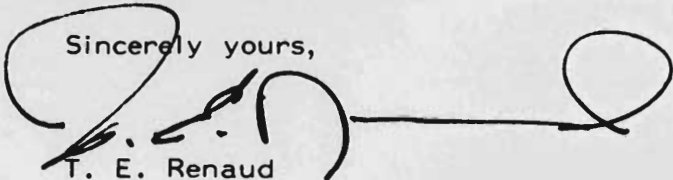
Re: MUR 1721
Twin City Bank

Dear Mr. Gross:

Enclosed please find my sworn responses to your Interrogatories dated August 16, 1985 as well as the attached thereto.

If you have any further questions, I will be happy to assist.

Sincerely yours,


T. E. Renaud

TER/dbo

Enclosures

RECEIVED AT THE FEC
85 SEP 6 P2:01
20048480

15 SEP 6 P3:47

00040304570

STATE OF ARKANSAS

COUNTY OF PULASKI

AFFIDAVIT

BEFORE ME, Notary Public, duly commissioned by and acting on behalf of the State of Arkansas, personally came and appeared T. E. RENAUD who, after being first duly sworn, did depose and say in response to the interrogatories submitted by the Federal Election Commission on August 16, 1985:

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

RESPONSE: See Attachment 1, Commercial Loan Application, May 17, 1984;

Attachment 2, Personal Financial Statement of Tommy Robinson, February, 1984;

Attachment 3, Documentation Checklist, Loan #78855, May 17, 1984;

Attachment 4, Promissory Note, May 17, 1984;

Attachment 5, Guaranty, May 17, 1984;

Attachment 6, Loan Documents for Loan #76611, April 1981 (Prior loan which had been completely repaid);

Attachment 7, Loan Documents for Loan #76161, July, 1980 (Prior loan which had been completely repaid).

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

RESPONSE: No.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

RESPONSE: Yes, we were aware of Mr. Robinson's personal financial condition as we were provided with the aforementioned documents; however, the subject of other bank loans was not discussed.

Also, please review my letter to you of June 26, 1984, in which I thoroughly explained the many reasons why I believed in my best business judgment, and in light of my prior dealings with Mr. Robinson, that this campaign loan would be a sound risk and promptly repaid. Specifically, I had great confidence in Mr. Robinson's ability to win the general election in November, and personally knew him to be extremely trustworthy and of outstanding integrity.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

Before responding to your question, as a point of clarification, the loan in question differs from the loans described below in that this loan was made not to Mr. Robinson personally, but rather to the Tommy Robinson Campaign Committee. As additional collateral, I obtained Mr. Robinson's personal guaranty.

RESPONSE: The time constraints imposed by your mandatory response date made it impossible for me to conduct an exhaustive search of all of our loan files. However, my initial search has revealed several loans which are similar to the one which The Twin City Bank made to Tommy Robinson in 1984. I have sent the relevant information about these loans below:

86040364572

06040304573

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

RESPONSE: Yes, my review of our loan files reveals one other political loan to a Senate Candidate.

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

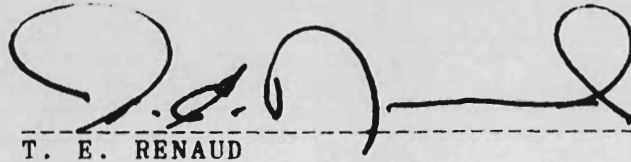
RESPONSE: Yes.

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

RESPONSE: Prior to the request, we had had no banking experience with applicant, and did not wish to extend credit to a candidate with whom we had not dealt in the past.

Unlike Tommy Robinson, the Candidate in question was not popular in the community, nor was he likely to win the election. Further, we had no reason to trust in his credit worthiness, as we did with Tommy Robinson.

FURTHER AFFIANT SAITH NOT.



T. E. RENAUD

SWORN TO AND SUBSCRIBED BEFORE ME on this the 30th day of August, 1985 at Little Rock, Arkansas.



NOTARY PUBLIC

MY COMMISSION EXPIRES:

6-1-91

86040904574



The Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

T.E. RENAUD

Chairman of the Board &
Chief Executive Officer

June 26, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

Re: MUR 1721

Dear Mr. Gross:

On June 18, 1984, I received your letter dated June 13, 1984, which informed me that your office has received a complaint that alleges that The Twin City Bank and I have violated certain sections of the Federal Election Campaign Act of 1971, as amended. I have reviewed a copy of the complaint and the other material enclosed with your letter, and I am asking that you accept this letter as my response to the complaint.

For purposes of clarity and future reference, I would like to answer the allegations by numbered paragraphs.

1. The Twin City Bank is a state chartered depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation.

2. On May 17, 1984, the Tommy Robinson for Congress Campaign Committee applied for and was granted a loan in the amount of \$32,000. The loan was evidenced by our standard promissory note, a copy of which is enclosed for your future reference, which promissory note was dated May 17, 1984, was for the principal sum of \$32,000, bearing interest at the rate of 12½% per annum, and was due and payable on or before June 15, 1984.

3. The said promissory note was guaranteed by the candidate, Mr. Tommy F. Robinson, on our standard guaranty form, a copy of which is enclosed for your reference.

4. The loan was approved by me acting in my capacity as Chairman of the Board and Chief Executive Officer of The Twin City Bank. I have held the position of Chairman and Chief Executive Officer of The Twin City Bank for the past 15½ years.

June 26, 1984

5. The Twin City Bank is the largest state chartered bank in Arkansas with total assets of \$260 million as of June 1, 1984.

6. The Twin City Bank has one of the lowest loan loss records of any lending institution in the state of Arkansas.

7. As Chairman of the Board and Chief Executive Officer of The Twin City Bank, my primary lending authority is ~~\$19,000,000.~~ *J.R.*
7,500,000.

8. It is my opinion that the loan to Tommy Robinson Campaign Committee was made in the ordinary course of business by this bank and was on a basis which assures repayment.

9. In addition to my knowledge of the banking industry, and particularly the operations of The Twin City Bank, I do have some knowledge as a citizen of the political future and fortunes of candidate Tommy F. Robinson. Based on my knowledge of Mr. Robinson, it is my opinion, and was at the time the loan was made, that he is a very viable candidate for the office which he is seeking; that he has substantial political backing and support; that his popular support among the voters is extremely high; and that he is respected by a number of business and civic leaders throughout this congressional district. These facts led me to believe at the time the loan was made, an opinion which I still maintain, that the campaign committee was certainly capable of repaying the loan in a timely and orderly fashion. Additionally, I have known Mr. Robinson to be a man of integrity. I have extended credit in larger amounts to him personally, and he has always handled these credits in a thoroughly satisfactory manner. Consequently, I was also comforted by his personal guarantee of the loan being questioned. While it would be a financial burden for Mr. Robinson to liquidate the debt if it is necessary for him to do so from his personal funds, I feel certain that he would do so, however, I also have no doubt that he can inspire the community to contribute to his political campaign. In summary, this loan was made to an individual of high integrity, a man recognized as a professional in his field, a customer with a satisfactory previous credit history with this bank, and the loan itself has two separate sources of repayment - the borrower and the guarantee.

10. The loan to the Tommy Robinson for Congress Campaign Committee was not endorsed or guaranteed by any person, corporation, partnership or any other type of entity other than Mr. Robinson.

Our banking relationships with our customers must remain confidential and this information is furnished to you with the express permission of the Tommy Robinson Campaign Committee. We specifically request that you maintain his confidentiality.

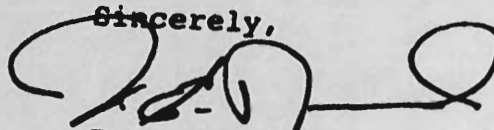
00040564576

Mr. Kenneth A. Ross
Page #3

June 26, 1984

If I can be the source of any additional information, I shall be happy to respond upon request.

Sincerely,



T. E. Renaud

TER/do

Enclosures

86040504577

TWIN CITY BANKCOMMERCIAL LOAN APPLICATIONDate: May 17, 1984Applicant: Tommy RobinsonAddress: 425 W. Broadway
North Little Rock, AR 72114

Telephone: _____

Loan Amount: \$32,000.00Rate: TCB PVTerms: Demand, or if no demand, due on
June 15, 1984Type of Business:Political campaign_____
Corp._____
Prop._____
Part.Purpose of Loan:Insurance Agent:Collateral:Value:O
P
E
NDisbursement Instructions:Comments, agreements and sources of repayment:Loan Officer 

T. E. RENAUD

Granted — Declined

With the exceptions noted below, approve or declined.

Personal Financial Statement

of
TOMMY F. ROBINSON
February, 1984

Assets

Real Estate - Home
Personal Property
Auto
Cash (Approx.)
Partnership Interest - IP3

Liabilities

Real Estate - Home
Banks (Endorser and Personal)
Jerry Jones

J. Jackson

Tommy F. Robinson

Borrower
SIC #

Tommy Robinson Campaign Committee

Loan # 78855

	REQUIRED	HAVE	ACTION DATE	IN FILE DATE
CLASSIFIED CREDIT FILE DOCUMENTS:				
Abstract				
Acknowledgment of Assignment from Obligor				
Aging of Accounts Receivables				
Application	✓	✓		6/20/84 (C)
Appraisal (Officer or Outside) Real Estate				
Articles of Incorporation				
Assignment:				
C.D.				
Contract				
Lease				
Life Insurance (Acknowledged)				
Mortgage				
Savings				
Attorney Letter (In Lieu of Title Ins.)				
Certificate of Deposit				
Collateral Receipt				
Construction Bond				
Contract				
Copy of Invoice/Equipment Appraisal				
Corporate Resolution				
Credit Investigations				
Credit Investigations (Guarantor)				
Dealer Floor Plan Agreement				
Deed of Trust/Mortgage (Recorded)				
Extension				
Financial Statements (Corporate)				
Financial Statements (Guarantor)				
Financial Statements (Personal)				
Financing Statements (Recorded)				
Floor Plan Agreement				
Guaranty Form on each Guarantor	✓	✓		
Insurance w/Loss Payable Clause				
Inventory Description				
Lease				
Lien Search Certificate				
Life Insurance Policy				
Loan Agreement				
Notice to Institution (CD)				
Partnership Agreement				
Partnership Resolution				
Plans and Specifications				
Promissory Note	✓	✓		6/20/84 (C)
Repurchase Agreement				
Right of Recession				
Security Agreements:				
Accounts Receivable				
Equipment				
Inventory				
Leased & Leased Assets				
Other				
Stock:				
Certificate				
Pledge				
Power				
Reg. U-1 Form				
Memo of Marketability				
Letter Guaranteeing Delivery (Optional)				
Survey				
Title Insurance Policy/Binder				
Verification of Bal. on 1st Mortgage				

ASSIGNED OFFICER:

TER by CS

 RECEIVED
 MAY 17 1984
 MDA



4 5 8 1

ATTACHMENT 4

\$ 32,000.00

May 17, 1984

Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS
Member FDIC

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, jointly and severally, promise to pay to the order of The Twin City Bank (herein called Bank), at its office in North Little Rock, Arkansas, the sum of Thirty-two Thousand and 00/100 DOLLARS, together with interest thereon from date at the rate of TCS PV, not to exceed maximum lawful amount %, per annum until maturity, and thereafter the maximum rate allowed by law until such sum is paid in full. Said amounts shall be payable as follows:
Demand, or if no demand by June 15, 1984

No delay or omission on the part of Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this note. Presentment, demand, protest, notice of dishonor, and extension of time without notice are hereby waived by each and every Obligor. The Obligor, jointly and severally, promise and agree to pay all costs of collection and reasonable attorney's fee incurred or paid by Holder in enforcing this note upon the occurrence of any default. Any notice to Maker shall be sufficiently served for all purposes if placed in the mail, postage prepaid, addressed to, or left upon the premises at, the address shown below or any other address shown on Holder's records.

The undersigned (hereinafter referred to as Maker) does hereby deliver and/or grant to Bank and its assigns, and holders (Bank, its assigns, and holders all being collectively referred to as Holders) under pledge as security and/or grant a security interest in, the collaterals below listed and/or listed on a collateral pledge and/or a Security Agreement, to wit:

THE ADDITIONAL PROVISIONS, TERMS, UNDERTAKINGS, AND RIGHTS SET FORTH ON THE REVERSE SIDE HEREOF ARE HEREBY MADE A PART OF THIS PROMISSORY NOTE, THE SAME BEING INCORPORATED HEREIN BY REFERENCE

Principal consists of:

Loan proceeds	\$32,000.00
Old Balance	
Filing fees or other fees incurred in perfection of any security interest in any collateral	
Credit Life Insurance	
Amount Financed	\$32,000.00

ADDRESS

425 W. Broadway
North Little Rock, AR 72114

UNDERSIGNED ACKNOWLEDGES RECEIPT OF A DUPLICATE OF THIS NOTE.

BY:

TOMMY ROBINSON ^{MAKER} CAMPAIGN COMMITTEE

Please charge my checking account no

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

For payments on this loan.

GUARANTY

For Value Received and in consideration of advances to be made, or credit to be given, or other financial accommodation from time to time afforded or to be afforded to

TOMMY ROBINSON CAMPAIGN COMMITTEE

(hereinafter designated as "Debtor"), by THE TWIN CITY BANK, NORTH LITTLE ROCK, ARKANSAS, or its successor or successors, immediate or remote, by merger, consolidation, sale of a major portion of its assets, or otherwise (all of which are herein after called the "Bank"), the undersigned hereby jointly and severally guarantee the full and prompt payment to said Bank at maturity and at all times thereafter of any and all indebtedness, obligations and liabilities of every kind and nature of said Debtor to said Bank (including liabilities of partnerships created or arising while the Debtor may have been or may be a member thereof), howsoever evidenced, which may hereafter become due, whether direct or indirect, absolute or contingent, or joint or several, and howsoever owned, held or acquired, whether through discount, overdraft, purchase, direct loan or as collateral, or otherwise; and the undersigned further agree to pay all expenses, legal and/or otherwise (including court costs and attorney's fees, paid or incurred by said Bank in endeavoring to collect such indebtedness, obligations and liabilities, or any part thereof, and in enforcing this guaranty). The right of recovery, however, against the undersigned is limited to

THIRTY-TWO THOUSAND AND 00/100

DOLLARS (\$ 32,000.00)

plus interest on all loans and/or advances hereunder and all expenses hereinbefore mentioned.

In case of the death, incompetency, dissolution, liquidation or insolvency (howsoever evidenced) of, or the institution of bankruptcy or receivership proceedings against said Debtor, all of said indebtedness, obligations and liabilities then existing shall, at the option of the Bank, immediately become due or accrued and payable from the undersigned.

All dividends or other payments received from the Debtor, or on account of the debt from whatsoever source, shall be taken and applied as payment in gross, and this guaranty shall apply at the option of said Bank to and secure any ultimate balance that shall remain owing to said Bank.

Any payments made by the undersigned on the indebtedness of the Debtor and resulting in the undersigned having a claim against the Debtor shall be subordinate to any and all then existing indebtedness owed the Bank by the Debtor and also to such subsequent loans or advances which, at the option of the Bank, may be made.

This guaranty shall be a continuing, absolute and unconditional guaranty, and shall remain in full force and effect until written notice of its discontinuance shall be actually received by said Bank, and also until any and all said indebtedness, obligations and liabilities existing before receipt of such notice shall be fully paid. The death, dissolution or withdrawal of any one or more of the undersigned shall not terminate this guaranty until notice of any such death, dissolution or withdrawal shall have been actually received by said Bank, nor until all of said indebtedness, obligations and liabilities existing before receipt of such notice shall be fully paid. And in the event of any such death, dissolution or withdrawal and notice thereof to the Bank, this guaranty shall, notwithstanding, continue and remain in force against the survivor or survivors until discontinued as hereinabove provided.

The liability hereunder shall in no wise be affected or impaired by (and said bank is hereby expressly authorized to make from time to time, without notice to anyone), any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or other disposition of any of said indebtedness, obligations and liabilities, either express or implied, or of any contract or contracts evidencing any thereof, or of any security or collateral therefor. The liability hereunder shall in no wise be affected or impaired by any acceptance by said Bank of any security for or other guarantors upon any of said indebtedness, obligations or liabilities, or by any failure, neglect or omission on the part of said Bank to realize upon or protect any of said indebtedness, obligations or liabilities, or any collateral or security therefor, or to exercise any lien upon or right of appropriation of any moneys, credits or property of said Debtor, possessed by said Bank, toward the liquidation of said indebtedness, obligations or liabilities, or by any application of payments or credits thereon. Said Bank shall have the exclusive right to determine how, when and what application of payments and credits, if any, shall be made on said indebtedness, obligations and liabilities, or any part of them. In order to hold the undersigned liable hereunder, there shall be no obligation on the part of the said Bank at any time to first resort to or exhaust its remedies against the Debtor, or other persons or corporations, their properties or estates, or to resort to and exhaust its remedies against any collateral, security, property, liens or other rights whatsoever. It is expressly agreed that said Bank may at any time make demand for payment or payments on, or bring suit against, the undersigned guarantors, jointly or severally, or any one or more of the undersigned, less than all, without impairing the rights of the Bank against the others of the undersigned; and that the Bank may compound with any one or more of the undersigned for such sums as it may see fit and release such of the undersigned from all further liability to the Bank for such indebtedness without impairing the right of the Bank to demand and collect the balance of such indebtedness from others of the undersigned not so released.

(OVER)

6 0 4 0 5 8 4 5

All diligence in collection or protection, and all presentment, demand, protest and/or notice, as to any and everyone, of dishonor and of default and of non-payment and of the creation and existence of any and all of said indebtedness, obligations and liabilities, and of any security and collateral therefor, and of the acceptance of this guaranty, and of any and all extensions of credit and indulgence hereunder, are hereby expressly waived.

The granting of credit from time to time by said Bank to said Debtor in excess of the amount to which the right of recovery under this guaranty is limited and without notice to the undersigned, is hereby also authorized and shall in no way affect or impair this guaranty.

All paper discounted for said Debtor and all loans made to said Debtor, when paid, shall be deemed to have been paid by said Debtor, unless express notice in writing is given to said Bank at the time by the undersigned that it has been paid by them.

No act of commission or omission of any kind, or at any time, upon the part of said Bank in respect to any matter whatsoever, shall in any way affect or impair this guaranty.

Said Bank may, without any notice whatsoever to any one, sell, assign or transfer all of said indebtedness, obligations and liabilities, or any part thereof, and in that event each and every immediate and successive assignee, transferee, or holder of all or any part of said indebtedness, obligations and liabilities, shall have the right to enforce this guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder, as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits; but the said Bank shall have an unimpaired right, prior and superior to that of any said assignee, transferee or holder, to enforce this guaranty for the benefit of said Bank, as to so much of said indebtedness, obligations and liabilities that it has not sold, assigned or transferred.

Notice to the undersigned guarantors of the acceptance of this guaranty and of the making or renewing of any loan or paper is hereby expressly waived by the undersigned.

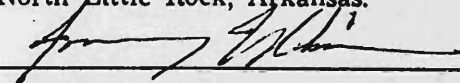
No release or discharge of any one or more of the undersigned shall release or discharge any of the other of the undersigned, unless and until all of said indebtedness, obligations and liabilities shall have been fully paid and discharged.

This guaranty shall be construed according to the law of the State of Arkansas, in which State it shall be performed by the undersigned.

This guaranty and every part thereof, shall be binding upon the undersigned, jointly and severally, and upon the heirs, legal representatives, successors and assigns of all the undersigned, and each of them, respectively.

Any part of this guaranty invalid under the law of this State shall not invalidate other parts of this guaranty.

After having carefully read this instrument consisting of the front and back of this page the same was signed, sealed and delivered by the undersigned, this 17th day of May, 1984, and was thereafter received and accepted by said Bank at North Little Rock, Arkansas.



TOMMY ROBINSON

Date: 4/14/81

Applicant: Tommy Robinson

Address: 2900 So. Woodrow
2 R 72306

Telephone: _____

Loan Amount: 1000 Rate: 16 1/2

Terms: 6 mos.

Type of Business: _____

Purpose of Loan: _____

pay bills

Insurance Agent: _____

Collateral: open

Value: _____

Disbursement Instructions: _____

Comments, agreements and sources of repayment: _____

Principals: _____

Guarantors: John L. Linder

Ken Carpenter
Sam Williams
Don Clayton

Corp.

Prop.

Part.

Loan Officer

Perick

Granted - Declined

With the exceptions noted below, approve or decline.

10/6/81

3/16/83

4/14/83

OK 4/14/83-CS

Extended 6 mos
@ 17 1/2 %

extended 6 mos
13 1/2 %

extended 6 mos
13 1/2 %

Borrower

Tommy R. Cullen

Loan #

76611

COMMERCIAL LOAN CHECKLIST

	Required	Have	Action Date	In-File Rec'd Date
CREDIT FILE DOCUMENTS:				
Accounts Receivable Aging				
Credit Investigation				
Financial Statements: (Date)				
Personal ()				
Corporate ()				
Guarantor ()				
Resolution, Current				
LOAN FILE DOCUMENTS:				
Abstract				
Appraisal (Officer or Outside)				
Assignment:				
Contract				
Lease				
Life Insurance (Acknowledged)				
Mortgage				
Savings or CD				
Builders Risk Policy				
Collateral Receipt				
Construction Bond				
Contract				
Dealer Agreement				
Deed of Trust/Mortgage (Recorded)				
Financing Statements (Recorded)				
Floor Plan Agreement				
Guaranty	✓	✓		4/28/81
Insurance w/Loss Payable Clause Coverage				
Adequate Agent:				
Lease				
Open Search Certificate				
Life Insurance Policy				
Loan Agreement				
Plans and Specifications				
Promissory Note	✓	✓		4/28/81
Repurchase Agreement				
Security Agreements:				
Accounts Receivable				
Inventory				
Other				
Stock:				
Certificate				
Pledge				
Power				
Survey				
Reg. U-1 Form				
Take-Out Letter				
Title Insurance				
Truth In Lending				
Other				

Comments:

File Completed by

EMP. R. Cullen

on

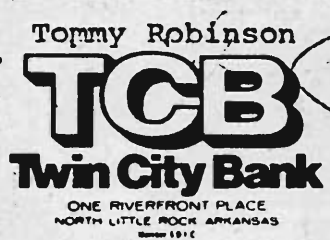
4/28/81

Lender

Date

6 0 4 0 5 6 4 5

\$ 10,000.00



76641
April 14, 1981

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, jointly and severally, promise to pay to the order of The Twin City Bank (herein called Bank), at its office in North Little Rock, Arkansas, the sum of Ten Thousand and no/100-----DOLLARS, together with interest thereon from _____ date _____ at the rate of 16 1/2 % per annum until maturity, and thereafter the maximum rate allowed by law until such sum is paid in full. Said amounts shall be payable as follows: Demand or no demand, balance due in 6 months, October 12, 1981

No delay or omission on the part of Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this note. Presentment, demand, protest, notice of dishonor, and extension of time without notice are hereby waived by each and every Obligor. The Obligor, jointly and severally, promise and agree to pay all costs of collection and reasonable attorney's fee incurred or paid by Holder in enforcing this note upon the occurrence of any default. Any notice to Maker shall be sufficiently served for all purposes if placed in the mail, postage prepaid, addressed to, or left upon the premises at, the address shown below or any other address shown on Holder's records.

The undersigned (hereinafter referred to as Maker) does hereby deliver and/or grant to Bank and its assigns, and holders (Bank, its assigns, and holders all being collectively referred to as Holders) under pledge as security and/or grant a security interest in, the collaterals below listed and/or listed on a collateral pledge and/or a Security Agreement, to wit:

O
D
PE
N

THE ADDITIONAL PROVISIONS, TERMS, UNDERTAKINGS, AND RIGHTS SET FORTH ON THE REVERSE SIDE HEREOF ARE HEREBY MADE A PART OF THIS PROMISSORY NOTE, THE SAME BEING INCORPORATED HEREIN BY REFERENCE

Principal consists of:
Loan proceeds \$10,000.00
Old Balance
Filing fees or other fees incurred in perfection of any security interest in any collateral
Credit Life Insurance
Amount Financed \$10,000.00

ADDRESS
2900 South Woodrow
Little Rock, AR 72206

Please charge my checking account no
[] [] [] [] - [] [] [] []
For payments on this loan.

UNDERSIGNED ACKNOWLEDGES RECEIPT OF A DUPLICATE OF THIS NOTE.
Tommy Robinson
MAKER

By: _____

GUARANTY

For Value Received and in consideration of advances to be made, or credit to be given, or other financial accommodation from time to time afforded or to be afforded to

Tommy Robinson

(hereinafter designated as "Debtor"), by THE TWIN CITY BANK, NORTH LITTLE ROCK, ARKANSAS, or its successor or successors, immediate or remote, by merger, consolidation, sale of a major portion of its assets, or otherwise (all of which are herein after called the "Bank"), the undersigned hereby jointly and severally guarantee the full and prompt payment to said Bank at maturity and at all times thereafter of any and all indebtedness, obligations and liabilities of every kind and nature of said Debtor to said Bank (including liabilities of partnerships created or arising while the Debtor may have been or may be a member thereof), howsoever evidenced, which may hereafter become due, whether direct or indirect, absolute or contingent, or joint or several, and howsoever owned, held or acquired, whether through discount, overdraft, purchase, direct loan or as collateral, or otherwise; and the undersigned further agree to pay all expenses, legal and/or otherwise (including court costs and attorney's fees, paid or incurred by said Bank in endeavoring to collect such indebtedness, obligations and liabilities, or any part thereof, and in enforcing this guaranty). The right of recovery, however, against the undersigned is limited to

Ten Thousand and no/100----- 10,000.00
DOLLARS (\$-----)

plus interest on all loans and/or advances hereunder and all expenses hereinbefore mentioned.

In case of the death, incompetency, dissolution, liquidation or insolvency (howsoever evidenced) of, or the institution of bankruptcy or receivership proceedings against said Debtor, all of said indebtedness, obligations and liabilities then existing shall, at the option of the Bank, immediately become due or accrued and payable from the undersigned.

All dividends or other payments received from the Debtor, or on account of the debt from whatsoever source, shall be taken and applied as payment in gross, and this guaranty shall apply at the option of said Bank to and secure any ultimate balance that shall remain owing to said Bank.

Any payments made by the undersigned on the indebtedness of the Debtor and resulting in the undersigned having a claim against the Debtor shall be subordinate to any and all then existing indebtedness owed the Bank by the Debtor and also to such subsequent loans or advances which, at the option of the Bank, may be made.

This guaranty shall be a continuing, absolute and unconditional guaranty, and shall remain in full force and effect until written notice of its discontinuance shall be actually received by said Bank, and also until any and all said indebtedness, obligations and liabilities existing before receipt of such notice shall be fully paid. The death, dissolution or withdrawal of any one or more of the undersigned shall not terminate this guaranty until notice of any such death, dissolution or withdrawal shall have been actually received by said Bank, nor until all of said indebtedness, obligations and liabilities existing before receipt of such notice shall be fully paid. And in the event of any such death, dissolution or withdrawal and notice thereof to the Bank, this guaranty shall, notwithstanding, continue and remain in force against the survivor or survivors until discontinued as hereinabove provided.

The liability hereunder shall in no wise be affected or impaired by (and said bank is hereby expressly authorized to make from time to time, without notice to anyone), any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or other disposition of any of said indebtedness, obligations and liabilities, either express or implied, or of any contract or contracts evidencing any thereof, or of any security or collateral therefor. The liability hereunder shall in no wise be affected or impaired by any acceptance by said Bank of any security for or other guarantors upon any of said indebtedness, obligations or liabilities, or by any failure, neglect or omission on the part of said Bank to realize upon or protect any of said indebtedness, obligations or liabilities, or any collateral or security therefor, or to exercise any lien upon or right of appropriation of any moneys, credits or property of said Debtor, possessed by said Bank, toward the liquidation of said indebtedness, obligations or liabilities, or by any application of payments or credits thereon. Said Bank shall have the exclusive right to determine how, when and what application of payments and credits, if any, shall be made on said indebtedness, obligations and liabilities, or any part of them. In order to hold the undersigned liable hereunder, there shall be no obligation on the part of the said Bank at any time to first resort to or exhaust its remedies against the Debtor, or other persons or corporations, their properties or estates, or to resort to and exhaust its remedies against any collateral, security, property, liens or other rights whatsoever. It is expressly agreed that said Bank may at any time make demand for payment or payments on, or bring suit against, the undersigned guarantors, jointly or severally, or any one or more of the undersigned, less than all, without impairing the rights of the Bank against the others of the undersigned; and that the Bank may compound with any one or more of the undersigned for such sums as it may see fit and release such of the undersigned from all further liability to the Bank for such indebtedness without impairing the right of the Bank to demand and collect the balance of such indebtedness from others of the undersigned not so released.

(OVER)

All diligence in collection or protection, and all presentment, demand, protest and/or notice, as to any and everyone, of dishonor and of default and of non-payment and of the creation and existence of any and all of said indebtedness, obligations and liabilities, and of any security and collateral therefor, and of the acceptance of this guaranty, and of any and all extensions of credit and indulgence hereunder, are hereby expressly waived.

The granting of credit from time to time by said Bank to said Debtor in excess of the amount to which the right of recovery under this guaranty is limited and without notice to the undersigned, is hereby also authorized and shall in no way affect or impair this guaranty.

All paper discounted for said Debtor and all loans made to said Debtor, when paid, shall be deemed to have been paid by said Debtor, unless express notice in writing is given to said Bank at the time by the undersigned that it has been paid by them.

No act of commission or omission of any kind, or at any time, upon the part of said Bank in respect to any matter whatsoever, shall in any way affect or impair this guaranty.

Said Bank may, without any notice whatsoever to any one, sell, assign or transfer all of said indebtedness, obligations and liabilities, or any part thereof, and in that event each and every immediate and successive assignee, transferee, or holder of all or any part of said indebtedness, obligations and liabilities, shall have the right to enforce this guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder, as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits; but the said Bank shall have an unimpaired right, prior and superior to that of any said assignee, transferee or holder, to enforce this guaranty for the benefit of said Bank, as to so much of said indebtedness, obligations and liabilities that it has not sold, assigned or transferred.

Notice to the undersigned guarantors of the acceptance of this guaranty and of the making or renewing of any loan or paper is hereby expressly waived by the undersigned.

No release or discharge of any one or more of the undersigned shall release or discharge any of the other of the undersigned, unless and until all of said indebtedness, obligations and liabilities shall have been fully paid and discharged.

This guaranty shall be construed according to the law of the State of Arkansas, in which State it shall be performed by the undersigned.

This guaranty and every part thereof, shall be binding upon the undersigned, jointly and severally, and upon the heirs, legal representatives, successors and assigns of all the undersigned, and each of them, respectively.

Any part of this guaranty invalid under the law of this State shall not invalidate other parts of this guaranty.

After having carefully read this instrument consisting of the front and back of this page the same was signed, sealed and delivered by the undersigned, this 14th day of April, 1981, and was thereafter received and accepted by said Bank at North Little Rock, Arkansas.

_____	<u>Ken Calhoon</u>
_____	Ken Calhoon
_____	_____
_____	_____
_____	_____
_____	_____

Date: 7/22/80
Applicant: Tommy Robinson
Address: PO Box 105
JAX 72076

Principals: _____

Telephone: _____

Guarantors: _____

Loan Amount: 2000- Rate: 90 day

Terms: 12%

Type of Business: _____

☐ Corp.
☒ Prop.
☐ Part.

Purpose of Loan: pay debt

Insurance Agent: _____

Collateral: None Value: _____

Disbursement Instructions: _____

Comments, agreements and sources of repayment: _____

Loan Officer: [Signature] Granted - Declined

4/8/81 With the exceptions noted below, approve or declined.
Extend balance 6 mos @ 14% | 10/8/81
Extension mailed 4/9/81 | Extend 6 mos
15%

TCB
Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK ARKANSAS

PROMISSORY NOTE

76161

July 22 1980

2,000.00

FOR VALUE RECEIVED, the undersigned, jointly and severally, promise to pay to the order of The Twin City Bank (herein called Bank), at its office in North Little Rock, Arkansas, the sum of Two Thousand and no/100-----DOLLARS, together with interest thereon from _____ date _____ at the rate of _____
12 _____%, per annum until maturity, and thereafter the maximum rate allowed by law until such sum is paid in full. Said amounts shall be payable as follows:
Demand or no demand, balance due in 90 days, October 20, 1980

No delay or omission on the part of Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this note. Presentment, demand, protest, notice of dishonor, and extension of time without notice are hereby waived by each and every Obligor. The Obligor, jointly and severally, promise and agree to pay all costs of collection and reasonable attorney's fee incurred or paid by Holder in enforcing this note upon the occurrence of any default. Any notice to Maker shall be sufficiently served for all purposes if placed in the mail, postage prepaid, addressed to, or left upon the premises at, the address shown below or any other address shown on Holder's records.

The undersigned (hereinafter referred to as Maker) does hereby deliver and/or grant to Bank and its assigns, and holders (Bank, its assigns, and holders all being collectively referred to as Holders) under pledge as security and/or grant a security interest in, the collaterals below listed and/or listed on a collateral pledge and/or a Security Agreement, to wit:

O

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THE ADDITIONAL PROVISIONS, TERMS, UNDERTAKINGS, AND RIGHTS SET FORTH ON THE REVERSE SIDE HEREOF ARE HEREBY MADE A PART OF THIS PROMISSORY NOTE, THE SAME BEING INCORPORATED HEREIN BY REFERENCE

Principal consists of:

Loan proceeds \$2,000.00

Old Balance

Filing fees or other fees

incurred in perfection of
any security interest in
any collateral

Credit Life Insurance

Amount Financed \$2,000.00

ADDRESS

P. O. Box 103

Jacksonville, Ark. 72076

Please charge my checking account no

				-				-	
--	--	--	--	---	--	--	--	---	--

For payments on this loan.

UNDERSIGNED ACKNOWLEDGES RECEIPT OF A DUPLICATE OF THIS NOTE.

Tommy Robinson

By :

8 6 0 4 0 5 8 4 5 8 1

DISCLOSURE OF LOAN PURPOSE

In order to induce THE TWIN CITY BANK, One Riverfront Place,
North Little Rock, Arkansas to grant a loan in the amount of
\$ 1,500.00, to Tommy Robinson,
the undersigned represents and warrants the monies loaned shall
be used solely for business or agricultural purpose within the
meaning of the Depository Institutions Deregulation & Monetary
Control Act of 1980, adopted by the Congress of the United States,
specifically, all loan proceeds shall be used for:

Campaign expenses.

DATED THIS 13 day of April, 1984.

BORROWER (S)

BORROWER (S)

XX

Any person knowingly making a false statement on any
Application for a loan may be subject to fine and imprisonment
under the provisions of 18 U.S.C.A. §1014.

Tommy Robinson

R#76161

April 13, 1982

\$ 1,500.00



PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, jointly and severally, promise to pay to the order of The Twin City Bank (herein called Bank), at its office in North Little Rock, Arkansas, the sum of One Thousand Five Hundred and no/100 DOLLARS,

together with interest thereon from date at the rate of 17% per annum until maturity, and thereafter the maximum rate allowed by law until such sum is paid in full. Said amounts shall be payable as follows: Demand or no demand, balance due in six months, October 10, 1982

No delay or omission on the part of Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this note. Presentment, demand, protest, notice of dishonor, and extension of time without notice are hereby waived by each and every Obligor. The Obligor, jointly and severally, promise and agree to pay all costs of collection and reasonable attorney's fee incurred or paid by Holder in enforcing this note upon the occurrence of any default. Any notice to Maker shall be sufficiently served for all purposes if placed in the mail, postage prepaid, addressed to, or left upon the premises at, the address shown below or any other address shown on Holder's records.

The undersigned (hereinafter referred to as Maker) does hereby deliver and/or grant to Bank and its assigns, and holders (Bank, its assigns, and holders all being collectively referred to as Holders) under pledge as security and/or grant a security interest in, the collaterals below listed and/or listed on a collateral pledge and/or a Security Agreement, to wit:

P
E
N

THE ADDITIONAL PROVISIONS, TERMS, UNDERTAKINGS, AND RIGHTS SET FORTH ON THE REVERSE SIDE HEREOF ARE HEREBY MADE A PART OF THIS PROMISSORY NOTE, THE SAME BEING INCORPORATED HEREIN BY REFERENCE

Principal consists of:

Loan proceeds
Old Balance \$1,500.00
Filing fees or other fees
incurred in perfection of
any security interest in
any collateral
Credit Life Insurance
Amount Financed \$1,500.00

ADDRESS

P. O. Box 103

Jacksonville, AR 72076

UNDERSIGNED ACKNOWLEDGES RECEIPT OF A DUPLICATE OF THIS NOTE.

Tommy Robinson

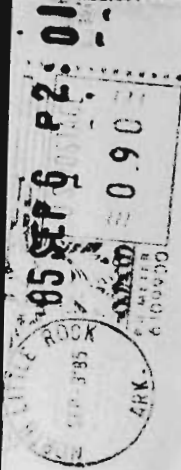
BY:

Please charge my checking account no

□ □ □ □ - □ □ □ □

For payments on this loan.

8 6 0 4 0 3 9 4 5 9 3



TWIN CITY BANK
ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

To:

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

FIRST CLASS MAIL



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 6, 1985

Kenneth R. Shemin
Rose Law Firm
120 E. Fourth Street
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Company

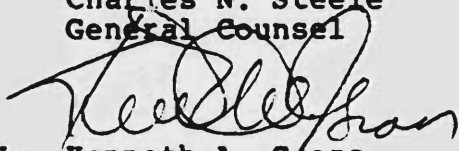
Dear Mr. Shemin:

This is in reference to your letter dated August 26, 1985, requesting an extension of 15 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on September 21, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

186040304594



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Kenneth R. Shemin
Rose Law Firm
120 E. Fourth Street
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Shemin:

This is in reference to your letter dated August 26, 1985, requesting an extension of 15 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on September 21, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

186040504503

HOUSE, WALLACE, NELSON & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Darrell D. Dover

RECEIVED AT THE FEC
600#8469
85 SEP 5 12:08

TELEX-TELECOPIER:
(501) 375-6484

September 4, 1985

FEDERAL EXPRESS

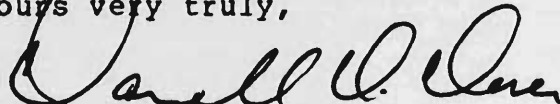
Mr. Kenneth A. Gross
Associate General Counsel
FEDERAL ELECTION COMMISSION
1325 K Street
Washington, D.C. 20463

Re: MUR 1721 - First State Bank

Dear Mr. Gross:

Enclosed are the Responses to the Questions recently promulgated to our client, First State Bank. As required in your letter, these answers are being submitted under oath.

Yours very truly,



Darrell D. Dover, for
HOUSE, WALLACE, NELSON
& JEWELL, P.A.

DDD:11
Enclosure
cc: Mr. Al Harkins

SEP 5 13:26

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF
FIRST STATE BANK

MUR 1721

RESPONSE OF FIRST STATE BANK TO WRITTEN QUESTIONS

Under cover of August 16, 1985, the Commission posed several written questions to First State Bank. Set forth below are the answers to the questions posed to First State Bank, each answer being numbered to correspond to that respective question.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approve the campaign loan.

ANSWER: Attached are the documents inquired about in question 1 being:

- A. Copy of Loan Application
- B. Copy of Loan Application (Renewal)
- C. Personal Financial Statement of Tommy Robinson
- D. Promissory Note and Security Agreement
- E. Promissory Note and Security Agreement (Renewal)
- F. Appraisal of Real Estate
- G. Mortgage

20040304507

1a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

ANSWER: The answer is No. For a loan of this amount, the documents listed above are generally considered to be sufficient. In addition, however, Al Harkins, President of First State Bank, did make personal inquiries of other financial institutions. In particular, Mr. Harkins inquired of Mr. Gene Fortson at Worthen Bank & Trust Company where Mr. Harkins knew that Mr. Robinson had had personal loans. Mr. Harkins received a favorable financial report from Mr. Fortson.

1a1. If the answer to question 1a is yes, please produce a copy of these documents.

ANSWER: Not applicable.

1a2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

ANSWER: Not applicable.

1b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

ANSWER: The answer is Yes. Personal financial statement attached.

1b1. If the answer to question 1b is no, please explain.

ANSWER: Not applicable.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

ANSWER: Set forth below are five other loans comparable in amount to the amount loaned to the Tommy Robinson Committee which First State Bank believes to be supportive of its position that the campaign loan to Tommy Robinson was made in the ordinary course of business. Consistent with the question, names are not given but a brief description of the loan, including the loan number and the character of the borrower, are set forth. Numerous other loans made by First State Bank could be added to this list but we believe the ones set forth below are sufficient:

86040304599

86040304600

On loans of this relatively modest amount, First State Bank is primarily interested in the credit record of the Borrower and if the credit record is good, based on First State Bank's own experience or based on reports received from other lenders, loans of the amount loaned to Tommy Robinson are often made on signature alone. It should be noted, however, that in the case of Tommy Robinson additional collateral was furnished in the form of a second mortgage on Robinson's personal residence in which there was substantial equity as indicated by the appraisal report which is attached and as discussed in more detail in First State Bank's brief filed herein.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

ANSWER: The answer is No.

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the

loan, the collateral, and all other factors which were used to determine that these loans be made.

ANSWER: The answer is not applicable.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

ANSWER: The answer is No.

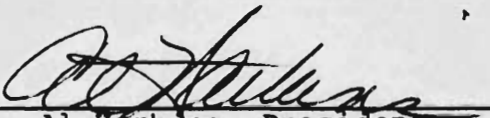
6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

ANSWER: The answer is not applicable.

First State Bank again submits that it has established, beyond question, that its loan was so secured as to assure it of repayment. First State has, in fact, now been repaid in full and again requests that the Commission find that there is no probable cause to believe that a violation of the Act has occurred.

Respectfully Submitted,

FIRST STATE BANK OF SHERWOOD
7100 John F. Kennedy Boulevard
North Little Rock, Arkansas 72116

By: 
Al Harkins, President

86040584602

I, Al Harkins, herein, on oath state that I have read the foregoing Responses, and that the statements made therein are true and correct to the best of my knowledge and belief.

SUBSCRIBED AND SWORN to before me, a Notary Public,
this 4th day of September, 1985.

MY COMMISSION EXPIRES:

0439d

LOAN APPLICATION

IMPORTANT: Please read these directions before completing this Application, and check the appropriate box below.

- ☐ If you are applying for individual credit in your own name, and are relying on your own income, assets and not the income or assets of another person as the basis for repayment of the credit requested, complete only Sections A and D. If the requested credit is to be secured, also complete Section C.
- ☐ If you are applying for joint credit with another person, complete all Sections except C, providing information in B about the joint applicant. If the requested credit is to be secured, then complete Section C.
- ☐ If you are applying for individual credit, but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as the basis for repayment of the credit requested, complete all Sections except C to the extent possible, providing information in B about the person on whose alimony, support, or maintenance payments or income or assets you are relying. If the requested credit is to be secured, then complete Section C.

AMOUNT REQUESTED \$ 20,000.00		TERMS 90 days		PROCEEDS OF LOAN TO BE USED FOR Chicago expenses	
SECTION A - INFORMATION REGARDING APPLICANT					
FULL NAME (Last, First, Middle) Tommy Robinson for Congress			Birth Date		Social Security #
PRESENT ADDRESS (Street, City, State, & Zip) 425 W. Broadway Suite 1100 N.R.			How long at present address?		HOME PHONE
PREVIOUS ADDRESS (Street, City, State, & Zip)			HOW LONG AT PREVIOUS ADDRESS		
PRESENT EMPLOYER (Company Name & Address)			HOW LONG WITH PRESENT EMPLOYER		
YOUR POSITIONS OR TITLE			Present Salary/Commission per <input type="checkbox"/> Gross <input type="checkbox"/> Net		BUSINESS PHONE EXT.
PREVIOUS EMPLOYER (Company Name & Address)			HOW LONG WITH PREV. EMPLOYER		
Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.					
Alimony, child support, separate maintenance received under: <input type="checkbox"/> Court Order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding					
OTHER INCOME SOURCES OF OTHER INCOME					
\$ PER					
HAVE YOU EVER RECEIVED CREDIT FROM US?		<input type="checkbox"/> No <input type="checkbox"/> Yes - When?		CHECKING ACCOUNT NO. WHERE? SAVING ACCOUNT NO. WHERE?	
NAME & ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU			RELATIONSHIP		TELEPHONE NO. (include Area Code)

SECTION B - INFORMATION REGARDING JOINT APPLICANT OR OTHER PARTY					
FULL NAME (Last, First, Middle)			AGE		BIRTH DATE
RELATIONSHIP TO APPLICANT (if Any)			PRESENT ADDRESS (Street, City, State, & Zip)		How long at present address?
PREVIOUS ADDRESS (Street, City, State, & Zip)			HOW LONG AT PREVIOUS ADDRESS?		HOME PHONE
PRESENT EMPLOYER (Company Name & Address)			HOW LONG WITH PRESENT EMPLOYER		
POSITION OR TITLE			Present Salary/Commission per <input type="checkbox"/> Gross <input type="checkbox"/> Net		BUSINESS PHONE EXT.
PREVIOUS EMPLOYER (Company Name & Address)			HOW LONG WITH PREVIOUS EMPLOYER		
Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.					
Alimony, child support, separate maintenance received under: <input type="checkbox"/> Court Order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding					
OTHER INCOME SOURCES OF OTHER INCOME					
\$ PER					
HAVE YOU EVER RECEIVED CREDIT FROM US?		<input type="checkbox"/> NO <input type="checkbox"/> Yes - When?		CHECKING ACCOUNT NO. WHERE? SAVING ACCOUNT NO. WHERE?	
NAME & ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU			RELATIONSHIP		TELEPHONE NO. (include Area Code)

SECTION C - SECURED CREDIT (Complete only if credit is to be secured). Briefly describe the property to be given as security.	
PROPERTY DESCRIPTION	
NAMES & ADDRESSES OF ALL CO-OWNERS OF THE PROPERTY:	
IF THE SECURITY IS REAL ESTATE, GIVE THE FULL NAME OF YOUR SPOUSE	
SIGNATURES	
Everything I have stated in this Application is correct to the best of my knowledge. I understand that you will retain this Application whether or not it is approved. You are	authorized to check my credit and employment history and to answer questions about your credit experience with me.
APPLICANT'S SIGNATURE	OTHER SIGNATURE (When Applicable)
X	X
DATE 4-30-84	
COMMENTS	
Robinson will give a pledge of 50% of all contributions above \$100,000 toward this loan. If loan has to be renewed will give additional collateral of his home in Jacksonville.	

SECTION D - ASSET & DEBT INFORMATION

If Section B has been completed, this Section should be completed, giving information about both the Applicant and Joint Applicant or Other Person. Please mark

Applicant-related information with an "A". If Section B was not completed, give information about the Applicant in this Section

ASSETS OWNED (use separate sheet if necessary).

DESCRIPTION OF ASSETS	VALUE	PLEGDED AS SECURITY Yes/No	NAMES OF OWNERS
CASH/SAVINGS	\$		
AUTOMOBILES (Make, Model, Year)			
1			
2			
3			
CASH VALUE OF LIFE INSURANCE (Issuer, Face Value)			
REAL ESTATE (Location, Date Acquired)			
MARKETABLE SECURITIES (Issuer, Type, No. of Shares)			
OTHER (List)			
TOTAL ASSETS	\$		

OUTSTANDING DEBTS (Include charge accounts, instalment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

CREDITOR	TYPE OF DEBT OR ACCOUNT NUMBER	NAME IN WHICH ACCOUNT IS CARRIED	ORIGINAL DEBT (Omit Rent)	PRESENT BALANCE (Omit Rent)	MONTHLY PAYMENTS	PAST DUE? YES/NO
LANDLORD OR MORTGAGE HOLDER	<input type="checkbox"/> Rent Pay - Home <input type="checkbox"/> Rent Pay - Apt. <input type="checkbox"/> Rent Pay - Other <input type="checkbox"/> Mortgage		\$	\$	\$	
AUTOMOBILE LOANS						
OTHER						
TOTAL DEBTS			\$	\$	\$	

CREDIT REFERENCES (Paid Off Accounts)

DATE PAID OFF

			\$			

MY AUTO INSURANCE AGENT IS: (Name & Address)

Are you a co-maker, endorser or guarantor on any loan or contract? ☐ NO ☐ Yes - For Whom?

To Whom?

Are there any unsatisfied judgments against you? ☐ NO ☐ Yes - Amount \$

If "Yes", To Whom Owed?

Have you been declared bankrupt in the last 14 years? ☐ No ☐ Yes - Where?

Year?

OTHER OBLIGATIONS (For example, liability to pay alimony, child support, separate maintenance. Use separate sheet if necessary.)

Eugene Fortson at Wrother has known T. Robinson for several years as his banker. Says Robinson has had several loans with them handled all satis. Currently has satis loans with Wrother - Robinson has no known credit problems -

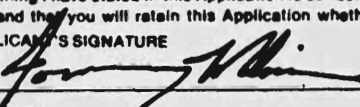
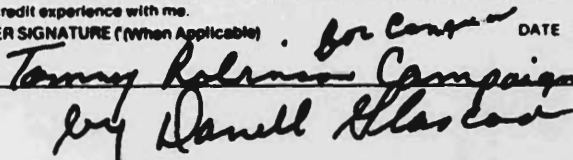
LOAN APPLICATION

IMPORTANT: Please read these instructions before completing this Application, and check the appropriate box below.

- ☐ If you are applying for individual credit in your own name, and are relying on your own income, assets and not the income or assets of another person as the basis for repayment of the credit requested, complete only Sections A and D. If the requested credit is to be secured, also complete Section C.
- ☐ If you are applying for joint credit with another person, complete all Sections except C, providing information in B about the joint applicant. If the requested credit is to be secured, then complete Section C.
- ☐ If you are applying for individual credit, but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as the basis for repayment of the credit requested, complete all Sections except C to the extent possible, providing information in B about the person on whose alimony, support, or maintenance payments or income or assets you are relying. If the requested credit is to be secured, then complete Section C.

AMOUNT REQUESTED \$ 20,141.55		TERMS 90 Days		PROCEEDS OF LOAN TO BE USED FOR Renewal of L#01-781824-61	
SECTION A - INFORMATION REGARDING APPLICANT					
FULL NAME (Last, First, Middle) TOMMY ROBINSON FOR CONGRESS CAMPAIGN			Birth Date		Social Security #
PRESENT ADDRESS (Street, City, State, & Zip) 425 W. Broadway, Suite K NLR, AR 72114			How long at present address?		HOME PHONE
PREVIOUS ADDRESS (Street, City, State, & Zip)			HOW LONG AT PREVIOUS ADDRESS		
PRESENT EMPLOYER (Company Name & Address)			HOW LONG WITH PRESENT EMPLOYER		
YOUR POSITIONS OR TITLE		Present Salary/Commission per <input type="checkbox"/> Gross <input type="checkbox"/> Net		BUSINESS PHONE EXT	
PREVIOUS EMPLOYER (Company Name & Address)			HOW LONG WITH PREV EMPLOYER		
Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.					
Alimony, child support, separate maintenance received under: <input type="checkbox"/> Court Order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding					
OTHER INCOME SOURCES OF OTHER INCOME					
\$ PER					
HAVE YOU EVER RECEIVED CREDIT FROM US?		<input type="checkbox"/> No <input type="checkbox"/> Yes - When?		CHECKING ACCOUNT NO. WHERE? SAVING ACCOUNT NO. WHERE?	
NAME & ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU			RELATIONSHIP		TELEPHONE NO. (Include Area Code)

SECTION B - INFORMATION REGARDING JOINT APPLICANT OR OTHER PARTY					
FULL NAME (Last, First, Middle)			AGE	BIRTH DATE	SOCIAL SECURITY NO.
RELATIONSHIP TO APPLICANT (If Any)	PRESENT ADDRESS (Street, City, State, & Zip)			How long at present address?	HOME PHONE
PREVIOUS ADDRESS (Street, City, State & Zip)			HOW LONG AT PREVIOUS ADDRESS?		
PRESENT EMPLOYER (Company Name & Address)			HOW LONG WITH PRESENT EMPLOYER		
POSITION OR TITLE		Present Salary/Commission per <input type="checkbox"/> Gross <input type="checkbox"/> Net		BUSINESS PHONE EXT	
PREVIOUS EMPLOYER (Company Name & Address)			HOW LONG WITH PREVIOUS EMPLOYER?		
Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.					
Alimony, child support, separate maintenance received under: <input type="checkbox"/> Court Order <input type="checkbox"/> Written Agreement <input type="checkbox"/> Oral Understanding					
OTHER INCOME SOURCES OF OTHER INCOME					
\$ PER					
HAVE YOU EVER RECEIVED CREDIT FROM US?		<input type="checkbox"/> NO <input type="checkbox"/> Yes - When?		CHECKING ACCOUNT NO. WHERE? SAVING ACCOUNT NO. WHERE?	
NAME & ADDRESS OF NEAREST RELATIVE NOT LIVING WITH YOU			RELATIONSHIP		TELEPHONE NO. (Include Area Code)

SECTION C - SECURED CREDIT (Complete only if credit is to be secured). Briefly describe the property to be given as security.	
PROPERTY DESCRIPTION	
NAMES & ADDRESSES OF ALL CO-OWNERS OF THE PROPERTY	
IF THE SECURITY IS REAL ESTATE, GIVE THE FULL NAME OF YOUR SPOUSE	
SIGNATURES	
Everything I have stated in this Application is correct to the best of my knowledge. I understand that you will retain this Application whether or not it is approved. You are	authorized to check my credit and employment history and to answer questions about your credit experience with me.
APPLICANT'S SIGNATURE x 	OTHER SIGNATURE (When Applicable) x 
DATE 8/23/84	DATE
COMMENTS	

If Section B has been completed, this Section should be completed, giving information about both the Applicant and Joint Applicant or Other Person. Please mark

Applicant-related information with an "A". If Section B was not completed, only
one information about the Applicant in this Section.

ASSETS OWNED (use separate sheet if necessary).			
DESCRIPTION OF ASSETS	VALUE	PLEGDED AS SECURITY Yes/No	NAMES OF OWNERS
CASH/SAVINGS	\$		
AUTOMOBILES (Make, Model, Year)			
1.			
2.			
3.			
CASH VALUE OF LIFE INSURANCE (Issuer, Face Value)			
REAL ESTATE (Location, Date Acquired)			
MARKETABLE SECURITIES (Issuer, Type, No. of Shares)			
OTHER (List)			
TOTAL ASSETS	\$		

OUTSTANDING DEBTS (Include charge accounts, installment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary).

CREDITOR	TYPE OF DEBT OR ACCOUNT NUMBER	NAME IN WHICH ACCOUNT IS CARRIED	ORIGINAL DEBT (Omit Rent)	PRESENT BALANCE (Omit Rent)	MONTHLY PAYMENTS	PAST DUE? YES/NO
LANDLORD OR MORTGAGE HOLDER	<input type="checkbox"/> Rent Pay - Home <input type="checkbox"/> Rent Pay - Apt. <input type="checkbox"/> Rent Pay - Other <input type="checkbox"/> Mortgage		\$	\$	\$	
AUTOMOBILE LOANS						
OTHER						
TOTAL DEBTS			\$	\$	\$	
CREDIT REFERENCES (Paid)						DATE PAID OFF
			\$			
MY AUTO INSURANCE AGENT						
Are you a co-maker, endorser guarantor on any loan or contract?						To Whom?
Are there any unsatisfied judgments against you?						If "Yes", To Whom Owed?
Have you been declared bankrupt in the last 14 years?						Year?
OTHER OBLIGATIONS (For						separate maintenance. Use separate sheet if necessary.)

operate maintenance. Use separate sheet if necessary.)

AMT
P04

120

TO
DATE

DAY 00.00
11-21-84

TO
DAT

041
8-23-84

DAT
 P19

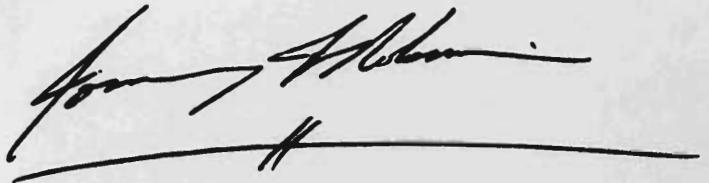
78 4 6 0 7
Financial Statement
of
TOMMY F. ROBINSON
February, 1984

Assets

Real Estate - Home
Personal Property
Auto
Cash (Approx.)
Partnership Interest - IP3

Liabilities

Real Estate - Home
Banks (Endorser and Personal)
Jerry Jones

A handwritten signature in dark ink, appearing to read "Tommy F. Robinson", is written over a horizontal line. There is a small mark below the line, possibly initials.

Tommy Robinson for Congress Campaign

425 W. Broadway Suite K

N. Little Rock, AR, 72114

372-4816

BORROWER'S NAME AND ADDRESS

"I" includes each borrower above, jointly and severally.

FIRST STATE BANK

SHERWOOD, ARKANSAS 72116

P.O. Box 6009

LENDER'S NAME AND ADDRESS

"You" means the lender, its successors and assigns.

1/g1

Loan Number 01-781824-61

Date April 30, 1984

Maturity Date July 29, 1984

Loan Amount \$ 20,070.65

Renewal Of

I promise to pay to you, or your order, at your address above, the principal sum of:

Twenty Thousand Seventy and 65/100-----

Dollars \$ 20,070.65

plus interest from date at the rate of 14.00 % per year until maturity

I will pay this amount as follows:

(a) ☐ on demand. (b) ☒ on demand, but if none is made, on July 29, 1984 (c) ☐ on

If (a), (b) or (c) is marked, I will pay accrued interest on demand and on the maturity date

(d) ☐ in installments of \$ each, beginning 19 when a total of \$ will be due

(e) ☐ (other)

PAID BY

RENEWAL

PAYMENTS: Each payment when made shall be applied first toward accrued finance charges with the remainder of each payment being applied to reduce the principal balance. The final payment may be more or less than the amount scheduled depending upon my payment record.

PREPAYMENT: I may prepay this note in whole or in part at any time. However, any partial prepayment will not excuse any later scheduled payments until this note is paid in full.

DELINQUENCY AND DEFAULT: I agree to pay the costs you incur to collect this note in the event of my default, including your reasonable attorneys' fees.

☐ If checked, I agree to pay a late charge of % of the amount of a payment which is not paid within days of when it is due, up to a maximum of \$.

☐ If checked, I agree to pay interest at the rate of 14.0 % per year on the balance of this note remaining unpaid after final maturity, including maturity by acceleration.

☐ If checked, I agree to pay a minimum interest charge of \$ if I pay the loan off before you have earned this amount in interest.

THE PURPOSE OF THIS LOAN IS: Business-Campaign Expenses

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me	AMOUNT FINANCED The amount of credit provided to me or on my behalf	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments	I have the right to receive at this time an itemization of the Amount Financed <input checked="" type="checkbox"/> YES - I want an itemization <input type="checkbox"/> NO - I do not want an itemization "e" means an estimate
14.00 %	692.85	\$ 20,070.65	\$ 20,763.50	

My Payment Schedule will be	
Number of Payments	Amount of Payments
1	\$ 20,070.65 plus interest due July 29, 1984.

☒ This note has a demand feature

☐ This note is payable on demand and all disclosures are based on an assumed maturity of one year

Security: I am giving a security interest in:

☐ the goods or property being purchased.

☒ collateral securing other loans with you may also secure this loan.

☒ my deposit accounts and other rights to the payment of money from you

Unsecured

Late Charge: ☐ I will be charged % of the amount of a payment which is more than days late, up to a maximum of \$.

Prepayment: If I pay off this loan early, I ☐ may ☒ will not have to pay a penalty ☐ may ☒ will not be entitled to a refund of part of the finance charge.

I can see my contract documents for any additional information about nonpayment, default, any required repayment before the scheduled date, and prepayment refunds and penalties.

Insurance: Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless I sign and agree to pay the additional cost.

Type	Premium	Term	Signatures (or initials)
Credit Life	70.65	90 days	I want credit life insurance X <u>Tommy Robinson LVL #423</u>
Credit Disability			I want credit disability insurance X
Joint Credit Life			I want joint credit life insurance X

I do not want Credit Life Ins.; Credit Disability Ins.; Joint Credit Life Ins.

Property Insurance: I may obtain property insurance from anyone I want that is acceptable to you. If I get the insurance from or through you I will pay \$ for of coverage

CC #3920

Amount given to me directly \$ 20,000.00 (a)

Amount paid on my account \$ (b)

Amounts paid to others on my behalf

To Property Insurance Company \$ (c)

To Credit Life Insurance Company \$ 70.65 (d)

To Disability Insurance Company \$ (e)

To Public Officials \$ (f)

\$ (g)

\$ (h)

Prepaid Finance Charge \$ (i)

AMOUNT FINANCED (a through h + i) \$ 20,070.65 (j)

Finance Charge (include prepaid) \$ 692.85 (k)

Total of Payments (j + k) \$ 20,763.50 (l)

Security - To secure the payment of the note total (defined on the reverse side):

(1) I acknowledge and agree that you have the right to set-off this note against any obligation you have (now or hereafter) to pay money to me

(2) You may collect the proceeds (or rebates of unearned premiums) on any insurance policy insuring me (where you are named as loss payee) and on any policy insuring the property securing this note. You will apply this toward what I owe you

(3) ☒ If checked, this note is not further secured

(4) ☐ If checked, this note is secured by a separate dated (This property should be described in the Truth-in-Lending disclosure above)

(5) ☐ Security Agreement - If checked, I give you a security interest in the property described below. The rights I am giving you in this property, and the obligations this agreement secures are defined on the reverse side of this form.

Campaign proceeds over \$100,000 - 50% guarantee

If checked, this security agreement (if filed) should be filed in the real estate records.

Legal Description

Record Owner (if not me)

Signature

Any person who signs within this enclosure does so to give you a security interest in the property described above, but assumes no personal obligation to pay this note.

Name

Date

Signature of Lender - necessary for filing this security agreement.

Signature of Borrower

Signature of Darrell Glascock, Cashier

Signature

☐ If checked, the signature below was required as a condition of credit.

Signature

I agree to the terms of the note and security agreement above (including those on the other side of this form) and acknowledge receipt of at least one copy of each of the following:

Tommy Robinson for Congress Campaign

Signature

Darrell Glascock, Cashier

Signature

☐ If checked, the signature below was required as a condition of credit.

Signature

EXAMPLE INTEREST NOTE, DISCLOSURE, AND SECURITY AGREEMENT.

© 1981 BANKERS SYSTEMS, INC., ST. CLOUD, MN 55324 FORM 400-02-AR 11/81

At Workins, President

First State Bank
SHERWOOD, ARKANSAS 72116
Borrower's Name and Address: 425 W. Broadway, Suite 200, North Little Rock, AR 72114, 372-4316
Lender's Name and Address: FIRST STATE BANK, SHERWOOD, ARKANSAS 72116
Loan Number: 01-781524-51
Date: AUG 21, 1984
Maturity Date: November 21, 1984
Loan Amount: \$20,141.55
Renewal Of: 01-781524-51

Note: I promise to pay to you, or your order, at your address above, the principal sum of: Twenty Thousand One Hundred Forty One and 5/100 Dollars \$20,141.55 plus interest from 8/21/84 at the rate of 14.60 % per year until maturity

I will pay this amount as follows:
(a) on demand (b) on demand, but if none is made, on November 21, 1984 (c) on _____
If (a), (b) or (c) is marked, I will pay accrued interest _____ and on the maturity date
(d) in _____ installments of \$ _____ each, beginning _____, 19 _____ and continuing on the same day of each _____ month _____ thereafter, until _____, 19 _____ when a final payment of \$ _____ will be due
(e) (other) _____

PAYMENTS: Each payment when made shall be applied first toward accrued finance charges with the remainder of each payment being applied to reduce the principal balance. The final payment may be more or less than the amount scheduled depending upon my payment record.
PREPAYMENT: I may prepay this note in whole or in part at any time. However, any part prepayment will not excuse any later scheduled payments until this note is paid in full.
DELINQUENCY AND DEFAULT: I agree to pay the costs you incur to collect this note in the event of my default, including your reasonable attorneys' fees.
If checked, I agree to pay a minimum interest charge of \$ _____ if I pay the loan off before you have earned this amount in interest.

If checked, I agree to pay a late charge of _____ % of the amount of a payment which is not paid within _____ days of when it is due, up to a maximum of \$ _____.
If checked, I agree to pay interest at the rate of 14.60 % per year on the balance of this note remaining unpaid after final maturity, including maturity by acceleration.
THE PURPOSE OF THIS LOAN IS: Renewal of Loan 01-781524-01

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate	FINANCE CHARGE The dollar amount the credit will cost me	AMOUNT FINANCED The amount of credit provided to me or on my behalf	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments	I have the right to receive at this time an itemization of the Amount Financed
14.60 %	695.30	20,141.55	20,836.85	YES - I want an itemization NO - I do not want an itemization "e" means an estimate
My Payment Schedule will be:				Filing Fees Non-filing Insurance
Number of Payments	Amount of Payments	When Payments Are Due		
1	\$20,836.85	Principal and Interest Due November 21, 1984		
	\$			
	\$			
	\$			

This note has a demand feature. This note is payable on demand and all disclosures are based on an assumed maturity of one year.
Security: I am giving a security interest in: MORTGAGE (first description of other property) Lot 37, Phase II, Jackson Heights Addition to the City of Jacksonville, County of Pulaski, State of Arkansas.
the goods or property being purchased.
collateral securing other loans with you may also secure this loan.
my deposit accounts and other rights to the payment of money from you.
Late Charge: I will be charged _____ % of the amount of a payment which is more than _____ days late, up to a maximum of \$ _____.
Prepayment: If I pay off this loan early, I _____ may _____ will not have to pay a penalty.
_____ may _____ will not be entitled to a refund of part of the finance charge.

I can see my contract documents for any additional information about nonpayment, default, any required repayment before the scheduled date, and prepayment refunds and penalties.
Insurance: Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless I sign and agree to pay the additional cost.
Itemization of Amount Financed
Amount given to me directly \$ _____
Amount paid on my account \$ _____
Amounts paid to others on my behalf
To Property Insurance Company \$ _____
To Credit Life Insurance Company \$ _____
To Disability Insurance Company \$ _____
To Public Officials \$ _____
Prepaid Finance Charge \$ _____
AMOUNT FINANCED (a through h - i) \$20,141.55
Finance Charge (include prepaid) \$695.30
Total of Payments (j + k) \$20,836.85
Type Premium Term Signatures (or Initials)
Credit Life 7.15% I want credit life insurance X Robinson Name of Insured
Credit Disability I want credit disability insurance X Name of Insured
Joint Credit Life I want joint credit life insurance X Name of Insured
Name of Insured
I do not want: _____ Credit Life Ins.; _____ Credit Disability Ins.; _____ Joint Credit Life Ins.
Property Insurance: I may obtain property insurance from anyone I want that is acceptable to you. If I get the insurance from or through you I will pay \$ _____ for _____ of coverage.

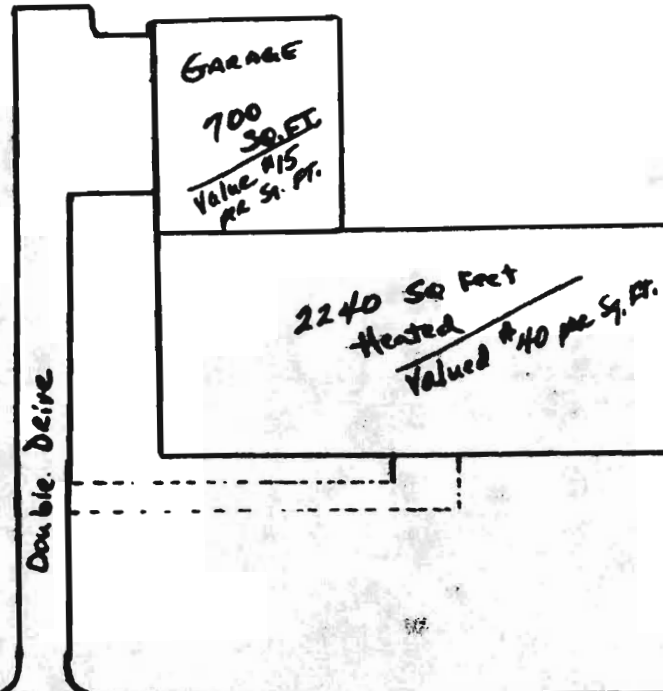
Security - To secure the payment of the note total (defined on the reverse side):
(1) I acknowledge and agree that you have the right to set-off this note against any obligation you have (now or hereafter) to pay money to me.
(2) You may collect the proceeds (or rebates of unearned premiums) on any insurance policy insuring me (where you are named as loss payee) and on any policy insuring the property securing this note. You will apply this toward what I owe you.
(3) If checked, this note is not further secured.
(4) If checked, this note is secured by a separate _____ dated August 21, 1984.
(This property should be described in the Truth-in-Lending disclosure above.)
(5) Security Agreement - If checked, I give you a security interest in the property described below. The rights I am giving you in this property, and the obligations this agreement secures are defined on the reverse side of this form.

MORTGAGE - Lot 37, Phase II, Jackson Heights Addition to the City of Jacksonville, County of Pulaski, State of Arkansas.
LOCATION:

If checked, this security agreement (if filed) should be filed in the real estate records.
Legal Description _____
Record Owner (if not me) _____
Signatures
Any person who signs within this enclosure does so to give you a security interest in the property described above, but assumes no personal obligation to pay this note.
Name _____ Date _____
Signature for Lender - where necessary for filing this security agreement _____
X
SIMPLE INTEREST NOTE, DISCLOSURE, AND SECURITY AGREEMENT.
© 1981 BANKERS SYSTEMS, INC. ST. CLOUD, MN 56301 FORM NDS-SI-AR 11/81
This property will be used for _____ Personal _____ Business _____ Agricultural _____
(other) _____ purpose
If checked, this is a purchase money loan. You may include the name of the seller on a check or draft for this loan.
I agree to the terms of the note and security agreement above (including those on other side of this form) and acknowledge receipt of at least one copy on today's date.
Signature _____
If checked, the signature below was required as a condition of credit
TOMMY ROBINSON
Signature _____
If checked, the signature below was required as a condition of credit
Signature _____



T. Robinson 717 Adams Jacksonville



← TO GEORGE SAMUELS RD + Hwy 107

Adams STREET

Robinson House



ACROSS the street from 717 Adams

Robinson House



STREET View from 717 Adams

CERTIFICATE OF OFFICERS

Loans Secured By Real Estate

Date 4-30-84

We Certify That—

Loan No. _____

Amount, \$ 20,000.00

Maker Tommy Robinson

Dated 4-30-84

Matures _____

Date loan originally made _____

Date mortgage was taken _____

Secured by (describe real estate fully) _____

House And Lot (Brick)

Location 717 Adams - Jacksonville

Improvements NONE

Insurance _____

Prior liens 1st American MORTGAGE \$55,000

Equity \$45,100

Lot value \$10,000

House NOT in Flood Area

Property:

(a) Reasonably worth, \$ 100,100.00

(b) Annual income, \$ _____

(c) Assessed valuation, \$ _____

(d) Insurance carried, \$ _____

Officer CE Hallman

Instrument Prepared By
First State Bank
Sherwood, Arkansas

MORTGAGE

REALTY - MARRIED

KNOW ALL MEN BY THESE PRESENTS

That the undersigned **Tommy Robinson**

and **Carolyn Robinson**

hereinafter referred to as Mortgagors, for and in consideration of the sum of One and No 100 Dollars (\$100.00) together with other good and valuable considerations which in hand paid by First State Bank of Sherwood, Sherwood, Arkansas, the receipt of which consideration is hereby acknowledged, do hereby grant, bargain, sell and convey unto the said First State Bank of Sherwood, Sherwood, Arkansas, and unto its successors and assigns forever, all the following

properties situated in the County of **Pulaski** State of Arkansas to-wit:

Lot 37, Phase II, Jackson Heights Addition, to the City of Jacksonville, County of Pulaski, State of Arkansas.

FILED & RECORDED

1984 SEP 12 PM 12:35

J. B. Smith
JACQUELINE A. ALEXANDER
PULASKI CIRCUIT CLERK

To have and to hold the same unto the said First State Bank of Sherwood, Sherwood, Arkansas, hereinafter referred to as Mortgagee, and unto its successors and assigns forever, with all the appurtenances thereunto belonging, and Mortgagors hereby covenant by and with the said Mortgagee that Mortgagors will forever warrant and defend the title to said property against all claims of any nature or kind whatsoever.

And the undersigned mortgagors:

Tommy Robinson and Carolyn Robinson

for and in consideration of the considerations hereinbefore recited, do hereby relinquish and release unto the said Mortgagee all our right of dower, homestead and courtesy that we now have or may have in and to the said properties.

This sale is on the condition that whereas Mortgagors are justly indebted unto the said Mortgagee in the sum of

Twenty Thousand One Hundred Forty One and 55/100 Dollars, \$20,141.55

together with interest thereon from date until maturity or default at the rate of _____ percent

_____ per annum, and thereafter at the rate of ten percent (10%) per annum, due and payable as follows: Demand, If No Demand, Then On or Before November 21, 1984.

In addition to securing the payment of the indebtedness hereinbefore mentioned, this instrument shall secure the payment of the following amounts now owed by Mortgagors to Mortgagee, to-wit:

This instrument shall also secure the payment of any and all renewals of said indebtedness, or any portion thereof, together with any and all additional amounts that the Mortgagors now owe or may owe the Mortgagee, either direct or by endorsement, at any time between this date and the satisfaction of record of the lien of this instrument, including any and all future advances and/or loans that may by the Mortgagee be made to the Mortgagors, jointly and/or severally, either direct or by endorsement.

The Mortgagors hereby agree, covenant and obligate the Mortgagors to pay any and all taxes, both general and special, as same may be assessed and become due and payable, and also keep the buildings located upon said premises insured against loss or damage with fire, tornado and extended coverage insurance, in a company and an amount acceptable to the Mortgagee, with standard mortgage clause in favor of Mortgagee as its interest appears, and pay the premiums thereon. If in this Mortgagors shall fail, then the Mortgagee, payee or the holders of said indebtedness shall have the right to pay said taxes and/or insurance premiums, and the amount so paid shall constitute a charge against the Mortgagors, bear interest from date of payment at the rate of ten per cent (10%) per annum, and the lien of this instrument shall also secure the payment thereof.

In addition to pledging the properties as hereinbefore mentioned, Mortgagors also hereby pledge any and all profits, rents and income accruing in connection with said properties. This right is reserved to the Mortgagee to collect the profits, rents and/or income as same mature and become due and payable, and in the event of default as to any of the covenants herein contained, then at the option of the Mortgagee, its assigns, or the holders of said indebtedness, it or they are hereby given the right of taking over said properties, managing same, renting same and collecting the rents thereon, and the net income so collected shall be credited upon the indebtedness and/or covenants in connection herewith.

If the Mortgagors should fail or refuse to make any of the payments hereinbefore recited, either principal, interest, taxes or insurance premiums as same mature and become due, and payable, then at the option of the Mortgagee, payee or the holder of the indebtedness, without notice, all the remaining unpaid portion thereof shall become due and payable, and the lien of this instrument subject to foreclosure by suit filed in the Chancery Court of the County in which the above described property is situated. The failure to exercise the option herein granted to declare the entire unpaid principal and payable upon any default shall not be a waiver to exercise the option at any subsequent default. Mortgagors hereby waive any and all rights of sale, appraisement and/or redemption accorded under the laws of the State of Arkansas now in force or hereafter enacted.

But if the Mortgagors shall pay all of the payments hereinbefore recited, then the lien of this instrument in the manner set forth herein shall be void and of no effect, and the title to the above described property shall be returned to the Mortgagors, and the above covenants shall be null and void, and the Mortgagors shall remain relieved of all liability.

In construing this instrument the gender and number of words may be changed to meet the context.

IN TESTIMONY WHEREOF, the signatures of Mortgagors are hereunto affixed this _____ 23rd

of **August** 1984

Tommy Robinson
Tommy Robinson
Carolyn Robinson
Carolyn Robinson

ACKNOWLEDGMENT

363

STATE OF ARKANSAS
COUNTY OF Pulaski

BE IT REMEMBERED, That on this day came before the undersigned, a Notary Public within and for the state and county aforesaid, duly commissioned and acting, Tommy Robinson to me well known as the Mortgagor in the foregoing instrument and acknowledged that they had executed the same for the considerations, uses and purposes therein mentioned and set forth.

And on the same day Mortgagors voluntarily appeared before me, the said Carolyn Robinson and Tommy Robinson

to me well known and declared that they had of their own free will executed the foregoing instrument, and signed and sealed the relinquishment of their interest and of homestead therein for the considerations, uses and purposes therein contained and set forth, without compulsion or undue influence.

WITNESS my hand and seal as such Notary Public on this 23rd day of August, 19 84

My commission expires on the 12 day of March, 19 84

MORTGAGE REALTY - MARRIED TO THE FIRST STATE BANK OF SHERWOOD SHERWOOD, ARKANSAS	Filed for record this	day of	19	at	o'clock	M	Clerk	D C	By	First State Bank of Sherwood and State Bank of Arkansas

CERTIFICATE OF RECORD

STATE OF ARKANSAS
COUNTY OF _____

I, _____ Circuit Clerk and Ex-Officio Recorder in and for the County of _____ do hereby certify that the foregoing instrument of writing was filed for record in my office on the _____ day of _____ A. D. 19 _____ at _____ o'clock _____ M., and the same is now duly recorded, with the acknowledgment and certificate thereon, in Record Book _____ on page _____

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office this _____ day of _____, 19 _____

By _____ Clerk and Ex-Officio Recorder

50 H430

RECEIVED AT THE FEC
GCC#8470
85 SEP 5 12:09

LAW OFFICES

MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER

H. MAURICE MITCHELL
RICHARD A. WILLIAMS
JOHN S. SELIG
JOSEPH W. GELZINE
W. CHRISTOPHER BARRIER
JERRY D. JACKSON
JIM GUY TUCKER
EUGENE G. SAYRE
BYRON FREELAND
KENT FOSTER
ALLAN GATES
PAT MORAN
W. H. L. WOODYARD, III
MICHAEL C. O'MALLEY
JOHN C. LESSEL
DOAK FOSTER
JAMES E. SMITH, JR.
JEAN D. STOCKBURNER
ANNE RITCHEY

1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE 501-376-3151

DEBRA K. BROWN
SUSAN GUNTER
CRAIG WESTBROOK
W. KIRBY LOCKHART
JOYCE KINKEAD
DOUGLAS B. WARD
MARCELLA J. TAYLOR
TIMOTHY W. GROOMS
ROBERT L. THACKER
RICHARD C. JANS

OF COUNSEL
HENRY E. SPITZBERG

September 4, 1985

Secretary
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

Re: MUR 1721, First Jacksonville Bank,
Jacksonville, Arkansas

Dear Sirs:

This has reference to Mr. Kenneth A. Gross's letter of August 16, 1985 to the undersigned. We enclose herewith 9 copies and the original of an Affidavit with attachments signed by Larry T. Wilson on behalf of First Jacksonville Bank. We are also forwarding, with a copy of this letter, 3 copies to the Office of General Counsel.

Very truly yours,

MITCHELL LAW FIRM

BY

Joseph W. Gelzine
Joseph W. Gelzine

JWG;dee

Enclosures

cc: Office of General Counsel
Larry T. Wilson, President
First Jacksonville Bank

RECEIVED
FEDERAL ELECTION COMMISSION
SEP 5 1985
P 3:26

85040584614

STATE OF ARKANSAS)

) ss.

COUNTY OF PULASKI)

Comes Larry T. Wilson, President of First Jacksonville Bank, Jacksonville, Arkansas, who after being duly sworn states on oath in the order in which presented, his responses to the Federal Election Commission's written questions to First Jacksonville Bank, copies of which are attached hereto:

1. Because the loan in question was fully repaid on July 12, 1984, First Jacksonville Bank had already disposed of most of the loan documents in connection with the loan prior to any notification by the Federal Election Commission that there was possibly a problem with the loan. Attached hereto is a copy of the promissory note and a copy of the loan data sheet for the loan. No other documents exist.

(a) No bank documents other than those produced or referred to in question 1 are customarily used to judge the credit worthiness of a customer.

1. Not applicable.
2. Not applicable.

(b) The bank was aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time the bank made the loan to Mr. Robinson.

1. Not applicable.

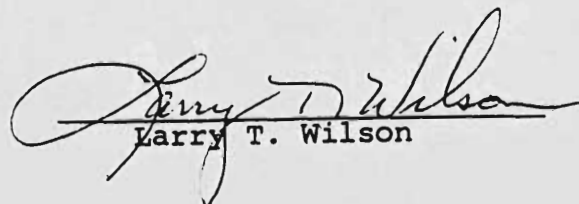
2. As previously reported to the Federal Election Commission by letter dated December 28, 1984, First Jacksonville Bank had never before been approached by a political candidate for a loan similar to this loan. It is therefore difficult to attempt to compare a loan of this nature for a political candidate to other types of commercial or business loans. First Jacksonville Bank does on frequent occasions agree to make first mortgage construction loans on the assurance by upstream correspondants that the loan will be repaid from the proceeds of a permanent first mortgage loan to be made to the borrower by the upstream correspondent or other lending institution. We believe that this type of loan is more analogous to the Tommy Robinson loan than any other type of loan made by First Jacksonville Bank. Please refer to my previous affidavit dated April 16, 1985.

3. First Jacksonville Bank has never made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee.

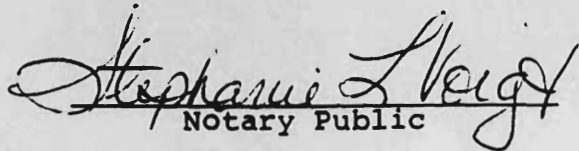
4. Not applicable.

5. Since First Jacksonville Bank has never been approached by a political candidate for a campaign loan, it has never denied a loan to a state or federal candidate.

6. Not applicable.


Larry T. Wilson

SUBSCRIBED AND SWORN to before me, a Notary Public,
on this 3rd day of September, 1985.


Notary Public

My Commission Expires:

Oct. 31, 1991

(S E A L)

06040384610

TRAN	DATE	AMOUNT	TRAN	DATE	AMOUNT	TRAN	DATE	AMOUNT
58	07/12/84	I 75791	65	07/12/84	P 52,000	CC		

WRITTEN QUESTIONS TO FIRST JACKSONVILLE BANK

Please respond to the following. If respondents claim that they are entitled to withhold any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it.

As used in the written questions, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the First Jacksonville Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

FIRST JACKSONVILLE BANK

JACKSONVILLE, ARKANSAS 72076

P.O. BOX 127

LENDER'S NAME AND ADDRESS

"You" means the lender, its successors and assigns

Loan Number 0541

Date June 1, 1984

Maturity Date June 15, 1984

Loan Amount \$ 52,000.00

Renewal Of

BORROWER'S NAME AND ADDRESS

"I" includes each borrower above, jointly and severally

I promise to pay to you, or your order, at your address above, the principal sum of

Fifty Two Thousand and no/100

Dollars \$ 52,000.00

is interest from date at the rate of 14.0 % per year until paid

I will pay this amount as follows:

- (a) ☐ on demand. (b) ☒ on demand, but if none is made, on June 15, 1984. (c) ☐ on _____ and on the maturity date
- If (a), (b) or (c) is marked, I will pay accrued interest _____ and continuing on the same day of each _____ month
- (d) ☐ in _____ installments of \$ _____ each, beginning _____, 19 _____ and continuing on the same day of each _____ month
- ☐ thereafter, until _____, 19 _____ when a final payment of \$ _____ will be due
- (e) ☐ (other) _____

MENTS Each payment when made shall be applied first toward accrued finance charges in the remainder of each payment being applied to reduce the principal balance. The final payment may be more or less than the amount scheduled depending upon my payment record.

LINQUENCY AND DEFAULT: I agree to pay the costs you incur to collect this note in the event of my default, including your reasonable attorneys' fees.

If checked, I agree to pay a late charge of 5 % of the amount of a payment which is paid within 10 days of when it is due, up to a maximum of \$ 5.00

If checked, I agree to pay interest at the rate of 14.0 % per year on the balance of note remaining unpaid after final maturity, including maturity by acceleration.

PREPAYMENT: I may prepay this note in whole or in part at any time. However, any partial prepayment will not excuse any later scheduled payments until this note is paid in full

☐ If checked, I agree to pay a minimum interest charge of \$ _____ if I pay this loan off before you have earned this amount in interest.

THE PURPOSE OF THIS LOAN IS: Campaign Expenses

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me.	AMOUNT FINANCED The amount of credit provided to me or on my behalf.	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments.	I have the right to receive at this time an itemization of the Amount Financed YES - I want an itemization NO - I do not want an itemization "e" means an estimate
% \$	\$	\$	\$	

Payment Schedule will be:	When Payments Are Due
Number of Payments	Amount of Payments
\$	\$
\$	\$
\$	\$
\$	\$

☐ This note has a demand feature. ☐ This note is payable on demand and all disclosures are based on an assumed maturity of one year.

Security: I am giving a security interest in:

- ☒ the goods or property being purchased.
- ☐ collateral securing other loans with you may also secure this loan.
- ☒ my deposit accounts and other rights to the payment of money from you.

te Charge: ☐ I will be charged _____ % of the amount of a payment which is more than _____ days late, up to a maximum of \$ _____

repayment: If I pay off this loan early, I ☐ may ☐ will not have to pay a penalty.

☐ may ☐ will not be entitled to a refund of part of the finance charge.

see my contract documents for any additional information about nonpayment, default, any required repayment before the scheduled date, and prepayment refunds and penalties

Insurance: Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless I sign and agree to pay the additional cost.				Itemization of Amount Financed	
Type	Premium	Term	Signatures (or Initials)	Amount given to me directly	\$ 52,000.00 (a)
Credit Life			I want credit life insurance X _____ Name of Insured _____	Amount paid on my account	\$ _____ (b)
Credit Disability			I want credit disability insurance X _____ Name of Insured _____	Amounts paid to others on my behalf:	
Joint Credit Life			I want joint credit life insurance X _____ Name of Insured _____	To Property Insurance Company	\$ _____ (c)
				To Credit Life Insurance Company	\$ _____ (d)
				To Disability Insurance Company	\$ _____ (e)
				To Public Officials	\$ _____ (f)
					\$ _____ (g)
					\$ _____ (h)
				Prepaid Finance Charge	\$ _____ (i)
				AMOUNT FINANCED (a through h - i)	\$ 52,000.00 (j)
				Finance Charge (include prepaid)	\$ _____ (k)
				Total of Payments (j + k)	\$ 52,000.00 (l) (if)

ity - To secure the payment of the note total (defined on the reverse side):

- 1) I acknowledge and agree that you have the right to set-off this note against any action you have (now or hereafter) to pay money to me
- 2) You may collect the proceeds (or rebates of unearned premiums) on any insurance policy insuring me (where you are named as loss payee) and on any policy insuring the property securing this note. You will apply this toward what I owe you

☐ Security Agreement - If checked, I give you a security interest in the property described below. The rights I am giving you in this property, and the obligations this agreement imposes are defined on the reverse side of this form

- (3) ☐ If checked, this note is not further secured.
- (4) ☒ If checked, this note is secured by a separate General Pledge dated June 1, 1984 (This property should be described in the Truth-in-Lending disclosure above.)

checked, this security agreement (if filed) should be filed in the real estate records.

Legal Description _____

Record Owner (if not me) _____

atures _____

person who signs within this enclosure does so to give you a security interest in property described above, but assumes no personal obligation to pay this note

ne _____

Signature for Lender - where necessary for filing this security agreement _____

Signature _____

Signature _____

Signature _____

Signature _____

Signature _____

Signature _____

This property will be used for ☒ Personal ☐ Business ☐ Agricultural purposes

☐ (other) _____

☐ If checked, this is a purchase money loan. You may include the name of the seller on the check or draft for this loan

I agree to the terms of the note and security agreement above (including those on the other side of this form) and acknowledge receipt of at least one copy on today's date

Signature _____

Signature _____

Signature _____

Signature _____

Signature _____

Signature _____

Signature _____

Signature _____

LE INTEREST NOTE, DISCLOSURE, AND SECURITY AGREEMENT

BANKERS SYSTEMS INC. ST. CLOUD, MN 56301 FORM NOS SLAR 11/81

PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIBOIN, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
WEBSTER L. HUBBELL
ALLEN W. BIRD II
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH R. SHEMIN
DAVID A. KNIGHT
RONALD M. CLARK

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

U. M. ROSE
1834-1913

August 26, 1985

RECEIVED AT THE FE
GCC# 8413
85 AUG 28 A 8: 01
GARLAND J. JAMES
JERRY C. JONES
THOMAS P. THRASH
CAROL B. ARNOLD
JACKSON FARROW JR.
LES R. SALEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LASSITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN K. THOMAS
SUSAN RALESTON MCLEAN
RICHARD N. MASSEY
GARY N. SPEED
J. GABSON WILLIAMSON
CHARLES W. BAKER
OF COUNSEL

Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463.

Re: MUR 1721 - Worthen Bank & Trust Company

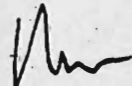
Dear Andrew:

We received your letter of August 16, 1985, on or about August 21, 1985 regarding the above-referenced matter.

As I related to you during our telephone conference of August 26, 1985, I have a hectic trial schedule over the next few weeks. Because of that fact, during our telephone conference I asked for an extension of time to respond to the Interrogatories submitted on behalf of the Federal Election Commission. As we discussed, you were kind enough to grant an extension up to and including September 21, 1985.

Please know that we sincerely appreciate your co-operation.

Very truly yours,



Kenneth R. Shemin

krs:jm

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PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
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ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

U. M. ROSE
1834-1913

August 26, 1985

RECEIVED AT THE REC
GCC # 8413
85 AUG 29 A 8: 01
GARLAND J. GARNETT
JERRY C. JONES
THOMAS P. THRASH
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RICHARD N. MASSEY
GARY N. SPEED

J. GASTON WILLIAMSON
CHARLES W. BAKER
OF COUNSEL

Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463.

Re: MUR 1721 - Worthen Bank & Trust Company

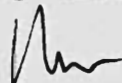
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Very truly yours,



Kenneth R. Shemin

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MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-378-4880

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWIN

August 22, 1985

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Stephens Security Bank and Bank of Salem

Dear Mr. Gross:

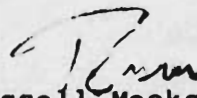
On August 22, 1985, our office received your August 16, 1985 letter with enclosures. Therefore, we will provide the information under oath within fifteen (15) days from our date of receipt of August 22, 1985.

We have been cooperative in the past, and continue with the spirit of cooperation. We have visited with Mr. Maikovich in the past, and we provide him a copy of this response so that he may be kept abreast of developments. We will contact him if we have any questions concerning the method or manner of answering.

For your information, these loans have been paid off and you will be provided that information as a supplemental response attached to our answer to your questionnaire.

Yours very truly,

MEEKS AND FOX, P.A.


W. Russell Meeks, III

WRM:brj

cc: Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463

9 5 0 4 0 5 3 4 6 2 4

WEEKS AND FOX, P.A.

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201

Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463

SEP 3 12:08

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MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-378-4880

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX
JOSEPH M. ERWIN

August 22, 1985

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Stephens Security Bank and Bank of Salem

Dear Mr. Gross:

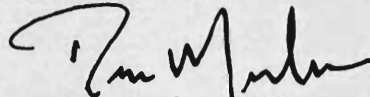
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Yours very truly,

MEEKS AND FOX, P.A.



W. Russell Meeks, III

WRM:brj

cc: Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463

850405044626

15
AUG 26
P 3: 16

OFFICIAL COPY

MEEKS AND FOX, P.A.

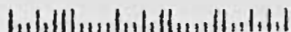
ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463



5040334527



85 AUG 25 P 1:29

HOUSE, WALLACE, NELSON & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Darrell D. Dover

RECEIVED AT THE FEC
GCC# 8378
85 AUG 26 A8:41
TELEX-TELECOPIER:
(501) 375-6484

August 21, 1985

Mr. Kenneth A. Gross
Associate General Counsel
FEDERAL ELECTION COMMISSION
1325 "K" Street
Washington, D.C. 20463

Re: MUR 1721 - First State Bank

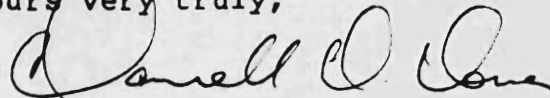
Dear Mr. Gross:

This will acknowledge receipt of your letter dated August 16, 1985 pertaining to the captioned matter.

Your letter states that we should submit the requested information "within fifteen days of receipt".

We did not receive your letter until today (August 21). Therefore, I calculate that our response should be submitted by Thursday, September 5, 1985 and we will attempt to honor that deadline.

Yours very truly,



Darrell D. Dover, for
HOUSE, WALLACE, NELSON
& JEWELL, P.A.

DDD:11

85040364628

5 AUG 26 A9:50

CLERK OF COURT

HOUSE. WALLACE. NELSON & JEWELL. P.A.

1500 TOWER BUILDING
LITTLE ROCK ARKANSAS 72201



Mr. Kenneth A. Gross
Associate General Counsel
FEDERAL ELECTION COMMISSION
1325 "K" Street
Washington, D.C. 20463

85 AUG 26 8:41



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 16, 1985

Kenneth R. Shemin
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Shemin:

On April 1, 1985, your client was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your client violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has requested your client to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to the questions. It is required that you submit the information under oath and that you do so within fifteen days of receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (RvA)

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

86040564630

WRITTEN QUESTIONS TO WORTHEN BANK & TRUST COMPANY

Please respond to the following. If respondents claim that they are entitled to withhold any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it.

As used in the written questions, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the Worthen Bank & Trust Company, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

86040504631

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

16 August 1985

T.E. Renaud
Twin City Bank
One Riverfront Plaza
North Little Rock, Arkansas 72114

Re: MUR 1721
Twin City Bank

Dear Mr. Renaud:

On April 1, 1985, your bank was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe the Twin City Bank violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information is necessary.

Consequently, the Federal Election Commission has requested you to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

You may consult with an attorney and have an attorney assist you in the preparation of your response to the questions. However, it is required that you submit the information under oath and that you do so within fifteen days of your receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (R.H.)

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

WRITTEN QUESTIONS TO TWIN CITY BANK

Please respond to the following. If respondents claim that they are entitled to withhold any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it.

As used in the written questions, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the Twin City Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

96040564634

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

95040334635



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 16, 1985

Donald T. Jack
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First Commercial Bank

Dear Mr. Jack:

On April 1, 1985, your client was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your client violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has requested your client to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to the questions. It is required that you submit the information under oath and that you do so within fifteen days of receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (RLH)

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

85040584636

WRITTEN QUESTIONS TO FIRST COMMERCIAL BANK

Please respond to the following. If respondents claim that they are entitled to withhold any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it.

As used in the written questions, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the First Commercial Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

85040584637

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 16, 1985

Darrell D. Dover
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

MUR 1721
First State Bank

Dear Mr. Dover:

On April 1, 1985, your client was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your client violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has requested your client to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to the questions. It is required that you submit the information under oath and that you do so within fifteen days of receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (RMF)

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

85040384639

WRITTEN QUESTIONS TO FIRST STATE BANK

Please respond to the following. If respondents claim that they are entitled to withhold any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it.

As used in the written questions, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the First State Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

86040584640

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

86040564641



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 16, 1985

Joseph W. Gelzine
Mitchell, Williams, Selig, Jackson & Tucker
1000 Savers Federal Building
Little Rock, Arkansas 72201

Re: MUR 1721
First American Bank
First Jacksonville Bank

Dear Mr. Gelzine:

On April 1, 1985, your clients were notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your clients violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has requested your clients to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to the questions. It is required that you submit the information under oath and that you do so within fifteen days of receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (RMA)

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

86040584642

WRITTEN QUESTIONS TO FIRST AMERICAN BANK

Please respond to the following. If respondents claim that they are entitled to withhold any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it.

As used in the written questions, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the First American Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

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b4643

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

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WRITTEN QUESTIONS TO FIRST JACKSONVILLE BANK

Please respond to the following. If respondents claim that they are entitled to withhold any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it.

As used in the written questions, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the First Jacksonville Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

85040584645

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

25040534645



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 16, 1985

W. Russell Meeks, III
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 72201

Re: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Meeks:

On April 1, 1985, your clients were notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your clients violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has requested your clients to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to the questions. It is required that you submit the information under oath and that you do so within fifteen days of receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (RUB)

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

86040584647

WRITTEN QUESTIONS TO STEPHEN'S SECURITY BANK

Please respond to the following. If respondents claim that they are entitled to withhold any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it.

As used in the written questions, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the Stephen's Security Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

85040:04648

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loans.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loans?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loans to Tommy Robinson were made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loans to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

85040704649

WRITTEN QUESTIONS TO BANK OF SALEM

Please respond to the following. If respondents claim that they are entitled to withhold any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it.

As used in the written questions, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the Bank of Salem, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

85040784650

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

86040784651



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Kenneth R. Shemin
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Shemin:

On April 1, 1985, your client was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your client violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has requested your client to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to the questions. It is required that you submit the information under oath and that you do so within fifteen days of receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

86040384652



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

T.E. Renaud
Twin City Bank
One Riverfront Plaza
North Little Rock, Arkansas 72114

Re: MUR 1721
Twin City Bank

Dear Mr. Renaud:

On April 1, 1985, your bank was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe the Twin City Bank violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information is necessary.

Consequently, the Federal Election Commission has requested you to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

You may consult with an attorney and have an attorney assist you in the preparation of your response to the questions. However, it is required that you submit the information under oath and that you do so within fifteen days of your receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Donald T. Jack
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First Commercial Bank

Dear Mr. Jack:

On April 1, 1985, your client was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your client violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has requested your client to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to the questions. It is required that you submit the information under oath and that you do so within fifteen days of receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

85040334654



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Darrell D. Dover
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

MUR 1721
First State Bank

Dear Mr. Dover:

On April 1, 1985, your client was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your client violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has requested your client to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to the questions. It is required that you submit the information under oath and that you do so within fifteen days of receipt.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

95040389655



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Joseph W. Gelzine
Mitchell, Williams, Selig, Jackson & Tucker
1000 Savers Federal Building
Little Rock, Arkansas 72201

Re: MUR 1721
First American Bank
First Jacksonville Bank

Dear Mr. Gelzine:

On April 1, 1985, your clients were notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your clients violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your clients is necessary.

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Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Written Questions

85040384656



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

W. Russell Meeks, III
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 72201

Re: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Meeks:

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Associate General Counsel

Enclosure
Written Questions

85040504657

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

The Tommy Robinson for Congress)
Committee, et al.)

MUR 1721

CERTIFICATION

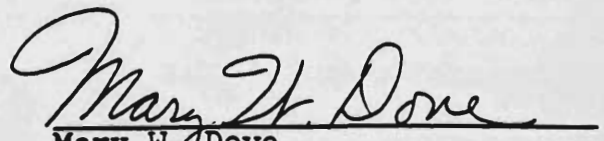
I, Mary W. Dove, recording secretary for the Federal Election Commission meeting on August 14, 1985, do hereby certify that the Commission in a vote of 6-0 passed a motion to request the banks involved to provide the information requested through interrogatories.

Commissioners Aikens, Elliott, Harris, Josefiak, McDonald, and McGarry voted affirmatively for this decision.

Attest:

8-15-85

Date


Mary W. Dove
Recording Secretary

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
The Tommy Robinson for Congress)
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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The Tommy Robinson for Congress) MUR 1721
Committee, et al.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of August 13, 1985, do hereby certify that the Commission failed in a vote of 3-2 to pass a motion to approve sending the subpoenas and orders attached to the General Counsel's report dated August 1, 1985.

Commsisioners Harris, McDonald, and McGarry voted affirmatively for the decision; Commissioners Elliott and Josefiak dissented. Commissioner Aikens was not present at the time of the vote.

Attest:

8-14-85

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

85040104660

GCC # 8242

15 AUG 8
11:37

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

August 7, 1985

Larry C. Wallace

TELEX TELECOM
NO: 1375-6484

Mr. Andrew Maikovich
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: FEC MUR 1721

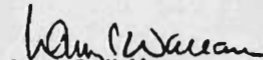
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It may be of interest to you and the Commission that most of these funds were raised as the result of a Democratic Party fundraiser held in the city of Little Rock on August 2, 1985. The principal speaker was House Majority Leader Jim Wright of Texas. Participating in the event was Senator Dale Bumpers, Senator David Pryor and Congressman Bill Alexander. Arkansas Governor Bill Clinton was also represented at the dinner. I've enclosed copies of the newspaper account of the fundraiser that appeared in last Saturday's newspapers.

If you have any questions with regard to this matter, please do not hesitate to give us a call.

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Larry C. Wallace

LCW/njw
enclosure

cc: The Honorable Tommy Robinson
Member of the Congress of the
United States
House of Representatives
P.O. Box 2057
Little Rock, AR 72203

36040304661

Congressmen laud House leader at dinner to retire Robinson debt

BY JUDY GALLMAN
Democrat Staff Writer

U.S. Rep. Tommy Robinson, D-Ark., netted approximately \$230,000 from a fund-raising dinner Friday night that will help repay \$427,000 in outstanding campaign debts.

Robinson still owes the money from his 1984 campaign, his first for the 2nd District seat. He faced the voters three times in 1984: In the primary, in a runoff and in the general election, where he faced a Republican and an independent.

Darrell Glascock, Robinson's chief administrative aide, estimated that 500 people attended the \$250-a-plate dinner in honor of House majority leader James C. Wright of Fort Worth, Texas. Glascock said proceeds would near the \$250,000 mark when total ticket sales have been tallied.

Although Glascock said a bill for the dinner won't arrive until Monday, he estimated that the banquet at Exhibition

See FUNDS, Page 8A

Funds

• Continued from Page One

Hall in the Camelot Hotel would cost \$20,000. He said the funds would be applied toward Robinson's \$147,000 outstanding bank loans and a \$280,000 advertising debt with the Little Rock firm of Cranford, Johnson, Robinson and Associates.

Greeted by standing ovations, the state's Democratic congressional delegation, minus Rep. Beryl Anthony, praised each other and Wright, keeping in mind the theme of "An Arkansas Delegation Celebration: A Salute to House Majority Leader Jim Wright."

"You're here because you know politics is not a spectator sport," Wright said in his remarks. "Freedom is not free."

"What a blessing, what a treasure, what a marvelous thing Arkansas has in its delegation," he said. "Think of the strength you have in a relatively small delegation."

He had kind words for each of the state's Democratic politicians invited to attend the event.

On Robinson, he said: "He's an asset to the Congress and reflects credit to the district." Wright also said it "doesn't hurt" for Robinson to serve on House committees and subcommittees.

Lib Carlisle, chairman of the state Democratic Party, introduced the senators and representatives who jabbed at Robinson's campaign debt and touted their Texan colleague who they insisted will be the next House speaker.

"All you can say about Congressman Robinson is that he's just Tommy," Pryor said, calling the freshman congressman "a great guy doing a fine job in Congress."

After quipping that both he and Carlisle worked in red ink and needed donations, Robinson thanked his supporters and said he would take a privately funded trip next week to Israel as a deserved vacation.

Robinson said Wright, who is serving his fifth term as house majority leader and his 16th term as a congressman, "has been good to me" and used his influence so that Robinson could gain seats on

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U.S. Sen. Dale Bumpers, D-Ark., described Wright as the "most articulate congressman ever to serve the country" and said the celebration was a "great outpouring and great tribute to him."

U.S. Rep. Bill Alexander, D-Ark., an early Wright supporter, thanked Robinson for liberalizing Arkansas politics and lauded Wright for his work as a congressman.

Gov. Bill Clinton was at the National Conference of Governors in Boise, Idaho, and couldn't attend the festivities, his chief of staff, Betsey Wright, said.



POLITICAL PATTERN - Reps. Jim Wright, D-Texas, David Pryor makes a point Friday evening during fund-raiser for Robinson.

ARKANSAS DEMOCRAT

August 3, 1985

86040304662

Dinner yields \$230,000 for Robinson

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Robinson fund-raiser stars majority leader

Wright comes to LR, helps collect \$250,000

By George Wells
GAZETTE STAFF

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To a crowd that Robinson's staff



—Staff Photo by Jeff Mitchell

PALS: Wright (left) and Robinson leaving Adams Field.

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(See ROBINSON on Page 17A.)

ARKANSAS GAZETTE

August 3, 1985

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Robinson

Continued from Page 1A.

Ways and Means Committee and commenting that either United States Senator Dale Bumpers or David Pryor "would grace the national ticket" of the Democratic Party.

Wright was critical of President Reagan for doubling the national debt in one term and predicted that before the end of the second Reagan administration the total debt would be \$3 trillion. He said Congress was holding down spending by appropriating \$11 billion less for this fiscal year than the president requested and cutting \$57 billion from the administration request for the next fiscal year. He said that Congress had approved a plan that would pare \$278 billion from budget requests for the next three years.

Does not begrudge remark

Wright, who is expected to be the next speaker of the House after Thomas P. (Tip) O'Neill Jr. of Massachusetts retires next year, told reporters at the airport he was coming to help a friend and did not begrudge a remark by Robinson earlier this year branding House Democrats as "Neville Chamberlains," a reference to the British prime minister of the 1930s who followed a policy of trying to appease Adolf Hitler and Nazi Germany.

"I know what was in the mind of Tommy Robinson," Wright said genially. "I don't consider that I have much in common with Mr. Chamberlain."

Earlier Friday, another Democrat who has been criticized by Robinson, United States Representative Bill Alexander of Osceola, chief deputy majority whip of the House, said he carried no hard feelings for the remark. Alexander introduced Wright to the dinner crowd Friday night.

Robinson still owes about \$400,000 for his campaign last year in which he was elected to Congress for the first time. He survived a preferential primary, a runoff and a general election, but had to borrow heavily on his own name to raise the funds.

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Robinson also said he would hold another fund-raiser in September featuring United States Representative Les Aspin (Dem., Wis.). There will be more fund-raisers if the debt still isn't retired, he said.

"We're just going to keep holding fund-raisers until people give me all the money they've got," Robinson quipped.

He explained the need for so much money by saying "nobody else had three tough races like I did," referring to the two primaries and the general election. Glascock said the congressman still owed about \$145,000 on bank loans used to finance his campaigns and \$280,000 to his advertising agency, Cranford Johnson Robinson and Associates of Little Rock.

Glascock said Friday night that the proceeds of the fund-raiser might well pay off Robinson's debts to the banks and something of what he owed to Cranford Johnson. He said the advertising agency understood that the debts to the banks had priority.

Budget 'big improvement'

Wright told reporters he wasn't "wholly satisfied" with the work of Congress in cutting government spending, but said the budget sent to Mr. Reagan this week "was certainly a very appreciable, big improvement" over the one offered by the president in February.

Asked about the state of the Democratic Party, Wright said that "in spite of the landslide" Mr. Reagan amassed against his Democratic challenger, former Vice President Walter F. Mondale, Democrats made gains in the Senate,

maintained their majority in the House and won two thirds of the state houses and legislatures. "The Democratic Party is alive and well throughout the United States," he said.

As for possible nominees in 1988, Wright said, "We could do a lot worse than Dale Bumpers."

Republican statement

State Republican Party Chairman Bill Kelly issued a news release Thursday calling the dinner another example of Robinson's "on-again, off-again relationship with the liberal leadership" in Congress. Kelly said Robinson "wants the voters to think he's independent and stands up to his party's liberal bosses, but when he needs lots of money for past debts and future campaigns, he appears willing to swallow his pride, abandon his principles and tow [sic] the line for the liberal leadership." Kelly said Robinson's political principles "change daily, and his independence is tied to his political needs at the moment, and now his need is for campaign contributions."

86040304665

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

August 7, 1985

RECEIVED AT THE FEC

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TELEX-TELECOPIER:

(501) 375-6484

Larry C. Wallace

Mr. Andrew Maikovich
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: FEC MUR 1721

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LCW/njw
enclosure

cc: The Honorable Tommy Robinson
Member of the Congress of the
United States
House of Representatives
P.O. Box 2057
Little Rock, AR 72203

201:02

3 5 0 4 0 5 0 4 6 6 6

HOUSE WALLACE NELSON & JEWELL P.A.

1500 TOWER BUILDING
LITTLE ROCK ARKANSAS 72201

Mr. Andrew Malovich
Federal Election Commission
Office of General Counsel
1325 K Street, N.W.
Washington, D.C. 20463

MAILED
JUL 11 1977

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BY JUDY GALLMAN
Democrat Staff Writer

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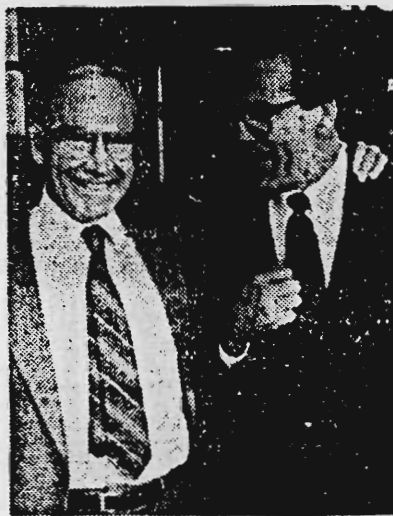
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(See ROBINSON on Page 17A.)

ARKANSAS GAZETTE

August 3, 1985

Robinson

Continued from Page 1A.

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"What a blessing, what a treasure, what a marvelous thing Arkansas has in its delegation," he said. "Think of the strength you have in a relatively small delegation."

He had kind words for each of the state's Democratic politicians invited to attend the event.

On Robinson, he said: "He's an asset to the Congress and reflects credit to the district." Wright also said it "doesn't hurt" for Robinson to serve on House committees and subcommittees.

Lib Carlisle, chairman of the state Democratic Party, introduced the senators and representatives who jabbed at Robinson's campaign debt and touted their Texan colleague who they insisted will be the next House speaker.

"All you can say about Congressman Robinson is that he's just Tommy," Pryor said, calling the freshman congressman "a great guy doing a fine job in Congress."

After quipping that both he and Carlisle worked in red ink and needed donations, Robinson thanked his supporters and said he would take a privately funded trip next week to Israel as a deserved vacation.

Robinson said Wright, who is serving his fifth term as house majority leader and his 16th term as a congressman, "has been good to me" and used his influence so that Robinson could gain seats on

"more committees than anybody."

U.S. Sen. Dale Bumpers, D-Ark., described Wright as the "most articulate congressman ever to serve the country" and said the celebration was a "great outpouring and great tribute to him."

U.S. Rep. Bill Alexander, D-Ark., an early Wright supporter, thanked Robinson for liberalizing Arkansas politics and lauded Wright for his work as a congressman.

Gov. Bill Clinton was at the National Conference of Governors in Boise, Idaho, and couldn't attend the festivities, his chief of staff, Betsey Wright, said.



POLITICAL PATTERN — Reps. Jim Wright, D-Texas, David Pryor makes a point Friday evening during fund-raiser for Robinson.

ARKANSAS DEMOCRAT

August 3, 1985

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

The Tommy Robinson for Congress
Committee and George Michael
Felkins, as treasurer
Stephen's Security Bank
First Commercial Bank
Twin City Bank
First American Bank
First State Bank
Worthen Bank & Trust Company
First Jacksonville Bank
Bank of Salem

MUR 1721

SENSITIVE

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RECEIVED
OFFICE OF THE
COMMISSIONER
FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On September 5, 1984, the Commission determined that there is reason to believe that the Stephens Security Bank, First American Bank, First State Bank, First Commercial Bank, Twin City Bank and the Worthen Bank and Trust Company violated 2 U.S.C. 441b(a) by making contributions to the Tommy Robinson for Congress Committee in the form of bank loans. The Commission also found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer violated 2 U.S.C. § 441b(a) by accepting the contributions.

On December 6, 1984, the Commission determined that there is reason to believe that the First Jacksonville Bank and Bank of Salem violated 2 U.S.C. § 441b(a) by making contributions to the Tommy Robinson for Congress Committee in the form of bank loans and that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. §441b(a) by accepting the contributions.

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A copy of a brief and a letter notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on April 1, 1985.

On July 16, 1985, the Commission requested that the Office of General counsel obtain additional information pertaining to loan applications, documents and other factors considered by the banks at the time they made loans to Tommy Robinson.

II. Legal Analysis

Attached are subpoenas and orders to the respondent banks seeking additional information as to their knowledge of Tommy Robinson's and the Tommy Robinson for Congress Committee's financial status at the time each loan was made.

The initial questions request written documents in possession of the banks at the time each loan was approved. The banks are asked whether they were aware of Tommy Robinson's prior loans and liabilities, and if not, whether the lack of information was caused by any misrepresentations.

Questions pertaining to bank lending histories are designed to cover both subjective and objective criteria. Specific identification of bank customers has been excluded to avoid possible legal difficulties with the Bank Privacy Act. Questions include the subjective factors used by the banks when making a loan in the ordinary course of business and how these factors applied to the Robinson loans. The final questions specifically inquire into political loans.

III. Recommendation

1. Approve sending the attached subpoenas and orders.

Charles N. Steele
General Counsel

8/1/85
Date

Kenneth A. Gross
BY: Kenneth A. Gross
Associate General Counsel

Attachments

1. Subpoenas and Orders
2. Letters to Respondents

86040304674

Attachment 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Stephen's Security Bank

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MUR 1721

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1) and (3) and in furtherance of its own investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and Subpoenas you to produce requested documents.

Such answers must be submitted under oath and must be forwarded to the Commission within 15 days of your receipt of this Order/Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on , 1985.

John Warren McGarry
Chairman

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Subpoena and Order - two pages

86040504675

SUBPOENA AND ORDER TO STEPHEN'S SECURITY BANK

Please respond to the following. If respondents claim that they are entitled to withhold from production any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it from production.

As used in the Subpoena and Order, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the Stephen's Security Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

86040704677

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First American Bank

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MUR 1721

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1) and (3) and in furtherance of its own investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and Subpoenas you to produce requested documents.

Such answers must be submitted under oath and must be forwarded to the Commission within 15 days of your receipt of this Order/Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on , 1985.

John Warren McGarry
Chairman

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Subpoena and Order - two pages

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SUBPOENA AND ORDER TO FIRST AMERICAN BANK

Please respond to the following. If respondents claim that they are entitled to withhold from production any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it from production.

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b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the First American Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First State Bank

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MUR 1721

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1) and (3) and in furtherance of its own investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and Subpoenas you to produce requested documents.

Such answers must be submitted under oath and must be forwarded to the Commission within 15 days of your receipt of this Order/Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on , 1985.

John Warren McGarry
Chairman

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Subpoena and Order - two pages

SUBPOENA AND ORDER TO FIRST STATE BANK

Please respond to the following. If respondents claim that they are entitled to withhold from production any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it from production.

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a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the First State Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First Commercial Bank

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MUR 1721

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1) and (3) and in furtherance of its own investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and Subpoenas you to produce requested documents.

Such answers must be submitted under oath and must be forwarded to the Commission within 15 days of your receipt of this Order/Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on , 1985.

John Warren McGarry
Chairman

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Subpoena and Order - two pages

SUBPOENA AND ORDER TO FIRST COMMERCIAL BANK

Please respond to the following. If respondents claim that they are entitled to withhold from production any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it from production.

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b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the First Commercial Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Twin City Bank

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MUR 1721

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1) and (3) and in furtherance of its own investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and Subpoenas you to produce requested documents.

Such answers must be submitted under oath and must be forwarded to the Commission within 15 days of your receipt of this Order/Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on , 1985.

John Warren McGarry
Chairman

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Subpoena and Order - two pages

SUBPOENA AND ORDER TO TWIN CITY BANK

Please respond to the following. If respondents claim that they are entitled to withhold from production any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it from production.

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b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the Twin City Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Worthen Bank & Trust Company)

MUR 1721

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1) and (3) and in furtherance of its own investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and Subpoenas you to produce requested documents.

Such answers must be submitted under oath and must be forwarded to the Commission within 15 days of your receipt of this Order/Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on , 1985.

John Warren McGarry
Chairman

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Subpoena and Order - two pages

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SUBPOENA AND ORDER TO WORTHEN BANK & TRUST COMPANY

Please respond to the following. If respondents claim that they are entitled to withhold from production any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it from production.

As used in the Subpoena and Order, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the Worthen Bank & Trust Company, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

86040584691

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loans.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loans?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loans to Tommy Robinson were made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loans to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

First Jacksonville Bank

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MUR 1721

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1) and (3) and in furtherance of its own investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and Subpoenas you to produce requested documents.

Such answers must be submitted under oath and must be forwarded to the Commission within 15 days of your receipt of this Order/Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on _____, 1985.

John Warren McGarry
Chairman

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Subpoena and Order - two pages

SUBPOENA AND ORDER TO FIRST JACKSONVILLE BANK

Please respond to the following. If respondents claim that they are entitled to withhold from production any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it from production.

As used in the Subpoena and Order, the terms listed below are defined as follows:

a. The term "documents" shall mean writings of any kind, including, but not limited to, correspondence, memoranda, reports, transcripts, pamphlets, leaflets, notes, letters, lists, telexes, telegrams, messages (including reports, notes, memoranda, and any other documentation of telephone conversations and conferences), contracts, data, agendas, and printouts, in the possession or control of the bank.

b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the First Jacksonville Bank, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Bank of Salem

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MUR 1721

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

Pursuant to 2 U.S.C. § 437d(a)(1) and (3) and in furtherance of its own investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and Subpoenas you to produce requested documents.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on , 1985.

John Warren McGarry
Chairman

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Subpoena and Order - two pages

SUBPOENA AND ORDER TO BANK OF SALEM

Please respond to the following. If respondents claim that they are entitled to withhold from production any of the documents requested, please identify each document, describe the subject matter of the document and state the grounds for withholding it from production.

As used in the Subpoena and Order, the terms listed below are defined as follows:

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b. The term "campaign loan" shall mean any and all loans made to Tommy Robinson or the Robinson Committee for use in Arkansas' Second Congressional District election.

c. The term "Robinson Committee" shall mean the Tommy Robinson for Congress Committee.

d. The term "you" shall mean the Bank of Salem, including its employees, agents, or related personnel.

e. The term "customer" shall mean an individual, partnership, committee, association, corporation, labor organization or any other group of persons to whom you have made a loan.

1. Please produce a copy of the loan application, financial statement, loan agreement and any other documents used by you to judge the credit worthiness of Tommy Robinson or the Robinson Committee at the time you approved the campaign loan.

a. Are bank documents, other than those produced in question 1, customarily used to judge the credit worthiness of a customer?

1. If the answer to question 1a is yes, please produce a copy of these documents.

2. If the answer to question 1a is yes, please state why completion of these documents was not required of Tommy Robinson or the Robinson Committee.

b. Were you aware of Tommy Robinson's total personal assets and liabilities (including campaign related bank loans) prior to the time you made the campaign loan?

1. If the answer to question 1b is no, please explain.

2. Without identifying the customer, please describe loans you have made which you believe support your assertion that the campaign loan to Tommy Robinson was made in the ordinary course of business. Please describe in detail the assets, liabilities, income, collateral, amount of loan and other characteristics of the customer which compare to those of Tommy Robinson or the Robinson Committee.

3. Have you ever made a loan for use in the campaign of a state or federal candidate other than the campaign loan to Tommy Robinson or the Robinson Committee?

4. If the answer to question 3 is yes, and without identifying the candidate, please describe the amount of the loan, the collateral, and all other factors which were used to determine that these loans be made.

5. Have you ever denied a loan to a state or federal candidate when approached for a loan to be used in a campaign?

6. If the answer to question 5 is yes, and without identifying the candidate, please describe the factors which were used to determine that these loans be denied.

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● A Hachment 2 ●



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

W. Russell Meeks, III
Meeks and Fox
1151 First Commercial Building
Little Rock, Arkansas 72201

Re: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Meeks:

On April 1, 1985, your clients were notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your clients violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena and order which requires your clients to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to this subpoena and order. It is required that you submit the information under oath and that you do so within fifteen days of your receipt of this subpoena and order.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena & Order

25



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Joseph W. Gelzine
Mitchell, Williams, Selig, Jackson & Tucker
1000 Savers Federal Building
Little Rock, Arkansas 72201

Re: MUR 1721
First American Bank
First Jacksonville Bank

Dear Mr. Gelzine:

On April 1, 1985, your clients were notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your clients violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena and order which requires your clients to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to this subpoena and order. It is required that you submit the information under oath and that you do so within fifteen days of your receipt of this subpoena and order.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena & Order

26



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Donald T. Jack
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First Commercial Bank

Dear Mr. Jack:

On April 1, 1985, your client was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your client violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena and order which requires your client to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to this subpoena and order. It is required that you submit the information under oath and that you do so within fifteen days of your receipt of this subpoena and order.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena & Order



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Darrell D. Dover
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

MUR 1721
First State Bank

Dear Mr. Dover:

On April 1, 1985, your client was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your client violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena and order which requires your client to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to this subpoena and order. It is required that you submit the information under oath and that you do so within fifteen days of your receipt of this subpoena and order.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena & Order



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

T.E. Renaud
Twin City Bank
One Riverfront Plaza
North Little Rock, Arkansas 72114

Re: MUR 1721
Twin City Bank

Dear Mr. Renaud:

On April 1, 1985, your bank was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe the Twin City Bank violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena and order which requires you to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

You may consult with an attorney and have an attorney assist you in the preparation of your response to this subpoena and order. However, it is required that you submit the information under oath and that you do so within fifteen days of your receipt of this subpoena and order.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena & Order



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Kenneth R. Shemin
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Shemin:

On April 1, 1985, your client was notified that the Office of General Counsel was prepared to recommend that the Commission find probable cause to believe your client violated 2 U.S.C. §441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. It has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena and order which requires your client to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

An attorney may assist in the preparation of responses to this subpoena and order. It is required that you submit the information under oath and that you do so within fifteen days of your receipt of this subpoena and order.

If you have any questions, please direct them to Andrew Maikovich, the attorney handling this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena & Order

30

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The Tommy Robinson for Congress)
Committee and George Michael)
Felkins, as treasurer)
Stephen's Security Bank)
First Commercial Bank)
Twin City Bank)
First American Bank)
First State Bank)
Worthen Bank & Trust Company)
First Jacksonville Bank)
Bank of Salem)

MUR 1721

CERTIFICATION

I, Mary W. Dove, recording secretary for the Federal Election Commission meeting on July 16, 1985, do hereby certify that the Commission decided by a vote of 4-2 to take the following actions in MUR 1721:

1. Obtain from the banks involved copies of the loan applications, copies of the financial statements which accompanied the loan applications, and copies of the loan documents.
2. Request information from the banks directly with regard to other outstanding liabilities and loans pertaining to Mr. Robinson known to the banks as of the dates on which these respective loans were made.
3. Request the banks to furnish information pertaining to specific loans and the factors considered by the banks in making such loans with particular emphasis on political loans.

Commissioners Harris, McDonald, McGarry, and Reiche voted affirmatively in this matter. Commissioners Aikens and Elliott dissented.

Attest:

7-17-85
Date

Mary W. Dove
Mary W. Dove
Recording Secretary

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

05 JUN 25 P 5:10

In the Matter of)

The Tommy Robinson for Congress)
Committee and George Michael)
Felkins, as treasurer)
Stephen's Security Bank)
First Commercial Bank)
Twin City Bank)
First American Bank)
First State Bank)
Worthen Bank & Trust Company)
First Jacksonville Bank)
Bank of Salem)

MUR 1721

SENSITIVE

EXECUTIVE SESSION

JUL 09 1985

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On September 5, 1984, the Commission determined that there is reason to believe that the Stephens Security Bank, First American Bank, First State Bank, First Commercial Bank, Twin City Bank and the Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a) by making contributions to the Tommy Robinson for Congress Committee in the form of bank loans. The Commission also found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting the contributions.

On December 6, 1984, the Commission determined that there is reason to believe that the First Jacksonville Bank and Bank of Salem violated 2 U.S.C. § 441b(a) by making contributions to the Tommy Robinson for Congress Committee in the form of bank loans and that Tommy Robinson and the Tommy Robinson for Congress

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Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) by accepting the contributions.

A copy of a brief and a letter notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on April 1, 1985.

II. LEGAL ANALYSIS

The Office of General Counsel relies chiefly upon its brief dated April 1, 1985, for the legal analysis of this matter.

However, respondents' reply briefs have raised a factual issue that is addressed below. In the General Counsel's brief, this Office stated that the First Jacksonville Bank, and later the Worthen Bank and Trust Company, had secured a second mortgage on Robinson's home as collateral for the loans. First State Bank was credited with obtaining a third mortgage, with no equity value, on September 12, 1984.

In its reply brief, however, First State Bank has provided evidence that under Arkansas law, it has a valid second mortgage, with an equity exceeding \$38,000. As proof, First State Bank enclosed Title Certificates from two title insurance companies which show First State Bank as the only bank which recorded a mortgage on the property since the Worthen Bank and Trust Company recorded an interest March 9, 1981.^{1/}

^{1/} The Office of General Counsel does not allege that either the First Jacksonville Bank or the Worthen Bank and Trust Company intentionally misrepresented their positions. In its response to the complaint, Worthen Bank and Trust enclosed a mortgage signed by Tommy Robinson at the time of its initial loan. Apparently, the Bank never recorded its interest.

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Although First State Bank received the second mortgage after the loan was made to Tommy Robinson, First State Bank provided evidence in its reply to the reason to believe finding that it is in the Bank's ordinary course of business to make unsecured loans which later require collateralization.

Therefore, the issue is whether repayment of the First State Bank loan was adequately assured by this new collateral. The loan was made on April 30, 1984, for \$20,070. The mortgage had an equity value exceeding \$38,000. As mortgages on real estate do represent the type of collateral which can assure repayment of a loan, the Office of General Counsel recommends the Commission find no probable cause to believe the First State Bank violated 2 U.S.C. § 441b(a) and no probable cause to believe Tommy Robinson and the Tommy Robinson for Congress Committee violated 2 U.S.C. § 441b(a) in accepting a contribution from the First State Bank.

The analyses for First Jacksonville Bank and Worthen Bank and Trust Company are not significantly altered. At the time of their loans to Tommy Robinson, they had valid second mortgages which could have been called upon default. Because they did not record their interest in the collateral, however, any subsequent bank, such as First State Bank, could record a future mortgage and obtain priority. This affected the assurance of repayment, which subsequently occurred when the Worthen Bank and Trust Company's mortgage became a third mortgage after First State Bank recorded its interest on September 12, 1984. At the time of the

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loans, however, both Worthen Bank and Trust Company and First Jacksonville Bank had valid second mortgages as collateral.

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IV. RECOMMENDATIONS

The Office of General Counsel recommends that the Commission:

1. Find no probable cause to believe First State Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee and no probable cause to believe Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the First State Bank.
- 2/ Because the aggregate total of the bank loans to Tommy Robinson and the Tommy Robinson Committee is approximately \$250,000, a 10% penalty ratio results in a penalty of \$25,000. The bank penalties range from \$8,000 to \$12,500.

2. Find probable cause to believe Stephen's Security Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee and probable cause to believe Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the Stephens Security Bank.
3. Find probable cause to believe that First Commercial Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee and probable cause to believe Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the First Commercial Bank.
4. Find probable cause to believe Twin City Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee and probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the Twin City Bank.
5. Find probable cause to believe First American Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee and probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the First American Bank.
6. Find probable cause to believe Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee and probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting contributions from the Worthen Bank and Trust, Company.
7. Find probable cause to believe First Jacksonville Bank violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee and probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from First Jacksonville Bank.

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8. Find probable cause to believe Bank of Salem violated 2 U.S.C. § 441b(a) by making a contribution to Tommy Robinson and the Tommy Robinson for Congress Committee and probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the Bank of Salem.
9. Send the attached letters and conciliation agreements.

Date

June 25, 1985

Charles N. Steele

Charles N. Steele
AM

Attachments

1. Conciliation Agreements
2. Letters to Respondents

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 3, 1985

Larry C. Wallace, Esquire
House, Wallace, Nelson and
Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
Tommy Robinson and the Tommy
Robinson for Congress Committee
George M. Felkins, as treasurer

Dear Mr. Wallace:

On May 20, 1985, the Commission received your motion to appear before a hearing to determine whether there is probable cause to believe a violation of the Federal Election Campaign Act has been committed by your clients. After due consideration, the Commission has determined to deny your request.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Larry C. Wallace, Esquire
House, Wallace, Nelson and
Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
Tommy Robinson and the Tommy
Robinson for Congress Committee
George M. Felkins, as treasurer

Dear Mr. Wallace:

On May 20, 1985, the Commission received your motion to appear before a hearing to determine whether there is probable cause to believe a violation of the Federal Election Campaign Act has been committed by your clients. After due consideration, the Commission has determined to deny your request.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

AM 7/4/85

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Per. file

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1721
Tommy Robinson and The Tommy)
Robinson for Congress)
Committee)
George M. Felkins, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 27, 1985, the Commission decided by a vote of 6-0 to take the following actions in MUR 1721:

1. Deny Tommy Robinson's motion to appear.
2. Approve sending the letter attached to the General Counsel's Report signed June 21, 1985.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter.

Attest:

6/27/85

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary:
Circulated on 48 hour tally basis:

6-24-85, 2:49
6-25-85, 11:00

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BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

In the Matter of)
)
Tommy Robinson and The Tommy)
Robinson for Congress Committee)
George M. Felkins, as treasurer)

85 JUN 24 P2:49

MUR 1721

GENERAL COUNSEL'S REPORT

SENSITIVE

I. BACKGROUND

On September 5, 1984, the Commission determined that there was reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting contributions from various banks.

On April 1, 1985, the Office of General Counsel advised the respondents that it was prepared to recommend that the Commission find probable cause to believe a violation occurred. The respondents filed a reply brief on May 1, 1985. On May 20, 1985, the respondents filed a motion to appear before the Commission when it takes the issue of probable cause to a vote.

II. LEGAL ANALYSIS

At issue is whether a respondent should be allowed to make an oral presentation during a Commission meeting to determine whether there is probable cause to believe a violation has occurred.

Under 2 U.S.C. § 437g(a)(3), the Office of General Counsel must notify a respondent of any recommendation it makes to the Commission pertaining to a vote on probable cause. The respondent then has the right to submit a reply brief within 15

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days of such notification. Id. The Federal Election Campaign Act does not grant a respondent an express right to personally appear before the Commission. (See also 11 C.F.R. § 111.16).

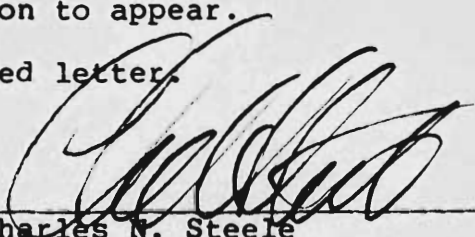
Attorneys for the respondents state that the respondent's right to due process would be infringed by the denial of their motion to appear. Administrative case law, however, shows that a respondent's right to a hearing does not include an oral presentation. The respondent's hearing rights are satisfied in that he has an opportunity to brief the Commission in writing as prescribed by statute. An agency's interest, including its fiscal and administrative burdens, are balanced against the private interest when determining the type of hearing required by due process. Because the respondent has the right to entertain a full trial-type hearing after the Commission's final determination, no personal appearance need be afforded during a Commission hearing on probable cause.

Therefore, to facilitate the efficient use of Commission resources, the Office of General Counsel recommends that the Commission deny the respondents' motion to appear.

III. RECOMMENDATIONS

1. Deny Tommy Robinson's motion to appear.
2. Approve sending the attached letter.

21 June 1985
Date



Charles N. Steele
General Counsel

Attachment

1. Letter to Respondent

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Attachment 1



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Larry C. Wallace, Esquire
House, Wallace, Nelson and
Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
Tommy Robinson and the Tommy
Robinson for Congress Committee
George M. Felkins, as treasurer

Dear Mr. Wallace:

On May 20, 1985, the Commission received your motion to appear before a hearing to determine whether there is probable cause to believe a violation of the Federal Election Campaign Act has been committed by your clients. After due consideration, the Commission has determined to deny your request.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF)
TOMMY ROBINSON AND)
THE TOMMY ROBINSON)
FOR CONGRESS COMMITTEE)
GEORGE M. FELKINS, AS)
TREASURER)

25 MAY 23 P 4: 15
MUR 1721

SENSITIVE

MOTION TO APPEAR

Come the Respondents, Tommy Robinson, and the Tommy Robinson for Congress Committee, George M. Felkins, as Treasurer, (hereinafter "Respondents") and for their Motion to Appear before the Federal Election Commission (hereinafter "Commission"), state:

1. On April 1, 1985, the Commission advised Respondents that the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation of the Federal Election Campaign Act (2 U.S.C. §441b(a)) has occurred.

2. The Office of General Counsel has submitted a brief to the Commission in which its position was extensively argued. Respondents submitted their brief in response to the Commission on May 1, 1985.

3. The Commission will consider this matter, and vote upon the issue of probable cause shortly after all of the parties' briefs have been submitted.

4. The Office of General Counsel has indicated to Respondent Tommy Robinson that although the Office of General Counsel will have the right to personally argue its position, Tommy Robinson will have no similar right.

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5. The issue before the Commission is of such gravity, and of such obvious importance to Respondent Tommy Robinson, that the denial of the right to personally argue his cause would be clear error. Further, the denial of this right to Tommy Robinson would certainly result in the denial of due process.

6. Respondents urge this Commission to grant this Motion in order to make certain that all relevant factors are considered when it takes the issue of probable cause to a vote, and to ensure that the proper result is achieved.

WHEREFORE, for the above-stated reasons, Respondents respectfully request that this Commission grant this Motion, and allow Tommy Robinson to personally appear before it in order to plead his cause.

Respectfully submitted,

HOUSE, WALLACE, NELSON &
JEWELL, P.A.
1500 Tower Building
Little Rock, Arkansas
(501) 375-9151

By: Larry C. Wallace
Larry C. Wallace
Attorney for Tommy Robinson,
The Tommy Robinson Campaign
Committee and its Treasurer,
George M. Felkins

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

6-CC 7513
RECEIVED AT THE FEC

85 MAY 20 49:25

MAY 20 11:55

HOUSE, WALLACE, NELSON & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

TELEX-TELESCOPE
(501) 375-6484

May 17, 1985

Ms. Marjorie Emmons
Secretary to the
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: Federal Election Commission MUR 1721

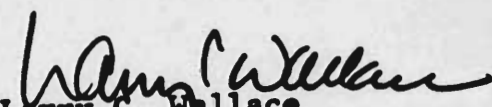
Dear Ms. Emmons:

Enclosed for filing are an original and ten copies of Respondent Tommy Robinson's Motion to Appear before the Federal Election Commission. I have this date forwarded three copies of the same to the Office of General Counsel.

If anything further needs to be done to perfect this filing, please let me know. Thank you for your attention to this matter.

Very truly yours,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.


Larry C. Wallace

bcc: Mr. Charles Steele
Mr. Charles J. Giroir, Jr.
Mr. William J. Conti
Mr. Joseph Gelzine
Mr. Maurice Mitchell
Mr. Kenny Shemin
Mr. W. Russell Meeks, III
Mr. T.E. Renaud
Mr. Charles Cook
Mr. Mike Felkins
The Honorable Tommy Robinson
Mr. Darrell Glascock

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF)
TOMMY ROBINSON AND)
THE TOMMY ROBINSON)
FOR CONGRESS COMMITTEE)
GEORGE M. FELKINS, AS)
TREASURER)

MUR 1721

MOTION TO APPEAR

Come the Respondents, Tommy Robinson, and the Tommy Robinson for Congress Committee, George M. Felkins, as Treasurer, (hereinafter "Respondents") and for their Motion to Appear before the Federal Election Commission (hereinafter "Commission"), state:

1. On April 1, 1985, the Commission advised Respondents that the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation of the Federal Election Campaign Act (2 U.S.C. §441b(a)) has occurred.

2. The Office of General Counsel has submitted a brief to the Commission in which its position was extensively argued. Respondents submitted their brief in response to the Commission on May 1, 1985.

3. The Commission will consider this matter, and vote upon the issue of probable cause shortly after all of the parties' briefs have been submitted.

4. The Office of General Counsel has indicated to Respondent Tommy Robinson that although the Office of General Counsel will have the right to personally argue its position, Tommy Robinson will have no similar right.

5. The issue before the Commission is of such gravity, and of such obvious importance to Respondent Tommy Robinson, that the denial of the right to personally argue his cause would be clear error. Further, the denial of this right to Tommy Robinson would certainly result in the denial of due process.

6. Respondents urge this Commission to grant this Motion in order to make certain that all relevant factors are considered when it takes the issue of probable cause to a vote, and to ensure that the proper result is achieved.

WHEREFORE, for the above-stated reasons, Respondents respectfully request that this Commission grant this Motion, and allow Tommy Robinson to personally appear before it in order to plead his cause.

Respectfully submitted,

HOUSE, WALLACE, NELSON &
JEWELL, P.A.
1500 Tower Building
Little Rock, Arkansas
(501) 375-9151

By: Larry C. Wallace

Larry C. Wallace
Attorney for Tommy Robinson,
The Tommy Robinson Campaign
Committee and its Treasurer,
George M. Felkins

6007393
Maikovich

STATEMENT OF DESIGNATION OF COUNSEL

WY 6 P 4: 10

MUR 1721

NAME OF COUNSEL: Donald T. Jack
ADDRESS: HOUSE, WALLACE, NELSON & JEWELL, P.A.
1500 Tower Building
Little Rock, Arkansas 72201
TELEPHONE: (501) 375-9151

The above-named individual is hereby designated as counsel for First Commercial Bank and is authorized to receive any notifications and other communications from the Commission and to act on its behalf before the Commission.

May 2, 1985
DATE

Barnett Grace
BARNETT GRACE
PRESIDENT

RESPONDENT'S NAME: First Commercial Bank
ADDRESS: Capitol and Broadway Streets
Little Rock, Arkansas 72201
TELEPHONE: (501) 371-7000

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MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING

LITTLE ROCK, ARKANSAS 72201

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501-378-4880

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Andrew Maikovich

W. RUSSELL MECKS, III
TIMOTHY DAVIS FOX

May 6, 1985

Mr. Andrew Maikovich
Office of the General Counsel
Federal Election Commission
Washington, DC 20463

Re: Stephens Security Bank/MUR 1721
Bank of Salem/MUR 1721

Dear Mr. Maikovich:

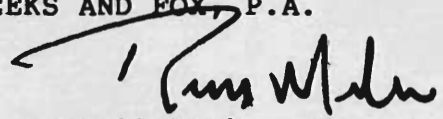
We enclose herewith three (3) copies of the Brief of the Separate Respondent Stephens Security Bank. We also enclose herewith three (3) copies of the Brief of the Separate Respondent Bank of Salem.

We have herewith forwarded ten (10) copies of each Brief to the Commission for filing.

We would appreciate a call from you at your earliest convenience to discuss this matter further, in line with our earlier conversations about the possibility of a conciliation arrangement.

Yours very truly,

MEEKS AND FOX, P.A.


W. Russell Meeks, III

WRM:jb

Enclosure

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Stephens)
Security Bank)

MUR 1721

BRIEF OF SEPARATE RESPONDENT STEPHENS SECURITY BANK

INTRODUCTION

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The referenced matter MUR 1721 should be pursued, if at all, only against the borrower, Tommy Robinson, and the Tommy Robinson Campaign Committee. This separate Respondent Bank relies upon its borrowers to fully comply with all terms and provisions of the state and federal legislation applicable to the business or enterprise of the borrower. This case is no different. To the extent that the Commission contends that this Bank did not follow prudent business practices, in order to "assure repayment" under its individual banking practices, and under acceptable banking guidelines, the Commission, and the Office of General Counsel, would be in error. To the extent that some interpretation of the appropriate federal statutes might disallow a candidate or a campaign committee to seek or solicit loans, this should be treated as a separate issue and dispute, to which the individual banks should not properly be a party. The referenced matter MUR 1721 should not proceed against the individual state chartered banking institutions.

ARGUMENT

The Respondent Bank is a state chartered banking institution

regulated by the State Bank Commissioner for the State of Arkansas. The Defendant Bank is located in a small rural community in the State of Arkansas. The Bank is not located in Pulaski County, Arkansas, nor in the Second Congressional District, which is the district represented by the Respondent Tommy Robinson, Congressman for the Second District. The Respondent Bank is owned by a bank holding company, Smith Associated Banking Corporation (hereafter "SABCO"). The Chairman and Chief Executive Officer for SABCO is Richard T. Smith ("Smith").

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Prior to his assumption of duties as President and Chief Executive Officer of SABCO, Smith was an officer in Worthen Bank and Trust Company, and while in that position was the personal loan officer for the Respondent Tommy Robinson. At all times pertinent hereto, Smith was and remains acutely familiar with the Respondent Tommy Robinson; is familiar with his character; is aware of his collateral and means for obtaining collateral; and is familiar with his other credit history, to include though not limited to his credit history with Worthen Bank. All loans made by Worthen, through Smith while he was a loan officer, were timely paid in accordance with the terms and provisions of the notes signed by Robinson.

The state chartered banking institution is not specifically prohibited from the making of loans under USC Section 441 (b), which refers to "contributions or expenditures by national banks,...".

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(emphasis). Instead, there is no specific regulation dealing with state chartered banking institutions, especially those lying outside the District in which the political candidate is attempting to gain office (thereby negating any self-serving contribution or political motive). Instead, the Respondent Bank clearly intended to engage in a commercial loan transaction, based upon the character, available collateral and past credit performance and payment history of the borrower, Tommy Robinson.

Respondent Bank has previously argued, and again contends, that it has diligently complied with all local, state, and federal regulations with respect to banking and banking practices; has fully complied with all terms and provisions for lending imposed by or through any federal regulatory agency or authority having responsibility over or to the Bank; and, has consistently followed the Bank's own lending regulations with respect to individual and commercial loans, and has not varied the procedure for the loan in question. Instead, the bank as a state chartered banking institution, operates in a rural area, and perhaps follows procedures different than large metropolitan banking institutions.

Prior to the making of the loan, the bank engaged in a diligent effort to find any particular regulations which might, disallow this type of loan or give guidance to how the loan could or should be made. Neither the Federal Election Commission, or any other federal or state agency, board or administrative body,

has formulated, devised, authored, published, or distributed, any such regulations. What should be done to document a loan of this type, and what guidelines if any are to be looked at and followed before the making of the loan, do not appear in any publication and are not readily available for a small rural country bank to consult or review, prior to making any loan. Unfortunately, small rural country banks are not "right on top" of what Washington, D.C. Commissions are "thinking", or how they are "interpreting" general statutes that apply to "national banks". In other words, if a loan of this type can be made at all, the guidelines under which the loan can and must be made, do not exist for a small country bank to study and to follow. How can they reasonably be expected to know what the Federal Election Commission is thinking? They cannot.

The small rural country banks are operating in a "vacuum" under the proposed interpretation of Section 441 (B), and an interpretation that would find a violation against these banks, and specifically against Stephens Security Bank (whose Chairman and Chief Executive Officer of its holding company had intimate knowledge with the prior financial and credit affairs of the borrower) would unjustly constitute an ex post facto hand slapping. Truthfully this Bank does not need nor deserve a hand slapping. It will be most happy to follow all federal rules and regulations, to include those of the Federal Election Commission. Its officers made a diligent search for any and all applicable

federal regulations, and found none. They found none, because none exist.

Unless the Federal Election Commission can give guidance to the small country bank, no bank can know what to do. To punish them for having looked, but having found nothing, where nothing existed, punishes the wrong party. And, to the extent a promise of future compliance with regulations is needed, this bank readily commits to such a promise, but needs to have guidelines formulated and provided to it. This would allow it to fully follow the published guidelines, rules and regulations of the Federal Election Commission, and would fully negate the totally unintentional violation of the type here (even if a violation is presumed to have occurred).

CONCLUSION

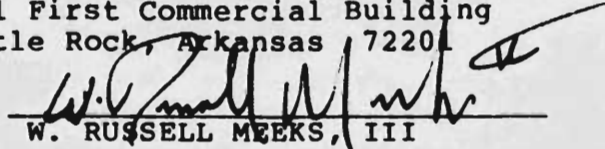
The Stephens Security Bank did not and would not intentionally violate any rule. So even if a violation is found, it certainly should be found to be accidental and unintentional. This entire matter is not something the Stephens Security Bank ever contemplated, intended, desired, nor expected. It made a simple loan that, because of legal expenses associated with the finding of the General Counsel's office, will end up costing money, instead of making money for the shareholders. Even if the General Counsel's office proceeds with the finding of probable cause, the Respondent Stephens Security Bank suggests and requests that any pursuit of the matter should specifically

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delete any inference or assertion that it acted willfully or intentionally in violation of any regulation. And, to the extent punishment is deemed necessary or desirable (which this Respondent does not feel to be the case with respect to it), the public notoriety in the local communities resulting from having been involved in this loan, to a candidate for a federal office in a district other than the district in which this bank is situated, and the additional cost and expense for the handling of the proceedings before the Federal Election Commission (which cost and expenses are relatively large for a small country bank not accustomed to paying legal expenses and costs of any magnitude) are sufficient "punishment" to cause these banks to refrain from making any political loan, of any type, whether guidelines existed or not.

Respectfully submitted,

MEEKS AND FOX, P.A.
Attorneys for Stephens Security Bank
1151 First Commercial Building
Little Rock, Arkansas 72201

BY:


W. RUSSELL MEEKS, III

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Bank of Salem)

MUR 1721

BRIEF OF SEPARATE RESPONDENT BANK OF SALEM

INTRODUCTION

The referenced matter MUR 1721 should be pursued, if at all, only against the borrower, Tommy Robinson, and the Tommy Robinson Campaign Committee. This separate Respondent Bank relies upon its borrowers to fully comply with all terms and provisions of the state and federal legislation applicable to the business or enterprise of the borrower. This case is no different. To the extent that the Commission contends that this Bank did not follow prudent business practices, in order to "assure repayment" under its individual banking practices, and under acceptable banking guidelines, the Commission, and the Office of General Counsel, would be in error. To the extent that some interpretation of the appropriate federal statutes might disallow a candidate or a campaign committee to seek or solicit loans, this should be treated as a separate issue and dispute, to which the individual banks should not properly be a party. The referenced matter MUR 1721 should not proceed against the individual state chartered banking institutions.

ARGUMENT

The Respondent Bank is a state chartered banking institution regulated by the State Bank Commissioner for the State of

state chartered banking institutions, especially those lying outside the District in which the political candidate is attempting to gain office (thereby negating any self-serving contribution or political motive). Instead, the Respondent Bank clearly intended to engage in a commercial loan transaction, based upon the character, available collateral and past credit performance and payment history of the borrower, Tommy Robinson.

Respondent Bank has previously argued, and again contends, that it has diligently complied with all local, state, and federal regulations with respect to banking and banking practices; has fully complied with all terms and provisions for lending imposed by or through any federal regulatory agency or authority having responsibility over or to the Bank; and, has consistently followed the Bank's own lending regulations with respect to individual and commercial loans, and has not varied the procedure for the loan in question. Instead, the bank as a state chartered banking institution, operates in a rural area, and perhaps follows procedures different than large metropolitan banking institutions.

Prior to the making of the loan, the bank engaged in a diligent effort to find any particular regulations which might, disallow this type of loan or give guidance to how the loan could or should be made. Neither the Federal Election Commission, or any other federal or state agency, board or administrative body, has formulated, devised, authored, published, or distributed, any

such regulations. What should be done to document a loan of this type, and what guidelines if any are to be looked at and followed before the making of the loan, do not appear in any publication and are not readily available for a small rural country bank to consult or review, prior to making any loan. Unfortunately, small rural country banks are not "right on top" of what Washington, D.C. Commissions are "thinking", or how they are "interpreting" general statutes that apply to "national banks". In other words, if a loan of this type can be made at all, the guidelines under which the loan can and must be made, do not exist for a small country bank to study and to follow. How can they reasonably be expected to know what the Federal Election Commission is thinking? They cannot.

The small rural country banks are operating in a "vacuum" under the proposed interpretation of Section 441 (B), and an interpretation that would find a violation against these banks, and specifically against Bank of Salem (whose Chairman and Chief Executive Officer of its holding company had intimate knowledge with the prior financial and credit affairs of the borrower) would unjustly constitute an ex post facto hand slapping. Truthfully this Bank does not need nor deserve a hand slapping. It will be most happy to follow all federal rules and regulations, to include those of the Federal Election Commission. Its officers made a diligent search for any and all applicable federal regulations, and found none. They found none, because

none exist.

Unless the Federal Election Commission can give guidance to the small country bank, no bank can know what to do. To punish them for having looked, but having found nothing, where nothing existed, punishes the wrong party. And, to the extent a promise of future compliance with regulations is needed, this bank readily commits to such a promise, but needs to have guidelines formulated and provided to it. This would allow it to fully follow the published guidelines, rules and regulations of the Federal Election Commission, and would fully negate the totally unintentional violation of the type here (even if a violation is presumed to have occurred).

CONCLUSION

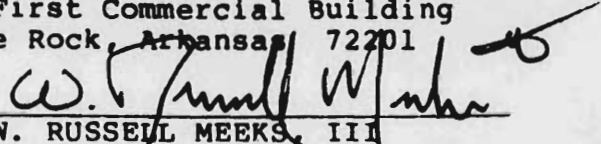
The Bank of Salem did not and would not intentionally violate any rule. So even if a violation is found, it certainly should be found to be accidental and unintentional. This entire matter is not something the Bank of Salem ever contemplated, intended, desired, nor expected. It made a simple loan that, because of legal expenses associated with the finding of the General Counsel's office, will end up costing money, instead of making money for the shareholders. Even if the General Counsel's office proceeds with the finding of probable cause, the Respondent Bank of Salem suggests and requests that any pursuit of the matter should specifically delete any inference or assertion that it acted willfully or intentionally in violation of any regulation. And, to the extent punishment is deemed necessary or

desirable (which this Respondent does not feel to be the case with respect to it), the public notoriety in the local communities resulting from having been involved in this loan, to a candidate for a federal office in a district other than the district in which this bank is situated, and the additional cost and expense for the handling of the proceedings before the Federal Election Commission (which cost and expenses are relatively large for a small country bank not accustomed to paying legal expenses and costs of any magnitude) are sufficient "punishment" to cause these banks to refrain from making any political loan, of any type, whether guidelines existed or not.

Respectfully submitted,

MEEKS AND FOX, P.A.
Attorneys for Bank of Salem
1151 First Commercial Building
Little Rock, Arkansas 72201

BY:


W. RUSSELL MEEKS, III

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RECEIVED AT THE FLC.

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Darrell D. Dover

May 3, 1985

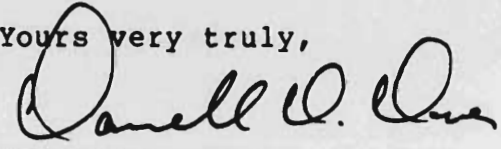
Mr. Charles Steele
General Counsel
Federal Election Commission
1325 "K" Street
Washington, D.C. 20463

Re: In the Matter of First State Bank - MUR 1721

Dear Mr. Steele:

Enclosed you will find three copies of the Brief which we have today filed in behalf of the Respondent, First State Bank of Sherwood, Arkansas.

Yours very truly,



Darrell D. Dover, for
HOUSE, WALLACE, NELSON
& JEWELL, P.A.

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Enclosures
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BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF)
FIRST STATE BANK)

MUR 1721

BRIEF OF THE RESPONDENT,
FIRST STATE BANK OF SHERWOOD, ARKANSAS

I. Statement of the Case

On April 30, 1984, the Respondent, First State Bank of Sherwood, Arkansas ("First State") made a loan of \$20,070.00 to the Tommy Robinson for Congress Committee ("the Committee"). The First State loan was evidenced by a written instrument, was subject to a due date and bore the usual and customary interest rate charged by First State on other loans. The promissory note evidencing the loan was personally guaranteed by Tommy Robinson ("Robinson") and the note was secured by a pledge of 50% of all campaign contributions over \$100,000.00 and by the agreement of the borrower to furnish additional collateral (a mortgage on Robinson's home) if the loan was not paid within the initial 90-day period. The additional collateral was, in fact, furnished on August 23, 1984, when Robinson executed a mortgage in favor of First State encumbering his home which mortgage was duly recorded in the Pulaski County, Arkansas land records on September 12, 1984.

On June 4, 1984, a complaint was filed with this Commission by backers of a political opponent of Robinson charging that Robinson and the Committee had violated the Federal Election

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Campaign Act of 1971 ("the Act") and regulations promulgated pursuant thereto by accepting loans from several financial institutions which loans, it was alleged, were not made in the ordinary course of business of the lending institutions. The lending institutions, including First State, were also accused of violating the Act and the regulations.

On September 5, 1984, the Commission determined that there was reasonable cause to believe that violations had occurred and commenced an investigation.

By letter of April 1, 1985, the Office of General Counsel of the Commission ("General Counsel") advised that it was prepared to recommend that this Commission find probable cause that a violation occurred. General Counsel's position was elaborated on in a brief enclosed with the letter to which First State was invited to reply.

It is the purpose of this Brief to respond to General Counsel's arguments and to renew the arguments made in First State's earlier letter brief of September 27, 1984.

II. Argument

Granted the facts outlined above,¹ the obvious question is:

¹There is no real dispute as to these facts. In large part they are taken from General Counsel's Brief.

Why is First State here?

First State believes that the answer to that question lies in the fact that General Counsel has been misinformed as to one very pertinent additional fact relevant to the First State loan. Based on that misinformation, General Counsel has arrived at an erroneous legal conclusion as to the propriety of the First State loan. Even as to this additional fact there actually should not be any dispute as will be shown below.

The misinformation referred to above is evidenced in the following language quoted from pages 7 and 8 of General Counsel's Brief. There, after discussing the fact that First State's loan was secured by a mortgage it obtained on Robinson's personal residence, General Counsel then stated:

According to information from the Worthen Bank and Trust Company, which acquired a second mortgage on Robinson's home on July 9, 1984, Robinson had no equity remaining in his residence after the second mortgage. Therefore, the added collateral would not provide an alternate source of repayment should the loan come under default. Because the loan was not adequately assured, the Office of General Counsel recommends the Commission find probable cause to believe the First State Bank violated 2 U.S.C. § 441b(a)."

The net effect thus is that General Counsel, based on the information received from Worthen Bank and Trust Company ("Worthen") has relegated First State's mortgage to that of a third mortgage with no equity and General Counsel has therefore totally dismissed from further consideration the mortgage which First State holds on Robinson's home.

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The fact is, however, that Worthen has no such mortgage. Worthen may have represented to Commission investigators that it had such a mortgage and Worthen may even have believed that it had such a mortgage² but the legal fact is that no such mortgage exists insofar as the rights of third parties, including First State, are involved.

Attached hereto as Attachment 1 is a Title Certificate issued by Little Rock Abstract Company under date of September 13, 1984. This Certificate was obtained by First State at the time of and in connection with First State's implementation of the requirement made by it at the time the loan was made, i.e., that the mortgage would be required if the loan was not paid in 90 days.³ It will be observed that the only mortgage shown on the Certificate (other than the known first mortgage securing the purchase of the home) was a mortgage to Worthen given more than three years before (March 9, 1981) and securing only the sum of \$7,000.00. There is no mortgage dated July 9, 1984 (the date mentioned in General Counsel's Brief) or any other date given to Worthen to secure the \$48,000.00 Worthen

²First State does not imply that General Counsel or the Commission's investigators have intentionally misrepresented the Worthen position. Neither does First State take any position at all with respect to the propriety of the Worthen loan or any other loan of any other financial institution involved in this matter.

³The fact that First State even bothered to obtain a Title Certificate is evidence of due diligence and evidence that the loan was "made in the ordinary course of business" as required by the Act.

loan made on July 9, 1984 as shown on the spread sheet incorporated in General Counsel's Brief. Attachment 2 is a Title Certificate of current date which First State has obtained to confirm the accuracy of the first Certificate (and to show there is still no Worthen mortgage of record.

First State anticipates that General Counsel and the Commission might wonder whether the Worthen loan might be secured by the 1981 Worthen mortgage reflected on Attachment 1. There is attached hereto (Attachment 3) a certified copy of the recorded 1981 Worthen mortgage. It will be noted that the debt secured is specifically described as being a debt of \$7,000.00 and there is no reference to the mortgage standing as security for additional advances except in the very limited circumstances where the additional advances are made for protection of the security property (e.g., taxes, repairs, etc.) the latter not being the circumstance here. The mortgage law of Arkansas is clear in such a case and the answer to the anticipated question is that, under Arkansas law, only the debt described in the mortgage (\$7,000.00 here) is secured and additional advances (such as the Worthen \$48,000 loan of July 9, 1984) are not secured by the lien of the mortgage.⁴

⁴Arkansas is in line with the weight of authority on this point. Modern Mortgage Law and Practice (Prentice-Hall, Ninth Edition, 1978) a national work on mortgage law by Robert Kratovil, Vice President in charge of legal research for Chicago Title Insurance Company, states unequivocally at Section 120: "§120. Future advances - additional advances

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Hughes on Arkansas Mortgages (Thomas Law Book Company, 1930) is the "Bible" on the Arkansas law of mortgages. At Section 68, Hughes says:

"§68. Only Described Debt Secured.-
A mortgage secures only debts which are embraced in the description used in the mortgage. If the instrument expressly states that it is given to secure debts specifically named and described in amount and character, the security cannot be made to cover other obligations. The holder of the mortgage cannot tack to the debt described any other debt he may have against the mortgagor so as to stretch the security of the mortgage to that also. Persons who deal with the property after the mortgage is given are entitled to rely upon the record as disclosing the full extent of the encumbrance.

For example, a mortgage purporting to secure notes aggregating \$500.00, and saying nothing about future advances, does not secure future advances in excess of that amount, though the notes were given for future advances which in fact largely exceeded \$500.00, and not for a debt already due. (Emphasis added)

The quoted language is supported by case law and is still the law of Arkansas today.

To put what has been said above in proper perspective it is necessary to list the salient points of law applicable to the First State loan. They are:

⁴(cont.) made though not described in the mortgage. Suppose a mortgage is executed to secure a debt of a stated amount, which, in fact, is loaned to the mortgagor. Later, by oral agreement, the mortgagee loans additional sums to the mortgagor, both intending that they be secured by the mortgage, although the mortgage makes no mention of future advances and none were contemplated at the time. Such advances are not a valid lien as to third parties, such as innocent purchasers. (Emphasis Added)

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(1) General Counsel recommends that the Commission find probable cause to believe that First State violated 2 U.S.C. §441b(a). (General Counsel's Brief, p. 8).

(2) 2 U.S.C. §441b(a) prohibits a corporation from making a "contribution" to a candidate for federal elective office.

(3) "Contribution", as defined in 2 U.S.C. §431(8)(B)(vii), does not include:

"...any loan of money by a State bank, a federally chartered depository institution, or a depository institution the deposits or accounts of which are insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration, other than any overdraft made with respect to a checking or savings account, made in accordance with applicable law and in the ordinary course of business, but such loan -

(I) shall be considered a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors;

(II) shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and

(III) shall bear the usual and customary interest rate of the lending institution."

(4) Consistent with the foregoing, the Commission's own regulation at 11 C.F.R. §100.7(11) states:

"A loan of money by a State bank, a federally chartered depository institution (including a national bank) or a depository institution whose deposits and accounts are insured by the Federal Deposit Insurance

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Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration is not a contribution by the lending institution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule."

Thus, First State's loan was, in fact and in law, a permitted loan (and not a prohibited contribution) if it was made:

- (a) In accordance with applicable banking laws and regulations and
- (b) In the ordinary course of business which means (i) It bears interest at the usual and customary rate, (ii) is made on a basis which assures repayment, (iii) is evidence by a written instrument and (iv) is subject to a due date or amortization schedule.

General Counsel apparently agrees with the foregoing analysis and was good enough to admit (General Counsel's Brief, p. 3) that: "The only issue in this matter is whether the loan was made on a basis which assures repayment." First State agrees.

Immediately after the quoted admission, General Counsel's Brief launched into a lengthy (three pages) discussion of what kind of a loan is one "made on a basis which assures repayment." This discussion included an analysis which caused

General Counsel to conclude that future expectancies (such as the pledge here to First State of 50% of campaign contributions over \$100,000) may be considered to provide an adequate basis to assure repayment only if:

1. There is an alternate source of payment, citing: MUR 216/239 (76), James R. Sasser and MUR 382 (77), Brown for President Committee, or
2. There are "risk reducing features" present, citing: MUR 1195 (80), Kennedy for President Committee and AO 1908-1008, Anderson for President Committee.

General Counsel should have ended the three page dissertation at the beginning because the very first thing General Counsel pointed to as being the type of collateral which would assure repayment was "... mortgages on real estate...". General Counsel's Brief, p. 4, citing MUR 1098 (79) Walter Flowers for U.S. Senate Committee. There was no need to get into the analysis of "alternate source of payment" and "risk reducing features"⁵ because First State's loan is secured by the best collateral of all, viz., a "mortgage on real estate"!

⁵First State will not pursue the alternate source and risk reducing points further because it truly considers those points to be irrelevant under the circumstances here. Suffice it to say that First State's mortgage collateral is a better "alternate source" than was evident in Sasser or Brown and is a much better "risk reducing feature" than was present in Kennedy or Anderson.

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Why, then, did General Counsel get off into the tangential points mentioned above? The answer to that question is the same as the answer to the rhetorical question posed at the outset of the Argument portion of this brief, and that is that General Counsel has been misled into believing that Worthen's \$48,000 loan of July 9, 1984, is secured by a mortgage ranking higher in priority than First State's mortgage and that First State was therefore left without "equity" to support and secure its loan.

It has been demonstrated above that Worthen's \$48,000.00 loan is, in fact, not secured by a mortgage valid as against First State and other third parties. It follows that whatever equity there is in the Robinson home is encumbered by the First State mortgage.

Attached hereto as Attachment 4 is a copy of an appraisal of the Robinson home made by an officer of First State contemporaneously with the making of the loan in question. The appraisal fixed the "reasonable worth" of the Robinson home at \$100,100 based on an appraised value of \$40.00 per square foot for 2240 square feet of heated space and \$15.00 per square foot for 700 square feet of garage space. The lot was valued at \$10,000.00 but that was not added into the \$100,100.00 appraised value. The appraisal noted that there was a first mortgage in the amount of \$55,000.00 and thus fixed the value of the equity at \$45,100 (which would be \$55,100 if the \$10,000

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lot value were added). The 1981 mortgage to Worthen was not taken into account because at the time of the appraisal (April 30, 1984) First State had not yet obtained the Title Certificate (Attachment 1) and was not aware of that mortgage. Even when the \$7,000.00 secured by the 1981 Worthen Mortgage is deducted, there remains an equity of \$38,100 based on improvements alone on \$48,100 adding the value of the lot. At the lower figure (\$38,000.00) the equity was equal to 189% of the \$20,070.00 loan and at the higher figure (\$48,100.00) it was 239% of the amount of the loan. Either is obviously ample to support the loan by even the most conservative lending standards.

It surely is not the function of the Commission to substitute its judgment as to land values in Arkansas for that of an experienced local bank officer familiar with such values and First State does not believe the Commission would do so. However, so that the Commission might be completely comfortable with First State's appraisal, it should be pointed out that there is in the record some excellent third party confirmation of the accuracy of First State's appraisal. This confirmation is found in the statement quoted above from General Counsel's Brief to the effect that information obtained from Worthen was that there was "... no equity remaining in his [Robinson's] residence after the [Worthen] mortgage." There was, in fact, no Worthen mortgage but the point is that Worthen apparently

assumed that it's loan (if it had been secured) would exhaust the equity. The Worthen loan was for \$48,000.00 which means that Worthen, in giving the above information to the Commission's investigators, obviously valued the equity at \$48,000.00. That value is, of course, within the \$38,100.00 to \$48,100.00 value put on the equity by the First State appraisal.

III. Conclusion

First State's loan of \$20,070.00 was secured by the lien of a real estate mortgage encumbering an equity worth anywhere from 189% to 239% of the amount of the loan. In addition, First State holds a pledge of 50% of all campaign contributions over \$100,000 and also has the personal guaranty of Robinson who furnished First State with a Financial Statement showing a net worth of \$24,000 (more than the amount of the loan).

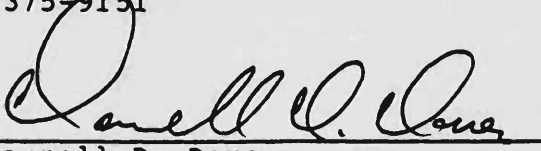
There probably have been loans which were better secured but that is not the issue. The issue is whether First State's loan was so secured as to assure it of repayment. First State submits that that test is unquestionably met on the strength of the real estate mortgage alone and accordingly requests that

the Commission find that there is no probable cause to believe
that a violation of the Act has occurred.

Respectfully submitted,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.
1500 Tower Building
Little Rock, Arkansas 72201
(501) 375-9131

BY:


Darrell D. Dover,
Attorney for First State Bank

0279d

86040584750

LITTLE ROCK ABSTRACT COMPANY

214 LOUISIANA STREET, P. O. 3414, LITTLE ROCK, ARKANSAS 72203 (501) 372-3400



TITLE CERTIFICATE

No. 74966

WE HEREBY CERTIFY that we have checked the records of Pulaski County, Arkansas, as to the lands described as follows:

Lot 37, Phase II, JACKSON HEIGHTS ADDITION to the City of Jacksonville, Pulaski County, Arkansas.

We find that record title thereto appears to be vested in TOMMY F. ROBINSON and CAROLYN B. ROBINSON, his wife.

We find no liens or judgment liens against Tommy F. Robinson or Carolyn B. Robinson in any court of record in Pulaski County, Arkansas, which would appear to affect the title to the above described lands, except the following:

MORTGAGE executed on Sept. 26, 1978, filed for record Sept. 29, 1978, by Tommy F. Robinson and Carolyn B. Robinson, to First American National Bank and recorded as Inst. No. 78-39561, securing the sum of \$56,900.00.

MORTGAGE executed on March 2, 1981, filed for record March 9, 1981, by Tommy F. Robinson and Carolyn B. Robinson, to Worthen Bank & Trust Company, N. A., and recorded as Inst. No. 81-09459, securing the sum of \$7,000.00.

MORTGAGE executed on August 23, 1984, filed for record Sept. 12, 1984, by Tommy Robinson and Carolyn Robinson to First State Bank of Sherwood, Sherwood, Arkansas, and recorded as Inst. No. 84-56088, securing the sum of \$20,141.55.

JUDGMENT rendered in the Pulaski County Circuit Court on Dec. 1, 1983, against Tommy F. Robinson and Pulaski County, Arkansas in the sum of \$324.64, plus costs; Judgment in favor of Merry-Go-Round Mercantile, Inc. and recorded as 6A-6384 in Suit No. 83-2685; Attorney for Plaintiff, Mr. S. Walton Maurras.

TAXES: GENERAL TAXES paid for year 1982 & prior; 1983 due in the sum of \$833.04; NO SPECIAL IMPROVEMENT TAXES.

Our liability does not exceed more than One Hundred Dollars.

Dated this 13th day of September, 1984 at 7:00 A.M.

A. H. H. H. H.

LITTLE ROCK ABSTRACT COMPANY

By *Ida Cargile*
Abstracter

REPRESENTING

CHICAGO TITLE INSURANCE COMPANY

Beach Abstract & Guaranty Company

100 CENTER STREET - P. O. BOX 2580
LITTLE ROCK, ARKANSAS 72203
TELEPHONE 376-3301

May 2, 1985

First State Bank of Sherwood
c/o Darrell Dover
Tower Building
Little Rock, Arkansas

We have examined the records of Pulaski County, Arkansas, from September 26, 1978 @ 8:00 A.M. up to April 26, 1985 @ 8:00 A.M. as to the following described property, to-wit:

Lot 37, Phase II, JACKSON HEIGHTS ADDITION to the City of Jacksonville, Pulaski County, Arkansas;

and we find the following instruments of record affecting above property.

A Warranty Deed, recorded 78-39560, filed September 29, 1978 from James N. Carroll and Betty L. Carroll to Tommy F. Robinson and Carolyn B. Robinson, his wife.

A Mortgage recorded 78-39561, from Tommy F. Robinson and wife Carolyn B. Robinson to First American National Bank to secure the sum of \$56,900.00, filed September 29, 1978 (copy of said mortgage herewith)

A Mortgage recorded 81-09459, filed March 9, 1981 from Tommy F. Robinson and wife Carolyn B. to Worthen Bank & Trust Company, N.A. to secure the sum of \$7,000.00. (copy of said Mortgage herewith)

A Mortgage filed 84-56088, filed September 12, 1984 to First State Bank of Sherwood, to secure the sum of \$20,141.55 (copy of said Mortgage herewith)

We also find a judgment filed in Circuit Court Sixth Division, #83-2685, 6A-6384, filed December 8, 1983, styled Sheriff's Office, Pulaski County, et al vs-Tommy F. Robinson, Sheriff, Pulaski Co. and Western Surety Company (copy of said circuit suit herewith) You are to use your own judgment as to whether or not this is judgment against Tommy F. Robinson personally.

We are not certifying as to Judgments filed against Tommy F. Robinson, acting as Sheriff of Pulaski County.

Taxes not checked.

Sincerely yours,

Leola Lambert
Beach Abstract & Guaranty co.



Over 100 Years Setting Records

A. H. Lambert

2

81-03459

00124

MORTGAGE CONSUMER

KNOW ALL MEN BY THESE PRESENTS:

(1) That Tommy F. Robinson and Carolyn B. Robinson, Husband and Wife

(Hereinafter called "Mortgagor", whether one or more) for a valuable consideration, do hereby grant, bargain, sell, convey and deliver unto WORTHEN BANK & TRUST COMPANY, N.A., (hereinafter called "Mortgagee"), a banking corporation under the laws of Arkansas, and unto its successors and assigns, the following described property, to-wit:

Lot 37, Phase II, Jackson Heights Subdivision to the City of Jacksonville, Pulaski County, Arkansas.

FILED IN CLERK'S OFFICE AND
A TRUE COPY CERTIFIED THIS

MAY - 2 1985

JACQUETTA ALEXANDER, Clerk
BY: B. M. M. M. Deputy Clerk

FILED & INDEXED

MAR 9 11 58 AM '81

BY Jacquetta Alexander
JACQUETTA ALEXANDER
PULASKI CO. CIRCUIT CLERK

Prepared BY:

Worthen Bank & Trust Co., N.A.
ILD
P.O. Box 1681
Little Rock, AR 72203 R

Attachment

3

81-03459

This mortgage also covers all buildings and improvements now or at any time hereafter located on any land hereinabove described, together with all of the following equipment now or at any time hereafter located in any such building regardless of method of attachment or removability, viz: All electrical equipment (including lighting equipment, refrigeration equipment, ceiling fans, attic and window fans, motors and all other electrical paraphernalia) except items attached merely by plugging in wall outlets; all fixtures (including floor furnaces), heaters, radiators and all other heating equipment except small gas stoves on floor; all bath tubs, toilets, sinks, basins, pipes and other plumbing equipment; all screens, awnings, and window shades; all linoleum - other permanent floor coverings; all engines and elevators.

(2) TO HAVE AND TO HOLD the same unto the WORTHAM BANK & TRUST COMPANY, N.A., its successors and assigns forever.

(3) And Mortgagee covenants with Mortgagee, its successors and assigns that Mortgagee will forever warrant and defend the title to all said property against all lawful claims whatever.

(4) PROVIDED, however, the foregoing conveyance is given as a Mortgage for the purpose of securing—

(a) The payment of ONE _____ preliminary note _____ of even date herewith, and all successive extensions and renewals of the indebtedness represented thereby, evidencing a principal indebtedness (which indebtedness, and all extensions and renewals thereof is hereinafter called the "Primary Indebtedness") of Seven Thousand and no/100 _____ Dollars (\$7,000.00), secured by mortgages _____

payable to the order of Mortgagee, said note(s) bearing interest from date until maturity at the rate recited in said note(s), and after maturity (meaning either normal maturity or maturity created by acceleration) at the highest rate permitted by law per annum, said rate(s) being payable as to principal and interest as follows:

The total loan shall be due and payable ON DEMAND or 179 days after date thereof.

(b) Also, the repayment to the holder(s) of the Indebtedness secured hereby of all reimbursable expense at any time accruing to such holder(s) under the provisions of Paragraph (7) hereof.

Upon the payment of all such sums, this Mortgage will become void and will be released by a proper marginal notation or, at the option of the holder(s) of the secured debt, by a release deed to be recorded at the expense of Mortgagee.

(5) Mortgagee agrees:

(a) To pay, prior to delinquency, all taxes, special improvement assessments and other governmental charges Against the mortgaged property, both real and personal, at any time levied or becoming due.

(b) To carry insurance upon all insurable property encumbered hereby against such hazards, in such amounts and under such form of policies, as shall be acceptable to, or requested by, the holder(s) of the Indebtedness or agreed hereby; each insurance policy to carry mortgage clause in favor of each holder(s) upon such form as may be approved by the holder(s), and each policy to be delivered to and held by each holder(s). Also to carry public liability insurance, and insurance against other hazards, to such extent as may be requested by the holder(s) of the secured indebtedness. In each instance Mortgagee shall have the right to select the insurer, subject to Mortgagee's right to reject the proposed insurer for reasonable cause.

(c) To prevent the mortgaged property from becoming encumbered by any lien or charge having priority over, or on a parity with, the lien of this mortgage, and to comply with all statutes, ordinances and regulations relating to such property.

(d) To protect the mortgaged property from waste, injury or unusual deterioration and, without subjecting the property to any statutory lien to make all replacements and repairs necessary to keep the mortgaged property in good physical condition. In that connection, it is agreed that Mortgagee may not cut the timber from any land encumbered hereby, moreover, Mortgagee may not remove or substantially remodel or alter any structure on the mortgaged land without the prior written consent of the holder(s) of the secured indebtedness.

(6) The holder(s) of the Primary Indebtedness or any future or additional indebtedness secured hereby under Paragraph (4) (b) hereof (whether such indebtedness then be evidenced by the original note(s) or by any instrument(s) given in renewal or extension of such indebtedness) may, at the option of such holder(s), declare the entire accelerated portion of all indebtedness secured hereby, together with any interest accrued on the above secured debt, to be immediately due and payable, and the same shall forthwith become immediately due and payable (which acceleration of maturity may be accomplished without notice to anyone) in any one of the following events:

- (a) Upon the filing of a voluntary or involuntary petition to subject Mortgagor (or any party obligated as maker, endorser, surety or guarantor for the payment of the secured indebtedness) to any bankruptcy, debt adjustment, receivership or other insolvency proceeding
- (b) Upon the occurrence of any event, which, under the terms of the instrument(s) at any time evidencing the indebtedness secured hereby, warrants an acceleration (at the option of the payee) of the maturity of said indebtedness
- (c) If default shall be made in the payment of any or all of the principal indebtedness secured hereby, or any interest accruing on such principal indebtedness, as the same becomes due and payable according to the terms of the original note(s), or of any extension or renewal thereof at any time evidencing such indebtedness.
- (d) If Mortgagor shall fail to comply with any of the agreements contained in Paragraph (3) of this mortgage.
- (e) If Mortgagor, being a partnership or a corporation, shall be dissolved or reorganized in any manner.
- (f) If at any time it should appear that the Mortgagor has attempted to sell free from the lien of this Mortgage any personal property or removable fixture encumbered hereby, or is about to attempt such a sale; or that any personal property or removable fixture encumbered hereby has been, or is about to be, moved to a different jurisdiction, subjected to physical damage or unusual deterioration, either under legal process, or subjected by the Mortgagor or a third party to any other disposition which in the opinion of the holder(s) of the secured indebtedness will impair the security value of this instrument.
- (g) If at any time it shall appear that any financial statement or other representation made to obtain the loan secured hereby is materially incorrect; or that Mortgagor's title to the mortgaged property, or any portion thereof, is subject to any prior lien, title or interest not mentioned in this mortgage as a prior encumbrance.
- (h) If at any time Mortgagor shall sell or convey the title to or any interest in any realty mortgaged hereunder without the prior written consent of the holder(s) of the secured indebtedness.

It is particularly understood that the foregoing acceleration provisions will be applicable not only to the maturity recited in the original mortgage note(s) but also to any substituted maturity created by extension or renewal. The failure of the holder(s) of the secured indebtedness to declare an acceleration of maturity when a ground therefor exists, even though such forbearance may be repeated from time to time, will not constitute a waiver of the right of such holder(s) to accelerate maturity upon a recurrence of the same ground therefor; nor will the act of such holder(s) in remedying any condition resulting from Mortgagor's default bar the holder(s) from declaring an acceleration of maturity by reason of such default.

- (7) If the holder(s) of the indebtedness secured hereby shall expend any sum or sums for the protection of any of the mortgaged property or the lien of this mortgage (such holder(s) to have uncontrolled discretion as to the necessity of making any such expenditures), the repayment of such sum or sums on demand (with interest thereon at the rate of 10% per annum from the date of each expenditure) shall be the personal obligation of the Mortgagor; and such obligation to repay will constitute a part of the indebtedness secured hereby. The expenditures thus made reimbursable will include (without limiting the foregoing) taxes, special improvement assessments, insurance premiums, repairs and maintenance expenses, watchman's compensation, sums paid to discharge prior liens, rents on premises in which mortgaged property may be situated, etc. The cost of any abstract or supplemental abstract procured by the holder(s) of the secured indebtedness to facilitate foreclosure will also constitute a part of the reimbursable expense secured hereby.
- (8) In the event of a default hereunder the holder(s) of the indebtedness secured hereby shall be entitled to the following remedies:

- (a) Such holder(s) may foreclose this mortgage through equity proceedings in respect to any real estate encumbered hereby.
- (b) Such holder(s) may require the Mortgagor to assemble (at Mortgagor's expense) any or all of the personal property encumbered hereby and make it available to such holder(s) at a place specified by such holder(s) which is reasonably convenient to both parties; and such holder(s) may enforce all of its or their remedies, in respect to the encumbered personal property, that may be available under the Uniform Commercial Code. In this last event all expenses of retaking, holding, preparing for sale, selling or the like, as well as all reasonable attorney's fees (not exceeding 10% of the secured indebtedness plus accrued interest) and legal expenses incurred by said holder(s) in enforcing such remedy shall be payable to said holder(s) by Mortgagor and shall constitute a part of the secured indebtedness.
- (c) The holder(s) of the indebtedness secured hereby may enforce the lien of this mortgage in respect to all real and personal property encumbered hereby by proceedings that are prosecuted simultaneously or are prosecuted separately in such order as the holder(s) may select.

(9) The Mortgagor releases all right of appurtenance hereunder and also releases unto the Mortgagee all right of redemption under the laws of Arkansas, including particularly all right of redemption under the Act of May 8, 1899.

(10) And Carolyn B. Robinson

of the said Tommy F. Robinson

for a valuable consideration hereby acknowledged, hereby release 5 unto the Mortgagee, its successors and assigns.

all her rights of dower and homestead in respect to the property encumbered hereby.
 2nd day of March, 1981.
Carolyn B. Robinson
 Tommy F. Robinson

STATE OF ARKANSAS
 County of Pulaski

ACKNOWLEDGMENT

BE IT REMEMBERED, That on this day came before me, the undersigned, a Notary Public within and for the County of Pulaski, State of Arkansas, Tommy F. Robinson and Carolyn B. Robinson, Husband and Wife to me personally known and to me personally had executed the

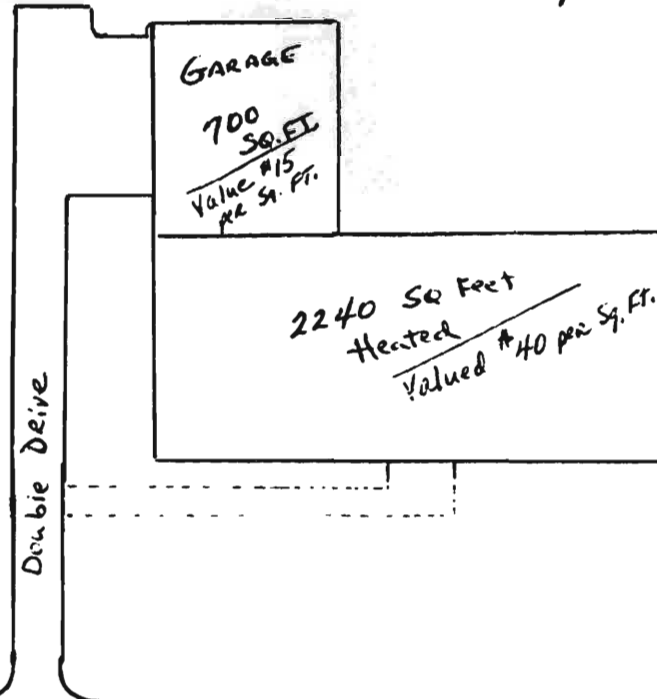
well known as the grantor in the foregoing Mortgage, and acknowledged that they same for the consideration and purposes therein mentioned and set forth. Carolyn B. Robinson of the said

Tommy F. Robinson Carolyn B. Robinson in the presence of her said husband, to me personally well known, and declared that she had signed a free will executed and acknowledged and set forth the relinquishment of dower and homestead therein contained for the consideration and purposes therein mentioned and set forth without the compulsion or undue influence of her said husband.

Witness my hand and seal on this 2nd day of March, 1981.
 My commission expires 1 16 81
Notary Public



T. Robinson 717 Adams Jacksonville



← TO Gen'l Samuels Rd + Hwy 107

Adams STREET



across the street from 717 Adams



STREET View from 717 Adams

Attachment
4

CERTIFICATE OF OFFICERS

Loans Secured By Real Estate

Date 4-30-84

We Certify That—

Loan No. _____
Amount, \$ 20,000⁰⁰
Maker Tommy Robinson
Dated 4-30-84
Matures _____
Date loan originally made _____
Date mortgage was taken _____
Secured by (describe real estate fully) _____
House And Lot (Brick)

Location 717 Adams - Jacksonville

Improvements NONE

Insurance _____

Prior liens 1st American MR \$55,000
Equity \$45,100
Lot value \$10,000
House NOT in Flood AREA

Property:
(a) Reasonably worth, \$ 100,100⁰⁰
(b) Annual income, \$ _____
(c) Assessed valuation, \$ _____
(d) Insurance carried, \$ _____

Officer CE Hallum

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MEEKS AND FOX, P.A.

ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201

501-376-4880

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

ALL: 22

May 3, 1985

Mr. Andrew Maikovich
c/o Office of the General Counsel
Federal Election Commission
Washington, DC 20463

Re: MUR 1721
Bank of Salem, Salem, Arkansas
Stephens Security Bank, Stephens, Arkansas
(Tommy Robinson Campaign Committee)

Dear Mr. Maikovich:

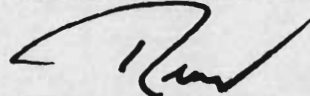
On May 3, 1985, we received a letter date April 29, 1985 granting our requested extension. That letter also said that "accordingly, your response will be due on May 3, 1985." I interpreted that to be an error in placing the date which we had requested, of May 7, 1985.

To avoid problems, I visited with Mr. Lee Anderson, and received approval to submit the brief on our requested extension date of May 7, 1985.

As always, we appreciate working with you in your office.

Yours very truly,

MEEKS AND FOX, P.A.



W. Russell Meeks, III

WRM:jb

MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

1131 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201



Mr. Andrew Maikovich
c/o Office of the General Counsel
Federal Election Commission
Washington, DC 20463

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ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION
ATTORNEYS

130 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-5131
TELECOPIER (501) 375-1308

U. M. ROSE
1934-1913

May 2, 1985

J. EASTON WILLIAMSON
PHILIP CARROLL
W. DANE CLAY
C. JOSEPH GINGER, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY S. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
WENDELL L. HUBBELL
ALLEN W. BIRD, II
WILLIAM S. BISHOP
HILLARY BOGDAN CLINTON
C. BRANTLY BUCK
TIM BOE
H. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH R. SHEMIN
DAVID A. KNIGHT

RONALD M. CLARK
CARLANS J. BARRETT
JERRY C. JONES
THOMAS P. THRASH
CAROL S. ARNOLD
JACKSON FARROW, JR.
LEE W. BALEEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LABBITER
RICHARD T. DONOVAN
MICHAEL R. JONES
MARTIN K. THOMAS
SUSAN RALSTON McLEAN
RICHARD N. HASSEY
GARY M. SPEED
CHARLES W. BAKER
OF COUNSEL

VIA FEDERAL EXPRESS

Secretary, Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: MUR 1721; In the Matter of Worthen Bank & Trust
Company, N.A.

Dear Sir:

In accordance with Mr. Charles N. Steele's letter to
Mr. Gisair of our firm dated April 1, 1985, as well as his
letter granting an extension to file responsive pleadings
dated April 29, 1985, a copy of which is attached, we are
enclosing the following:

1. An original and 10 copies of the Brief of
Respondent, Worthen Bank and Trust Company.
2. An original and 10 copies of the Affidavit
of Patrick W. Edwards.

We are also forwarding three copies of the Brief and Affidavit
to the Office of the General Counsel along with a copy of
this letter.

We likewise disagree with the General Counsel's
recommendation that probable cause exists for a finding
that Worthen Bank & Trust Company, N.A. has violated the
provisions of 2 U.S.C. §441b(1). For the reasons set forth
in our Brief, we strongly urge the Commission to reject the
General Counsel's recommendation for a finding of probable
cause.

Very truly yours,

ORIGINAL SIGNED BY
KENNETH R. SHEMIN
Kenneth R. Shemin

krs:jm

CC: **VIA FEDERAL EXPRESS**
Office of General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF

WORTHEN BANK & TRUST COMPANY, N.A.

)
)
)

MUR 1721

BRIEF OF RESPONDENT,
WORTHEN BANK AND TRUST COMPANY

On or about May 18, 1984, Worthen Bank and Trust Company ("Worthen") loaned Tommy Robinson and the Tommy Robinson for Congress Committee (herein referred to collectively as "Robinson") the sum of \$50,479.00 secured by a second mortgage on Robinson's residence. This loan was repaid in full on May 23, 1984.

On or about July 9, 1985, Worthen loaned Robinson the approximate sum of \$48,000.00 which was likewise secured by a second mortgage on Robinson's residence. This loan has been reduced by approximately \$20,000.00 in a timely manner. The second mortgage presently provides Worthen with approximately \$11,000.00 of collateral in excess of the principal amount of the second mortgage. Despite these facts and the following undisputed findings made by the General Counsel in his investigation, the General Counsel is continuing to attack the business judgment of Worthen.

1. The Worthen loans were evidenced by a written instrument, subject to a due date and bore the usual and customary interest rate of a lending institution. See, General Counsel's Brief, p. 3-4.

2. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner. See, General Counsel's Brief, p. 2.

3. Robinson was viewed by the community as a man with a political future. See, General Counsel's Brief, p. 2.

4. The banking community viewed Robinson as a person who could raise political contributions when necessary. See, General Counsel's Brief, p. 2.

5. Robinson had a successful credit history with Worthen. See, General Counsel's Brief, p. 8.

6. The second mortgage on Robinson's residence which secured the two loans made by Worthen represents the type of collateral which can provide an adequate basis to assure repayment of a loan. See, General Counsel's Brief, p. 7.

7. An appraisal of Robinson's residence made by Worthen reflected a fair market value of \$88,900.00. There was an outstanding first mortgage in the amount

of approximately \$50,000.00 reflecting a net equity of approximately \$38,900.00. See, General Counsel's Brief, pp. 7 and 8.

8. The collateral and Robinson's credit history complied with established loan policies at Worthen. See, General Counsel's Brief, p. 8.

9. Worthen carries 1,377 second mortgages as collateral for loans. See, General Counsel's Brief, p. 8.

In spite of these undisputed facts, the General Counsel concludes that the loans were made on a basis which did not assure repayment. This is the sole contention of the General Counsel herein.

In searching the General Counsel's brief for support for this contention, the only arguments which can ferreted out are found on page 8 wherein he states that since the loans were not fully collateralized, the Commission must determine whether the loans contained risk reducing features to assure repayment of the balance.

The General Counsel comes to the immediate conclusion without application or analysis of the foregoing findings that:

. . . since no evidence is present that similar collateral has been used to assure repayment of other loans of this size, and the fact that Robinson and the Committee were devoid of assets or means to meet these obligations, the Office of General Counsel

recommends the Commission find probable cause to believe Worthen Bank & Trust Company violated 2 U.S.C. § 441(b)(a).

This is the entire case against Worthen!

Worthen contends that the General Counsel's legal analysis regarding risk reducing features is incorrect and adopts the positions set forth in the well-reasoned brief filed by counsel for Robinson. However, in the interest of judicial economy, Worthen will not repeat the arguments set forth in the Robinson brief but rather address the analysis of the General Counsel as it applies to Worthen.

A. Risk Reducing Features.

The first argument, that the loans were not fully collateralized and therefore it must be determined whether the loans contained risk reducing features to assure repayment of the balance, is almost absurd in light of the fact that using the General Counsel's figures stated above, the uncollateralized balance of the second loan was approximately \$9,000.00 and the first loan was paid by Robinson in advance of its due date.

Were there risk reducing features to assure repayment of a \$9,000.00 loan to Robinson?

This issue is quickly disposed of by restating that the General Counsel does not dispute Robinson was creditworthy, had a successful credit history with Worthen, had a reputation in

the community as a man of integrity, and as a man who handled his loan matters in a satisfactory manner.

In addition, the General Counsel does not dispute that the community, and especially the banking community, viewed Robinson as a man with a political future and a person who could raise political contributions when necessary. Worthen's business judgment buttressed by a cross-section of the Arkansas banking community should not be usurped by the General Counsel.

B. Appropriate Collateral.

The General Counsel's second argument, that no evidence is present that similar collateral (second mortgages) has been used to assure repayment of other loans of this size, is unfounded in light of the undisputed finding that Worthen carries 1,377 second mortgages as collateral.

In an effort, however, to present further evidence, Worthen is attaching the affidavit of Patrick W. Edwards, a vice president and commercial loan officer at Worthen, which states that \$48,000.00 was a reasonable amount to loan on a second mortgage for a customer with Robinson's credit standing with the bank particularly in light of Robinson's ability to repay the loan through campaign contributions.

C. Ability to Meet Loan Obligations.

The General Counsel's final argument is that Robinson and the Committee were devoid of assets or means to meet the loan obligations.

This argument is obviated by the fact that the loans from First American Bank, First Commercial Bank, Worthen Bank and First Jacksonville Bank have been paid in full. The loans from Twin City Bank, Stephens Security Bank, First State Bank, Bank of Salem, and a second loan from Worthen Bank have been partially paid. In fact, as of April 25, 1985, the balance on the loan from First State Bank has been reduced to \$15,000.00 from \$20,000.00; the balance of the loan from the Bank of Salem has been reduced to \$30,000.00 from \$50,000.00; the balance on the Twin City loan is now approximately \$26,000.00 from \$32,000.00; and the balance due on Worthen Bank's loan is down to \$27,900.00 from \$48,000.00.

CONCLUSION

The General Counsel has admitted that "immediately prior to and during the issuance of the loans at issue" Robinson's creditworthiness, integrity and prospective ability to raise campaign contributions was apparent. See, pp. 2 and 3 of General Counsel's Brief, MUR 1721, In the Matter of Tommy Robinson and the Tommy Robinson for Congress Committee.

06040304765

Even if the General Counsel's position regarding risk reducing features is accepted, the ultimate proof has been provided to this honorable Commission by Robinson's objective performance on his loan obligations. The issue of risk on the uncollateralized balance of approximately \$9,000.00, which was at best minimal, is now moot.

The General Counsel served his purpose by raising questions about the transactions. His own investigation and Robinson's performance have vindicated Worthen's business judgment.

Worthen respectfully states that a reasonable view of the evidence compels this honorable Commission to halt the attack on Worthen.

Respectfully submitted,

ROSE LAW FIRM
A Professional Association
120 East Fourth Street
Little Rock, Arkansas 72201
(501) 375-9131

By: Kenneth R. Shemin
Kenneth R. Shemin

Attorneys for Worthen Bank &
Trust Company, N.A.

CERTIFICATE OF SERVICE

I, Kenneth R. Shemin, do hereby certify that I mailed a copy of the above and foregoing Brief of Respondent, Worthen Bank and Trust Company to Mr. Charles N. Steele, General Counsel, Federal Election Commission, Washington, D.C. 20463 and to the Secretary of the Federal Election Commission, on this 2nd day of May, 1985.

Kenneth R. Shemin

Kenneth R. Shemin

66040304767

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF)
WORTHEN BANK AND TRUST COMPANY) MUR 1721

AFFIDAVIT OF PATRICK W. EDWARDS

STATE OF ARKANSAS)
COUNTY OF PULASKI) ss.

Comes Patrick W. Edwards, who after being duly sworn,
states:

1. I am employed by Worthen Bank & Trust Company
("Worthen") as a Vice President and Commercial Loan Officer.

2. I have reviewed a copy of the Brief filed by the
General Counsel of the Federal Election Commission relative
to the loans made by Worthen to Tommy Robinson and the
Tommy Robinson for Congress Committee (hereinafter referred
to collectively as "Robinson").

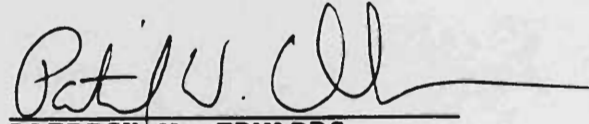
3. Tommy Robinson has been an installment loan and/or
commercial loan customer of Worthen since approximately
1980.

4. I agree with the findings of the General Counsel
that at the time the relevant loans were made, Robinson had
a successful credit history with Worthen, a reputation in
the community as a man of integrity, and as a man who
handled his loan matters in a satisfactory manner.

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5. I dispute the General Counsel's argument that there is no evidence that similar collateral, i.e., second mortgages, have been used to assure repayment of other loans of the size made to Robinson. In fact, \$48,000 was a reasonable amount to loan on a second mortgage for a customer with Robinson's credit standing with the Bank, particularly in light of the additional sources of repayment available through campaign contributions.

IT IS SO SWORN on this 2nd day of May, 1985.


PATRICK W. EDWARDS

SWORN AND SUBSCRIBED TO before me, a notary public,
on this 2nd day of May, 1985.


NOTARY PUBLIC

MY COMMISSION EXPIRES:

7-24-92

RECEIVED
GENERAL COUNSEL

6667386 RECEIVED AT THE FEC

HOUSE, WALLACE, NELSON & JEWELL, P.A.

85 MAY 6 9:03

ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

TELEX-TELECOPIER:
(501) 375-6484

May 2, 1985

Ms. Marjorie Emmons
Secretary to the
Federal Election Commission
Fifth Floor
1325 "K" Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

Re: MUR 1721

Dear Ms. Emmons:

Enclosed please find an original and 10 copies of the Brief of First Commercial Bank in the above-styled matter. By copy of this letter, I have also forwarded three additional copies to the Office of General Counsel. First Commercial Bank has been invited to file this brief in response to that of the General Counsel, prior to the Commission's vote as to whether there is probable cause to believe a violation of the Federal Election Campaign Act has occurred.

If I need to do anything further to perfect this filing, please let me know.

Very truly yours,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.

Donald T. Jack, Jr.

Donald T. Jack

Enclosures

cc: Charles Steele
Andrew Maikovich
Charles Cook

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721

NAME OF COUNSEL: Donald T. Jack
ADDRESS: HOUSE, WALLACE, NELSON & JEWELL, P.A.
1500 Tower Building
Little Rock, Arkansas 72201
TELEPHONE: (501) 375-9151

The above-named individual is hereby designated as counsel for First Commercial Bank and is authorized to receive any notifications and other communications from the Commission and to act on its behalf before the Commission.

May 2, 1985
DATE

Barnett Grace
BARNETT GRACE
PRESIDENT

RESPONDENT'S NAME: First Commercial Bank
ADDRESS: Capitol and Broadway Streets
Little Rock, Arkansas 72201
TELEPHONE: (501) 371-7000

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BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF)
TOMMY ROBINSON AND)
THE TOMMY ROBINSON)
FOR CONGRESS COMMITTEE)
GEORGE M. FELKINS, AS)
TREASURER)

MUR 1721

BRIEF OF FIRST COMMERCIAL BANK

I. Factual Statement

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The Federal Election Commission's Office of General Counsel has argued in its brief that First Commercial Bank (hereinafter "FCB") violated the Federal Election Campaign Act, 2 U.S.C. §441b(a) when it loaned Tommy Robinson and his Campaign Committee \$35,000.00 on May 7, 1984, and has asked that the Federal Election Commission (hereinafter "FEC") find that there is probable cause to believe this violation occurred. The Office of General Counsel (hereinafter "OGC") has asserted that the loan violated the Act because it was allegedly not made on a basis which assures repayment. FCB has been given the opportunity to respond to the OGC's brief, after which time the matter will be ripe for decision.

As a result of this investigation, FCB has found itself in the unlikely position of being forced to defend the justification for making a loan which has been repaid, and in fact, was repaid long before its due date. It appears, however, that there is no dispute between the OGC and FCB as to the relevant facts herein; the only point at which the parties

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differ is their interpretation of what the Act requires, and in the legal conclusion as to whether FCB's loan was not made on a basis which assures repayment.

As stated above, a \$35,000.00 loan was made in the ordinary course of business by FCB on May 7, 1984 to Tommy Robinson and his Campaign Committee. This loan was the result of their having made application through the routine process at the Bank. The loan officer to which application was made, Edwin P. Henry, followed the usual internal practices in evaluating the loan for soundness. No favors were exchanged, nor were any promises made. The loan certainly had no silent backers or guarantors. The expected contributions to the Committee within the next few weeks clearly demonstrated the fact that the loan was made on a basis assuring repayment.

Before approving the loan, however, Mr. Henry sought the advice of counsel, who assured him that the loan was in compliance with the Act and regulations. In fact, the law is clear now, as it was when the loan was made, that security is not absolutely required for such loans. FCB therefore was certainly justified in relying upon its counsel's recommendation that the loan to Respondents would be made on a basis assuring repayment. With these assurances, FCB loaned the money to Respondents, and set the note's maturity date at thirty days as a conservative limit. It is incredible that FCB has been charged with violating the Act under these circumstances.

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The Bank's standard promissory note was signed, and it bore interest at the rate of 13%, which was the Bank's customary rate at that time for short term, unsecured business loans. Mr. Henry felt confident in Tommy Robinson's and his committee's ability to repay, for Tommy Robinson was, without question, the most likely winner of the upcoming Democratic primary. Mr. Robinson's strong personal popularity was a big factor in the Bank's willingness to loan him money, for it is true that winning candidates are able to attract more substantial campaign contributions than losers. The perceived ability of the committee to raise contributions was clearly a very positive factor. Tommy Robinson also had an excellent personal credit history which was entitled to due consideration.

Based upon all of the above considerations, Mr. Henry exercised his best business judgment in appraising the application, and concluded that the loan was sound and would be easily repaid. As it turned out, Mr. Henry's faith in their ability to repay the loan was entirely justified, for the loan was paid in full on May 17, 1984 before its maturity date of June 6, 1984.

II. Argument

In its brief, the OGC has argued that this loan was not made on a basis which assures repayment merely because it was collateralized by expected future campaign contributions. The

OGC has argued that this was not enough, in view of the fact that Mr. Robinson and his committee did not, at the time the loan was made, have sufficient assets to repay each and every loan which was then outstanding to FCB and to a few other banks.

This argument does not make sense as a matter of banking practice, or as a matter of law. As a practical matter, such unsecured business loans are made by the Bank on a routine basis. They are hardly unusual. If it appears likely that the applicant, although presently without substantial assets, will receive sufficient capital in the near future, a sound loan may well indeed be made. When evaluating a loan, a loan officer must not only consider the applicant's current financial worth, but his or her likelihood of raising money during the time of the loan. If this were not done routinely, no one who really needs to borrow money would be able to do so. Further, if banks only lent money to the wealthy, they would lose a substantial amount of business. Mr. Henry, who is not a friend of Tommy Robinson's and had no reason to do him a favor, simply believed that the loan to Tommy Robinson and his committee was a sound business risk. It is extremely illogical for the OGC to now argue that its business judgment is better than Mr. Henry's, and that full collateral must be required for all loans. Neither good banking practice nor the law so requires.

In its brief, the OGC has taken the position that in order to be found to have been made on a basis which assures repayment, loans must in essence be fully collateralized.

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Although the OGC has talked all around that point, the conclusion that only full collateral will satisfy the OGC cannot be avoided. The OGC has stated that in order to satisfy the law, a loan must have adequate "alternative methods of repayment". If it does not, it then must at least have certain "risk reducing factors." Clearly, neither the Act nor the regulations promulgated by the FEC contain any such requirements.

Further, although the loan was to be repaid by expected future contributions, it was also guaranteed by Tommy Robinson, who had an admittedly excellent reputation and credit rating as a man who always paid his debts. The loan did have an alternate source of repayment. That it was of very low risk is borne out by the fact that was repaid in ten days. What better proof can there be of the soundness of a loan than the fact that it was repaid? All other factors are merely speculation beside such tangible evidence of ability to repay.

As stated above, the OGC has failed to cite any section of the Act or the regulations which supports its position. How can the Bank be held to have violated the law when the standard to which it is being held accountable is not even contained within the statute? Certainly the Act makes no mention of how to decide whether a loan is made on a basis which assures repayment. The obvious conclusion is that Congress intended for the business judgment of the bank officers involved to be

entitled to some deference in this matter. After all, Congress did not set up the FEC to get into the business of banking.

The FECA, and the Commission's regulations promulgated thereunder, reveal that full collateral is not required to render loans to political campaigns legal under the Act. Title 2 U.S.C. §441b(a) of the Act provides as follows:

§ 441b. Contributions or expenditures by national banks, corporations, or labor organizations

(a) It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization, to make a contribution or expenditure in connection with any election at which presidential and vice presidential electors or a Senator or a Delegate or Resident Commissioner to, Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section, or any officer or any director of any corporation or any national bank or any officer of any labor organization to consent to any contribution or expenditure by the corporation, national bank, or labor organization, as the case may be, prohibited by this section.

The term "contribution" is defined at 2 U.S.C.

§431(8)(B)(vii) as not including:

any loan of money by a State bank, a federally chartered depository institution, or a depository institution the deposits or accounts of which are insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union

Administration, other than any overdraft made with respect to a checking or savings account, made in accordance with applicable law and in the ordinary course of business, but such loan -

(I) shall be considered a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors;

(II) shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and

(III) shall bear the usual and customary interest rate of the lending institution.

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Based on the wording of the Act, FCB's loan was obviously in compliance with the requirements that it be made (1) in accordance with applicable law; and (2) in the ordinary course of business. The factors by which loans are evaluated for being in the ordinary course of business were also satisfied; the loan was evidenced by a written instrument, was subject to a due date or amortization schedule, and bore the usual rate of interest. The only issue is whether the loan met the Act's requirement that the loan be made on a basis which assures repayment. Again, one cannot find any discussion of "alternate sources of collateral" or "risk reducing factors" in the Act. These terms have simply appeared from nowhere into the OGC's brief. Neither does the Act require full collateral. It is readily apparent that the OGC is reading things into the law.

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The FEC's regulations are of no more support for the OGC's position than is the Act. The regulation set forth at 11 C.F.R. §100.7(11) provides:

A loan of money by a State bank, a federally chartered depository institution (including a national bank) or a depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration is not a contribution by the lending institution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule. Such loans shall be reported by the political committee in accordance with 11 CFR 104.3(a). Each endorser or guarantor shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement, except that, in the event of a signature by the candidate's spouse, the provisions of 11 CFR 100.7(a)(1)(i)(D) shall apply. Any reduction in the unpaid balance of the loan shall reduce proportionately the amount endorsed or guaranteed by each endorser or guarantor in such written agreement. In the event that such agreement does not stipulate the portion of the loan for which each endorser or guarantor is liable, the loan shall be considered a contribution by each endorser or guarantor in the same proportion to the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors. For purposes of 11 CFR 100.7(b)(11), an overdraft made on a checking or savings account shall be considered a contribution by the bank or institution unless: the overdraft is made on an account which is subject to automatic overdraft protection; the overdraft is subject to a definite interest rate which is usual and customary; and there is a definite repayment schedule.

Again, this regulation is devoid of the standards with which FCB is being forced to comply.

Another factor which should be given much deference is the fact that the legislative history of the Act and of its amendments does not reveal any intent on the part of Congress to require full collateral for all campaign loans. Senate Report Number 92-229, 2 U.S. Cong. & Adm. News, pp. 1825-26 (1972) is extremely helpful to an understanding of this issue:

Testimony received from witnesses was unanimously in favor of the granting of loans by National or State banks if such loans were made pursuant to applicable banking rules and regulations. This means that a bank should exercise sound business judgment in extending loan privileges to a political candidate or committee in the ordinary course of business and where necessary, certain security or collateral in order to support a reasonable expectation of payment in due course. This amendment was approved unanimously. (Emphasis supplied)

As stated by the authors of the report at p. 1858, "[n]o one wants a Federal election law which, in effect, says that only the very wealthy can run for elective office. As a practical matter, it is often necessary for a candidate to borrow money in order to defray immediate and pressing campaign expenses." However, this situation is exactly what would result if the OGC's position were to be sustained by the FEC. Only the wealthy could run for public office.

The legislative history of the Act's 1976 Amendment (wherein the standards which such loans must satisfy in order to come within the definition of "ordinary course of business" were established) reveals no requirement of collateral. See,

House Report Number 96-422, U.S. Cong. & Adm. News, p. 2868 (1979). Even the FEC's own publication, the "Record", paid little notice to the amendments in March 1980:

The amendments extend the contribution exemption for bank loans to include loans made by federally chartered depository institutions which are required by the FDIC, the Federal Savings and Loan Insurance Corporation or the National Credit Union Administration - in addition to the currently exempted loans from State and National banks.

Obviously, Congress was cognizant of the fact that collateral is not required, as a measure of good business practice, for every loan to a political campaign. As more fully discussed below, collateral is simply one factor which must be considered in evaluating the loan.

Another disturbing aspect of this matter is that the FEC's own prior determinations lend no support for the OGC's position. In fact, they give credence to FCB's posture herein:

- (1) In the matter of Druie Douglas Barnard, Jr.; MUR 218 (76)

In this matter, the Commission found reasonable cause to believe that Georgia Railroad Bank and Trust Company may have violated 2 U.S.C. §441b(a) in having loaned \$10,000 to Mr. Barnard's campaign committee. This \$10,000 loan was unsecured, and had no guarantors. The loan made to Mr. Barnard's campaign committee is wholly distinguishable from FCB's loan to Mr. Robinson and his Campaign Committee. First, the interest rate for the loan to Mr. Barnard's campaign committee was at an unusually low rate; while the rate was set at 7.6%, the

standard rate for such loans at that time was 8 3/4%. Second, the bank had no recourse for repayment other than the funds of the campaign committee (the candidate did not personally guarantee the loan). Third, the candidate had entered the race in February, before the May primary, and had demonstrated an inability to raise funds for the primary before the loan in question was made. Fourth, the candidate was an executive vice president of the bank, and routinely took part in the determination of major bank policy. It was readily evident that the only real reason for the loan was Mr. Barnard's position with the bank. Fifth, the usual application channels were not followed by Mr. Barnard's campaign committee. In Mr. Barnard's case, it was clear that a deliberate favor was rendered to his committee.

However, FCB's loan to Tommy Robinson and his Campaign Committee was made at the usual rate of interest, and was pursued through normal application channels. Additionally, Mr. Robinson is not an executive officer, director, or shareholder of FCB, nor was he rendered any favor. Finally, at the time that the loan was made, Mr. Robinson was a very popular candidate who had simply entered the race late. He had certainly not demonstrated any inability to raise adequate funds to repay the loans.

(2) Senator James R. Sasser; MUR 216 (76)

In 1976, the Commission found no probable cause to believe that Senator Sasser had violated the Act by accepting \$125,000

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in unsecured loans which were to be repaid entirely from future fund-raising efforts. This determination was made in spite of the following facts: (1) the loans were unsecured; (2) the loans were for indefinite terms; (3) the loans did not have definite repayment schedules; (4) the amounts were very large compared to Senator Sasser's net worth; (5) the bank officers making the loans knew Senator Sasser on a personal basis; (6) one of the officers involved was an executive in three of the four banks involved in the making of the loans; and (7) there were interlocking directorships among the banks making the loans. However, the interest rates were in line with the prevailing rates for ordinary business customers at that time.

In its report to the FEC, the OGC reviewed banking regulatory processes, and noted that the Comptroller of the Currency does not question loans that have been repaid, as had the loans in question. (One cannot help but wonder why the OGC has not taken the same approach to First Commercial Bank's loan to Tommy Robinson.) Further, the OGC noted that as a general rule of corporate law, a decision to extend credit or cancel debts cannot be challenged unless there is some evidence that the action was done by an officer in bad faith or outside of corporate purposes. Further, the OGC admitted on page 18 that "[w]hat is sufficient to remove such actions from the business judgment rule varies somewhat from state to state." (It is also questionable why the OGC has given no thought whatever as to what is within the good business judgment rule in central

Arkansas.) The OGC admitted that there is no single controlling standard but set forth some relevant considerations as follows:

(1) Does the loan comply with federal banking laws and regulations? Has all necessary paperwork been completed in the bank's credit files? Are the loans within the bank's legal lending limits?

(2) What are the terms of the loan? The amount, length of term, interest rate, presence or absence of collateral, presence or absence of consignors and guarantors are relevant. However, the OGC admitted that "[l]ack of collateral may be a factor depending upon the credit worthiness of the borrower. None of these factors is alone dispositive." (emphasis supplied)

(3) How was the loan obtained? Were the normal channels for application and documentation followed?

(4) What is the relationship between the loan officer and the borrower?

(5) Was there enough evidence to support the judgment of the loan officer when the loan was made? Did the borrower have sufficient assets or earning capacity to justify the extension of credit? The OGC admitted that a very positive factor can outweigh a negative factor in this regard. (It is also questionable why the OGC has not viewed this matter from the point of view of Ed Henry on May 7, 1984, rather than in retrospect.)

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(6) Was the bank's expectation to be repaid reasonable? In that regard, the loan officer may consider the personal assets and earning capacity of the borrower, as well as his fund-raising capacity.

(7) Does the bank make loans of a similar nature?

(8) What is the relationship between the banks making the loans?

The OGC admitted that the interest rates for the loans were in line with the prevailing rates for ordinary customers at that time, and stated that the loans appeared to have been made within the area of judgment reserved to banks in making loans, based on Senator Sasser's net worth and earnings, as well as his chances for success and general reputation:

The basic decisions to make the loans seemed readily defensible as within the area of judgment reserved to banks in the making of loans on the basis of Mr. Sasser's present worth and earnings, his prospective earnings whether or not successful in his candidacy and his general reputation. Absence of specific security for the loan, though a factor in judging the risk taken by the bank, is not in itself a reason for concluding that the loan was unwarranted. In short, nothing suggests that the loans were unacceptable from the point of view of the banking authorities. (emphasis supplied)

The OGC admitted that the Congress believed that the law was not to be construed narrowly to "hinder candidates from obtaining loans" and went on to add the following:

As an initial matter, it would seem that the presence or absence of security from the candidate might well be a factor under FECA in assessing the merits of a loan. The Act itself in 2 U.S.C. §451, mentions security and explicitly directs other agencies responsible for

regulating enterprises likely to extend credit to candidates to set forth rules which regulate any unsecured credit. Parts of the legislative history, noted above, emphasize security as a factor of importance. Without more, however, the words of the Act do not seem to establish anything nearly so specific as a requirement for security, especially in light of the underlying purpose of the amendment to remove ordinary bank loans from the definition of contribution.

Id. at p. 29.

The OGC has failed to give any reason why FCB's loan to Tommy Robinson does not similarly come within the area of judgment reserved to banks in making loans.

Although the OGC admits that the expectation of future contributions was considered to be an adequate basis to assure repayment of a loan in the Sasser case, it attempted to distinguish the Sasser case by stating that the collateral was sufficient "only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized." This is not true. Senator Sasser's personal reputation was specifically mentioned in the report as also being relevant. The same should be true for Tommy Robinson. Further, Senator Sasser's net worth and earnings should have been relevant, since the loan transactions involved therein bore far fewer "risk reducing factors" than did FCB's loan to Tommy Robinson. For example, the loans to Senator Sasser were for indefinite terms without repayment schedules. The bank officers making the loans knew Senator Sasser on a personal basis; one of the officers involved was an executive in three of the four banks involved in the making of

the loans, and there were interlocking directorships among the banks. Importantly, the loans were admitted to be very large when compared to Senator Sasser's net worth.

When FCB's loan to Tommy Robinson and his committee is viewed in light of the factors listed by the OGC in the Sasser determination, it is obvious that it is legal under the Act. First, the loan to Tommy Robinson and his committee complied with all banking laws and regulations. All of the necessary paperwork was completed, and the Bank's legal lending limits were not exceeded. Second, the terms of the loan were those routinely given to similar customers. The loan was for a short term; was at the usual and customary interest rate for similar customers, and Mr. Robinson personally guaranteed the loan. Third, the usual application process was followed. Fourth, Mr. Robinson had no close relationship with the authorizing officer. Certainly, the bank did not render or expect any favors. Fifth, Mr. Robinson's demonstrated capacity as a fund-raiser, as well as his outstanding and unusual personal reputation and popular support, provided a sound basis to support the Bank's decision to loan him the money at that time. Sixth, the Bank was in the business of making similar unsecured, short term business loans. Seventh, the Bank relied upon the trusted business judgment of its counsel that the loan was in compliance with the Act and its regulations. Finally, the loan was paid before its maturity date, as expected.

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Surely, if Senator Sasser's loans were legal, FCB's loan to Tommy Robinson is.

Again, the only factor at issue herein is whether the loan was made on a basis assuring repayment, because it was unsecured. However, by the admission of the OGC, the presence or absence of adequate collateral is merely one factor which must be considered, and is not solely dispositive of the issue. In light of all of the other, positive facts surrounding the making of this loan, it is clear that it was sound and in the ordinary course of business. Surely, it was never intended that the FEC should begin to make state banking law, which is what the OGC would have it do.

(3) Brown for President Committee; MUR 382 (77)

In its report to the Commission, the OGC concluded that seven loans totaling \$375,000 from four California banks to California Governor Jerry Brown's Presidential Primary Campaign Committee did not violate 2 U.S.C. §431(e)(5)(G). Although no collateral whatever was pledged for the loans, the Committee informally pledged receipts expected from future benefit fund-raising concerts, and Federal Matching Fund payments. All of the loans were short term loans, and carried interest rates between 9% and 10%. The OGC explained:

Although no collateral was furnished by the Committee, the lending banks were informed at the time of the loan applications of a continuing series of successful fund-raising concerts and a sizeable amount of Federal Matching funds the committee expected to receive. We believe the lending banks made the loans "in the ordinary course of business" in view of the expected

receipt of funds from the fund-raising concerts and Federal Matching payments.

Surely if Jerry Brown's future fund-raising efforts and uncertified Federal Matching Fund payments were acceptable, such sources of repayment should have been legal in Tommy Robinson's campaign. The OGC has taken a patently inconsistent approach in its interpretation of what the Act requires.

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In its brief, the OGC has argued that the expected Federal Matching Fund payments made the difference between the loans to Jerry Brown and Tommy Robinson. To the contrary, no real distinction exists. At no place in the OGC's Report for Jerry Brown is it stated that the Federal Matching Funds were yet certified; they were merely "expected." They were no more guaranteed than the "expected" rock concert receipts. In the instant case, campaign contributions to the most popular candidate were just as reasonably "expected." In fact, the only real difference between Jerry Brown's and Tommy Robinson's loans is the fact that Jerry Brown ran for President and Tommy Robinson ran for Congress -- along with the fact that the OGC has taken a much more pointed interest in pursuing Tommy Robinson's loan than those to Jerry Brown.

(4) Advisory Opinion 1980-108: National Unity
Campaign for John Anderson

The same considerations apply to the OGC's attempt to distinguish John Anderson's loans from FCB's loan to Tommy Robinson. Upon request, the FEC gave an advisory opinion that certain bank loans to be repaid from post election Federal

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Funding would not violate the requirement that bank loans be "made on a basis which assures repayment," although no other collateral would be posted for the loans, and it was not sure whether John Anderson would receive the funding. On page 10 of its opinion, the Commission stated:

While the risk of nonrepayment may be higher in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient post-election financing than it is in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient primary Matching Funds, the Commission concludes that the existence of such risk does not, standing alone, take a loan secured by an expectancy in post-election public funds outside the scope of the "ordinary course of business" for the purpose of 2 U.S.C. §431(8)(B)(vii).

The FEC considered the candidate's performance in the polls to be relevant to the lenders in arriving at their decision to make the loans, and quoted the following passage from Buckley v. Valeo, 424 U.S. 1, 102 (1976):

But in the nature of things the willingness of lenders to make loans will depend upon the pre-election probability that the candidate and his party will attract 5% or more of the voters. When a reasonable prospect of such support appears the party and candidate may be an acceptable loan risk since the prospect of post-election participation and public funding will be good.

In its brief, the OGC has argued that the loans to John Anderson contained enough "risk reducing features" to convince the FEC that the loans would be repaid. The first, and obviously most important factor was the availability of post election matching funds based on the number of votes received. Again, this is certainly not a guarantee that a sufficient

amount of funds would be available -- no one knew that time how much money would be available for John Anderson. In fact, no one knew that any funding would be available for John Anderson. The distinction between John Anderson's situation and Tommy Robinson's is without significance.

- (5) Walters Flowers for United States Senate Committee; MUR 1098(79).

In its brief, the OGC cited the Walter Flowers for United States Senate Committee MUR as support for its statement that "loans secured by mortgages of real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan." FCB agrees that the Walter Flowers case is certainly relevant.

In 1982, the FEC accepted a conciliation agreement after having found reason to believe that certain bank loans to the Committee and its candidate had violated the Act. Two loans totalling \$85,000 were not the problem; overdrafts upon the Committee's bank account ranging from \$8,347.23 to \$104,955.69, which were not subject to a repayment schedule, and carried no interest rate or service charge, were the main focus of the investigation.

Without discussion as to the adequacy of collateral, the OGC accepted the fact that the loans were made on a basis which assures repayment by stating: "The conclusion that these loans were made on a basis which assures repayment is supported by the fact that the loans were secured by mortgages on real estate and stocks owned by Flowers and his wife." Unlike the

instant case, the OGC made no effort to look for reasons to conclude that the mortgages were inadequate, or that Walter Flowers had insufficient personal net worth. It simply accepted the collateral as a proper back up method of payment. The difference between Tommy Robinson's and Walter Flowers' loans is not apparent.

On the other hand, it is entirely understandable that Flowers' Committee's drafts were not acceptable under the Act, because no repayment schedule was prearranged, nor were interest or service charges assessed, as was the bank's customary practice with civic groups and political campaigns.

(6) Kennedy for President Committee; Chemical Bank of New York; MUR 1195.

In its brief (at page 6), the OGC has attempted to distinguish Chemical Bank's loan to the Kennedy for President Committee from the instant situation. The Kennedy matter resulted from a complaint filed by the campaign committee of one of Kennedy's political opponents, Lyndon Larouche, after Kennedy had obtained a \$1 million loan secured by expected (but not yet certified) federal matching funds. Apparently Larouche had not been able to obtain a similar campaign loan, and his committee filed a complaint in which it argued that the FEC must impose a requirement that a bank grant every political committee's request for a loan, once the bank has made a loan to any campaign. However, the FEC refused to read this requirement into the Act, since it was not specifically "mentioned in the Federal Election Campaign Act." Id. at p.

4. The FEC should do the same here, and refuse to read a requirement of collateral into the Act.

Another relevant point about the OGC's Report to the FEC on the Kennedy matter is that at footnote 5, page 5, the OGC considered Lyndon Larouche's poor showing in the primaries (less than 2%) to be a reasonable basis for Chemical Bank's denial of his loan application. If that is true, the converse must be true, i.e., a strong showing in the primary is a good justification for making a loan to a candidate. The Commission cannot have it both ways -- either the factor of popularity is relevant, or it is not. Clearly, the FEC's determinations show that it is relevant, and that the OGC should give more credence to Tommy Robinson's strong showing in the polls, the primary election, and the runoff, in scrutinizing FCB's loan to Tommy Robinson.

However, the most damaging aspect of the Kennedy report to the OGC's case herein is that section which addresses the issue of collateralization of Kennedy's loan. When Kennedy's Committee borrowed \$1 million, it only had \$272,316 of matchable funds, a sum which was clearly not the full extent of the loan. These funds were not certified when the Kennedy Committee applied for the loan; in fact, almost \$800,000 of the principal was paid to the Committee before it was even certified as eligible to receive matching funds.

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The OGC, however, did not find this fact dispositive, and in language acutely applicable to FCB's case, explained its position with regard to collateral:

Thus, essentially the Complainant asserts that a campaign loan must be secured by, at minimum, a future interest, and that to provide a loan secured by a future expectancy results in a loan made out of "the ordinary course of business." However, although it may not be a sound business judgment to make a loan secured by an expectancy, there is no evidence which indicates that it is not the usual custom of lending institutions to do so. Indeed, loans secured by the expectation of future earnings are commonly made; for example, banks often grant student loans and loans to amateur athletes which are secured by anticipated salaries once professional status is obtained.

Furthermore, President Carter's campaign committee obtained a bank loan in 1976 collateralized by matching fund payments at a time when that committee was not certified by the Commission to receive matching funds; and the Baker Committee obtained a \$75,000 loan from a Tennessee bank on September 11, 1979, also collateralized by matching funds, although the Baker Committee was not certified as eligible to receive such funds until November 13, 1979. See Attachment IV. This is a further indication that it is within the customary practice of lending institutions to make loans to political committees secured by the expectancy of matching fund payments. In this instance the Bank took additional steps (i.e. the certificate of the Committee treasurer, the insurance policies on the Senator, the Committee warrants not to violate the Act) to protect this future expectancy, and thus make it a reasonable expectation as well. (Emphasis supplied)

Id. at pp. 6-7.

If the evaluation of loans was found to be "within the customary practice of lending institutions to make loans to political committees secured by the expectancy of matching fund

payments" in the Kennedy matter, FCB's decision to loan Tommy Robinson money should also not be second guessed. Tommy Robinson was a very popular candidate when he applied for the loan, and ultimately won the election in which he ran. Further, the "risk-reducing factors" in the Kennedy loan were no more compelling than the security given by Tommy Robinson. The OGC surely cannot ignore the fact that FCB's loan has been repaid. Repayment should be, and is, the best evidence of whether the loan was made on a basis which assures repayment.

III. Conclusion

Clearly, the federal law applicable to bank loans to political candidates does not expressly require that all such loans be fully secured. It cannot be denied that the FEC does not prohibit the making of loans to be repaid entirely out of expected campaign contributions. Prior to this date, the FEC has recognized this fact in its regulations as well as in its determinations. Without exception, the FEC has left the decision as to the soundness of such loans to the banks; indeed, it has shown a certain amount of deference to the area of business judgment best left to the states' banking industry. The OGC's attempt herein to change the proper order of things, and to have the FEC begin a new policy of substituting its opinion for the business judgment of loan officers in Arkansas is unwarranted and highly improper. In the local banking community, unsecured, short term business

loans are made on a routine basis, even where no alternate source of repayment is readily available. The record in this case contains significant evidence that FCB's loan was entirely legal and was made in the ordinary course of business.

Further, FCB had every reason to believe that its loan to Tommy Robinson was totally legal when it was made. Based upon the explicit wording of the Act, and the FEC's regulations and determinations, FCB acted properly. The FEC has given no prior notice that it might adopt the posture of the OGC, and FCB will therefore be denied due process under the law if that in fact occurs.

Everything about FCB's loan to Tommy Robinson and his Committee met the requirements of the Act: it was evidenced by a written instrument, was subject to a (short term) due date, and bore the usual and customary interest rate of the Bank. The normal application process was followed, and no favors were rendered or expected. It is terribly improper for the Bank to be charged with violating the Act simply because the OGC does not agree with the judgment of FCB's loan officer about the soundness of the loan. Surely this sort of unwarranted intrusion into the customs and practices of the local banking industry was not envisioned by Congress when it enacted the FECA or any of its amendments. FCB urges this Commission to

reject the argument of the OGC, and to find no probable cause to believe that it has violated the Act.

Respectfully submitted,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.
1500 Tower Building
Little Rock, AR 72201
(501) 375-9151

By:

Donald T. Jack, Jr.
Donald T. Jack, Jr.
Attorney for First
Commercial Bank

CERTIFICATE OF SERVICE

I, Donald T. Jack, Jr., do hereby certify that I have mailed a copy of the foregoing by express mail to Ms. Lee Ann Elliot, Chairman, Federal Election Commission, 1325 "K" Street, N.W., Washington, D.C. 20463 on this 2nd day of May, 1985.

Donald T. Jack, Jr.
Donald T. Jack, Jr.

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55 MAY 6 9:03

FROM

HOUSE, WALLACE, NELSON & JEWELL, P.A.
1400 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

To:

Mr. Andrew Maikovich
Attorney at Law
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

FIRST CLASS MAIL

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

85 MAY 6 9:03

TELEX-TELECOPIER:
(501) 375-6484

May 2, 1985

Ms. Marjorie Emmons
Secretary to the
Federal Election Commission
Fifth Floor
1325 "K" Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

Re: MUR 1721

Dear Ms. Emmons:

Enclosed please find an original and 10 copies of the Brief of First Commercial Bank in the above-styled matter. By copy of this letter, I have also forwarded three additional copies to the Office of General Counsel. First Commercial Bank has been invited to file this brief in response to that of the General Counsel, prior to the Commission's vote as to whether there is probable cause to believe a violation of the Federal Election Campaign Act has occurred.

If I need to do anything further to perfect this filing, please let me know.

Very truly yours,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.

Donald T. Jack, Jr.

Donald T. Jack

Enclosures

cc: Charles Steele
Andrew Maikovich
Charles Cook

86040504799

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721

NAME OF COUNSEL: Donald T. Jack
ADDRESS: HOUSE, WALLACE, NELSON & JEWELL, P.A.
1500 Tower Building
Little Rock, Arkansas 72201
TELEPHONE: (501) 375-9151

The above-named individual is hereby designated as counsel for First Commercial Bank and is authorized to receive any notifications and other communications from the Commission and to act on its behalf before the Commission.

May 2, 1985
DATE

Barnett Grace
BARNETT GRACE
PRESIDENT

RESPONDENT'S NAME: First Commercial Bank
ADDRESS: Capitol and Broadway Streets
Little Rock, Arkansas 72201
TELEPHONE: (501) 371-7000

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BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF)
TOMMY ROBINSON AND)
THE TOMMY ROBINSON)
FOR CONGRESS COMMITTEE)
GEORGE M. FELKINS, AS)
TREASURER)

MUR 1721

BRIEF OF FIRST COMMERCIAL BANK

I. Factual Statement

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The Federal Election Commission's Office of General Counsel has argued in its brief that First Commercial Bank (hereinafter "FCB") violated the Federal Election Campaign Act, 2 U.S.C. §441b(a) when it loaned Tommy Robinson and his Campaign Committee \$35,000.00 on May 7, 1984, and has asked that the Federal Election Commission (hereinafter "FEC") find that there is probable cause to believe this violation occurred. The Office of General Counsel (hereinafter "OGC") has asserted that the loan violated the Act because it was allegedly not made on a basis which assures repayment. FCB has been given the opportunity to respond to the OGC's brief, after which time the matter will be ripe for decision.

As a result of this investigation, FCB has found itself in the unlikely position of being forced to defend the justification for making a loan which has been repaid, and in fact, was repaid long before its due date. It appears, however, that there is no dispute between the OGC and FCB as to the relevant facts herein; the only point at which the parties

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differ is their interpretation of what the Act requires, and in the legal conclusion as to whether FCB's loan was not made on a basis which assures repayment.

As stated above, a \$35,000.00 loan was made in the ordinary course of business by FCB on May 7, 1984 to Tommy Robinson and his Campaign Committee. This loan was the result of their having made application through the routine process at the Bank. The loan officer to which application was made, Edwin P. Henry, followed the usual internal practices in evaluating the loan for soundness. No favors were exchanged, nor were any promises made. The loan certainly had no silent backers or guarantors. The expected contributions to the Committee within the next few weeks clearly demonstrated the fact that the loan was made on a basis assuring repayment.

Before approving the loan, however, Mr. Henry sought the advice of counsel, who assured him that the loan was in compliance with the Act and regulations. In fact, the law is clear now, as it was when the loan was made, that security is not absolutely required for such loans. FCB therefore was certainly justified in relying upon its counsel's recommendation that the loan to Respondents would be made on a basis assuring repayment. With these assurances, FCB loaned the money to Respondents, and set the note's maturity date at thirty days as a conservative limit. It is incredible that FCB has been charged with violating the Act under these circumstances.

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The Bank's standard promissory note was signed, and it bore interest at the rate of 13%, which was the Bank's customary rate at that time for short term, unsecured business loans. Mr. Henry felt confident in Tommy Robinson's and his committee's ability to repay, for Tommy Robinson was, without question, the most likely winner of the upcoming Democratic primary. Mr. Robinson's strong personal popularity was a big factor in the Bank's willingness to loan him money, for it is true that winning candidates are able to attract more substantial campaign contributions than losers. The perceived ability of the committee to raise contributions was clearly a very positive factor. Tommy Robinson also had an excellent personal credit history which was entitled to due consideration.

Based upon all of the above considerations, Mr. Henry exercised his best business judgment in appraising the application, and concluded that the loan was sound and would be easily repaid. As it turned out, Mr. Henry's faith in their ability to repay the loan was entirely justified, for the loan was paid in full on May 17, 1984 before its maturity date of June 6, 1984.

II. Argument

In its brief, the OGC has argued that this loan was not made on a basis which assures repayment merely because it was collateralized by expected future campaign contributions. The

OGC has argued that this was not enough, in view of the fact that Mr. Robinson and his committee did not, at the time the loan was made, have sufficient assets to repay each and every loan which was then outstanding to FCB and to a few other banks.

This argument does not make sense as a matter of banking practice, or as a matter of law. As a practical matter, such unsecured business loans are made by the Bank on a routine basis. They are hardly unusual. If it appears likely that the applicant, although presently without substantial assets, will receive sufficient capital in the near future, a sound loan may well indeed be made. When evaluating a loan, a loan officer must not only consider the applicant's current financial worth, but his or her likelihood of raising money during the time of the loan. If this were not done routinely, no one who really needs to borrow money would be able to do so. Further, if banks only lent money to the wealthy, they would lose a substantial amount of business. Mr. Henry, who is not a friend of Tommy Robinson's and had no reason to do him a favor, simply believed that the loan to Tommy Robinson and his committee was a sound business risk. It is extremely illogical for the OGC to now argue that its business judgment is better than Mr. Henry's, and that full collateral must be required for all loans. Neither good banking practice nor the law so requires.

In its brief, the OGC has taken the position that in order to be found to have been made on a basis which assures repayment, loans must in essence be fully collateralized.

Although the OGC has talked all around that point, the conclusion that only full collateral will satisfy the OGC cannot be avoided. The OGC has stated that in order to satisfy the law, a loan must have adequate "alternative methods of repayment". If it does not, it then must at least have certain "risk reducing factors." Clearly, neither the Act nor the regulations promulgated by the FEC contain any such requirements.

Further, although the loan was to be repaid by expected future contributions, it was also guaranteed by Tommy Robinson, who had an admittedly excellent reputation and credit rating as a man who always paid his debts. The loan did have an alternate source of repayment. That it was of very low risk is borne out by the fact that was repaid in ten days. What better proof can there be of the soundness of a loan than the fact that it was repaid? All other factors are merely speculation beside such tangible evidence of ability to repay.

As stated above, the OGC has failed to cite any section of the Act or the regulations which supports its position. How can the Bank be held to have violated the law when the standard to which it is being held accountable is not even contained within the statute? Certainly the Act makes no mention of how to decide whether a loan is made on a basis which assures repayment. The obvious conclusion is that Congress intended for the business judgment of the bank officers involved to be

entitled to some deference in this matter. After all, Congress did not set up the FEC to get into the business of banking.

The FECA, and the Commission's regulations promulgated thereunder, reveal that full collateral is not required to render loans to political campaigns legal under the Act. Title 2 U.S.C. §441b(a) of the Act provides as follows:

§ 441b. Contributions or expenditures by national banks, corporations, or labor organizations

(a) It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization, to make a contribution or expenditure in connection with any election at which presidential and vice presidential electors or a Senator or a Delegate or Resident Commissioner to, Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section, or any officer or any director of any corporation or any national bank or any officer of any labor organization to consent to any contribution or expenditure by the corporation, national bank, or labor organization, as the case may be, prohibited by this section.

The term "contribution" is defined at 2 U.S.C.

§431(8)(B)(vii) as not including:

any loan of money by a State bank, a federally chartered depository institution, or a depository institution the deposits or accounts of which are insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union

Administration, other than any overdraft made with respect to a checking or savings account, made in accordance with applicable law and in the ordinary course of business, but such loan -

(I) shall be considered a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors;

(II) shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and

(III) shall bear the usual and customary interest rate of the lending institution.

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Based on the wording of the Act, FCB's loan was obviously in compliance with the requirements that it be made (1) in accordance with applicable law; and (2) in the ordinary course of business. The factors by which loans are evaluated for being in the ordinary course of business were also satisfied; the loan was evidenced by a written instrument, was subject to a due date or amortization schedule, and bore the usual rate of interest. The only issue is whether the loan met the Act's requirement that the loan be made on a basis which assures repayment. Again, one cannot find any discussion of "alternate sources of collateral" or "risk reducing factors" in the Act. These terms have simply appeared from nowhere into the OGC's brief. Neither does the Act require full collateral. It is readily apparent that the OGC is reading things into the law.

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The FEC's regulations are of no more support for the OGC's position than is the Act. The regulation set forth at 11 C.F.R. §100.7(11) provides:

A loan of money by a State bank, a federally chartered depository institution (including a national bank) or a depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration is not a contribution by the lending institution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule. Such loans shall be reported by the political committee in accordance with 11 CFR 104.3(a). Each endorser or guarantor shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement, except that, in the event of a signature by the candidate's spouse, the provisions of 11 CFR 100.7(a)(1)(i)(D) shall apply. Any reduction in the unpaid balance of the loan shall reduce proportionately the amount endorsed or guaranteed by each endorser or guarantor in such written agreement. In the event that such agreement does not stipulate the portion of the loan for which each endorser or guarantor is liable, the loan shall be considered a contribution by each endorser or guarantor in the same proportion to the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors. For purposes of 11 CFR 100.7(b)(11), an overdraft made on a checking or savings account shall be considered a contribution by the bank or institution unless: the overdraft is made on an account which is subject to automatic overdraft protection; the overdraft is subject to a definite interest rate which is usual and customary; and there is a definite repayment schedule.

Again, this regulation is devoid of the standards with which FCB is being forced to comply.

Another factor which should be given much deference is the fact that the legislative history of the Act and of its amendments does not reveal any intent on the part of Congress to require full collateral for all campaign loans. Senate Report Number 92-229, 2 U.S. Cong. & Adm. News, pp. 1825-26 (1972) is extremely helpful to an understanding of this issue:

Testimony received from witnesses was unanimously in favor of the granting of loans by National or State banks if such loans were made pursuant to applicable banking rules and regulations. This means that a bank should exercise sound business judgment in extending loan privileges to a political candidate or committee in the ordinary course of business and where necessary, certain security or collateral in order to support a reasonable expectation of payment in due course. This amendment was approved unanimously. (Emphasis supplied)

As stated by the authors of the report at p. 1858, "[n]o one wants a Federal election law which, in effect, says that only the very wealthy can run for elective office. As a practical matter, it is often necessary for a candidate to borrow money in order to defray immediate and pressing campaign expenses." However, this situation is exactly what would result if the OGC's position were to be sustained by the FEC. Only the wealthy could run for public office.

The legislative history of the Act's 1976 Amendment (wherein the standards which such loans must satisfy in order to come within the definition of "ordinary course of business" were established) reveals no requirement of collateral. See,

House Report Number 96-422, U.S. Cong. & Adm. News, p. 2868 (1979). Even the FEC's own publication, the "Record", paid little notice to the amendments in March 1980:

The amendments extend the contribution exemption for bank loans to include loans made by federally chartered depository institutions which are required by the FDIC, the Federal Savings and Loan Insurance Corporation or the National Credit Union Administration - in addition to the currently exempted loans from State and National banks.

Obviously, Congress was cognizant of the fact that collateral is not required, as a measure of good business practice, for every loan to a political campaign. As more fully discussed below, collateral is simply one factor which must be considered in evaluating the loan.

Another disturbing aspect of this matter is that the FEC's own prior determinations lend no support for the OGC's position. In fact, they give credence to FCB's posture herein:

- (1) In the matter of Druie Douglas Barnard, Jr.; MUR 218 (76)

In this matter, the Commission found reasonable cause to believe that Georgia Railroad Bank and Trust Company may have violated 2 U.S.C. §441b(a) in having loaned \$10,000 to Mr. Barnard's campaign committee. This \$10,000 loan was unsecured, and had no guarantors. The loan made to Mr. Barnard's campaign committee is wholly distinguishable from FCB's loan to Mr. Robinson and his Campaign Committee. First, the interest rate for the loan to Mr. Barnard's campaign committee was at an unusually low rate; while the rate was set at 7.6%, the

standard rate for such loans at that time was 8 3/4%. Second, the bank had no recourse for repayment other than the funds of the campaign committee (the candidate did not personally guarantee the loan). Third, the candidate had entered the race in February, before the May primary, and had demonstrated an inability to raise funds for the primary before the loan in question was made. Fourth, the candidate was an executive vice president of the bank, and routinely took part in the determination of major bank policy. It was readily evident that the only real reason for the loan was Mr. Barnard's position with the bank. Fifth, the usual application channels were not followed by Mr. Barnard's campaign committee. In Mr. Barnard's case, it was clear that a deliberate favor was rendered to his committee.

However, FCB's loan to Tommy Robinson and his Campaign Committee was made at the usual rate of interest, and was pursued through normal application channels. Additionally, Mr. Robinson is not an executive officer, director, or shareholder of FCB, nor was he rendered any favor. Finally, at the time that the loan was made, Mr. Robinson was a very popular candidate who had simply entered the race late. He had certainly not demonstrated any inability to raise adequate funds to repay the loans.

(2) Senator James R. Sasser; MUR 216 (76)

In 1976, the Commission found no probable cause to believe that Senator Sasser had violated the Act by accepting \$125,000

in unsecured loans which were to be repaid entirely from future fund-raising efforts. This determination was made in spite of the following facts: (1) the loans were unsecured; (2) the loans were for indefinite terms; (3) the loans did not have definite repayment schedules; (4) the amounts were very large compared to Senator Sasser's net worth; (5) the bank officers making the loans knew Senator Sasser on a personal basis; (6) one of the officers involved was an executive in three of the four banks involved in the making of the loans; and (7) there were interlocking directorships among the banks making the loans. However, the interest rates were in line with the prevailing rates for ordinary business customers at that time.

In its report to the FEC, the OGC reviewed banking regulatory processes, and noted that the Comptroller of the Currency does not question loans that have been repaid, as had the loans in question. (One cannot help but wonder why the OGC has not taken the same approach to First Commercial Bank's loan to Tommy Robinson.) Further, the OGC noted that as a general rule of corporate law, a decision to extend credit or cancel debts cannot be challenged unless there is some evidence that the action was done by an officer in bad faith or outside of corporate purposes. Further, the OGC admitted on page 18 that "[w]hat is sufficient to remove such actions from the business judgment rule varies somewhat from state to state." (It is also questionable why the OGC has given no thought whatever as to what is within the good business judgment rule in central

Arkansas.) The OGC admitted that there is no single controlling standard but set forth some relevant considerations as follows:

(1) Does the loan comply with federal banking laws and regulations? Has all necessary paperwork been completed in the bank's credit files? Are the loans within the bank's legal lending limits?

(2) What are the terms of the loan? The amount, length of term, interest rate, presence or absence of collateral, presence or absence of consignors and guarantors are relevant. However, the OGC admitted that "[l]ack of collateral may be a factor depending upon the credit worthiness of the borrower. None of these factors is alone dispositive." (emphasis supplied)

(3) How was the loan obtained? Were the normal channels for application and documentation followed?

(4) What is the relationship between the loan officer and the borrower?

(5) Was there enough evidence to support the judgment of the loan officer when the loan was made? Did the borrower have sufficient assets or earning capacity to justify the extension of credit? The OGC admitted that a very positive factor can outweigh a negative factor in this regard. (It is also questionable why the OGC has not viewed this matter from the point of view of Ed Henry on May 7, 1984, rather than in retrospect.)

(6) Was the bank's expectation to be repaid reasonable? In that regard, the loan officer may consider the personal assets and earning capacity of the borrower, as well as his fund-raising capacity.

(7) Does the bank make loans of a similar nature?

(8) What is the relationship between the banks making the loans?

The OGC admitted that the interest rates for the loans were in line with the prevailing rates for ordinary customers at that time, and stated that the loans appeared to have been made within the area of judgment reserved to banks in making loans, based on Senator Sasser's net worth and earnings, as well as his chances for success and general reputation:

The basic decisions to make the loans seemed readily defensible as within the area of judgment reserved to banks in the making of loans on the basis of Mr. Sasser's present worth and earnings, his prospective earnings whether or not successful in his candidacy and his general reputation. Absence of specific security for the loan, though a factor in judging the risk taken by the bank, is not in itself a reason for concluding that the loan was unwarranted. In short, nothing suggests that the loans were unacceptable from the point of view of the banking authorities. (emphasis supplied)

The OGC admitted that the Congress believed that the law was not to be construed narrowly to "hinder candidates from obtaining loans" and went on to add the following:

As an initial matter, it would seem that the presence or absence of security from the candidate might well be a factor under FECA in assessing the merits of a loan. The Act itself in 2 U.S.C. §451, mentions security and explicitly directs other agencies responsible for

regulating enterprises likely to extend credit to candidates to set forth rules which regulate any unsecured credit. Parts of the legislative history, noted above, emphasize security as a factor of importance. Without more, however, the words of the Act do not seem to establish anything nearly so specific as a requirement for security, especially in light of the underlying purpose of the amendment to remove ordinary bank loans from the definition of contribution.

Id. at p. 29.

The OGC has failed to give any reason why FCB's loan to Tommy Robinson does not similarly come within the area of judgment reserved to banks in making loans.

Although the OGC admits that the expectation of future contributions was considered to be an adequate basis to assure repayment of a loan in the Sasser case, it attempted to distinguish the Sasser case by stating that the collateral was sufficient "only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized." This is not true. Senator Sasser's personal reputation was specifically mentioned in the report as also being relevant. The same should be true for Tommy Robinson. Further, Senator Sasser's net worth and earnings should have been relevant, since the loan transactions involved therein bore far fewer "risk reducing factors" than did FCB's loan to Tommy Robinson. For example, the loans to Senator Sasser were for indefinite terms without repayment schedules. The bank officers making the loans knew Senator Sasser on a personal basis; one of the officers involved was an executive in three of the four banks involved in the making of

the loans, and there were interlocking directorships among the banks. Importantly, the loans were admitted to be very large when compared to Senator Sasser's net worth.

When FCB's loan to Tommy Robinson and his committee is viewed in light of the factors listed by the OGC in the Sasser determination, it is obvious that it is legal under the Act. First, the loan to Tommy Robinson and his committee complied with all banking laws and regulations. All of the necessary paperwork was completed, and the Bank's legal lending limits were not exceeded. Second, the terms of the loan were those routinely given to similar customers. The loan was for a short term; was at the usual and customary interest rate for similar customers, and Mr. Robinson personally guaranteed the loan. Third, the usual application process was followed. Fourth, Mr. Robinson had no close relationship with the authorizing officer. Certainly, the bank did not render or expect any favors. Fifth, Mr. Robinson's demonstrated capacity as a fund-raiser, as well as his outstanding and unusual personal reputation and popular support, provided a sound basis to support the Bank's decision to loan him the money at that time. Sixth, the Bank was in the business of making similar unsecured, short term business loans. Seventh, the Bank relied upon the trusted business judgment of its counsel that the loan was in compliance with the Act and its regulations. Finally, the loan was paid before its maturity date, as expected.

Surely, if Senator Sasser's loans were legal, FCB's loan to Tommy Robinson is.

Again, the only factor at issue herein is whether the loan was made on a basis assuring repayment, because it was unsecured. However, by the admission of the OGC, the presence or absence of adequate collateral is merely one factor which must be considered, and is not solely dispositive of the issue. In light of all of the other, positive facts surrounding the making of this loan, it is clear that it was sound and in the ordinary course of business. Surely, it was never intended that the FEC should begin to make state banking law, which is what the OGC would have it do.

(3) Brown for President Committee; MUR 382 (77)

In its report to the Commission, the OGC concluded that seven loans totaling \$375,000 from four California banks to California Governor Jerry Brown's Presidential Primary Campaign Committee did not violate 2 U.S.C. §431(e)(5)(G). Although no collateral whatever was pledged for the loans, the Committee informally pledged receipts expected from future benefit fund-raising concerts, and Federal Matching Fund payments. All of the loans were short term loans, and carried interest rates between 9% and 10%. The OGC explained:

Although no collateral was furnished by the Committee, the lending banks were informed at the time of the loan applications of a continuing series of successful fund-raising concerts and a sizeable amount of Federal Matching funds the committee expected to receive. We believe the lending banks made the loans "in the ordinary course of business" in view of the expected

receipt of funds from the fund-raising concerts and Federal Matching payments.

Surely if Jerry Brown's future fund-raising efforts and uncertified Federal Matching Fund payments were acceptable, such sources of repayment should have been legal in Tommy Robinson's campaign. The OGC has taken a patently inconsistent approach in its interpretation of what the Act requires.

In its brief, the OGC has argued that the expected Federal Matching Fund payments made the difference between the loans to Jerry Brown and Tommy Robinson. To the contrary, no real distinction exists. At no place in the OGC's Report for Jerry Brown is it stated that the Federal Matching Funds were yet certified; they were merely "expected." They were no more guaranteed than the "expected" rock concert receipts. In the instant case, campaign contributions to the most popular candidate were just as reasonably "expected." In fact, the only real difference between Jerry Brown's and Tommy Robinson's loans is the fact that Jerry Brown ran for President and Tommy Robinson ran for Congress -- along with the fact that the OGC has taken a much more pointed interest in pursuing Tommy Robinson's loan than those to Jerry Brown.

(4) Advisory Opinion 1980-108: National Unity Campaign for John Anderson

The same considerations apply to the OGC's attempt to distinguish John Anderson's loans from FCB's loan to Tommy Robinson. Upon request, the FEC gave an advisory opinion that certain bank loans to be repaid from post election Federal

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Funding would not violate the requirement that bank loans be "made on a basis which assures repayment," although no other collateral would be posted for the loans, and it was not sure whether John Anderson would receive the funding. On page 10 of its opinion, the Commission stated:

While the risk of nonrepayment may be higher in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient post-election financing than it is in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient primary Matching Funds, the Commission concludes that the existence of such risk does not, standing alone, take a loan secured by an expectancy in post-election public funds outside the scope of the "ordinary course of business" for the purpose of 2 U.S.C. §431(8)(B)(vii).

The FEC considered the candidate's performance in the polls to be relevant to the lenders in arriving at their decision to make the loans, and quoted the following passage from Buckley v. Valeo, 424 U.S. 1, 102 (1976):

But in the nature of things the willingness of lenders to make loans will depend upon the pre-election probability that the candidate and his party will attract 5% or more of the voters. When a reasonable prospect of such support appears the party and candidate may be an acceptable loan risk since the prospect of post-election participation and public funding will be good.

In its brief, the OGC has argued that the loans to John Anderson contained enough "risk reducing features" to convince the FEC that the loans would be repaid. The first, and obviously most important factor was the availability of post election matching funds based on the number of votes received. Again, this is certainly not a guarantee that a sufficient

amount of funds would be available -- no one knew that time how much money would be available for John Anderson. In fact, no one knew that any funding would be available for John Anderson. The distinction between John Anderson's situation and Tommy Robinson's is without significance.

(5) Walters Flowers for United States Senate Committee; MUR 1098(79).

In its brief, the OGC cited the Walter Flowers for United States Senate Committee MUR as support for its statement that "loans secured by mortgages of real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan." FCB agrees that the Walter Flowers case is certainly relevant.

In 1982, the FEC accepted a conciliation agreement after having found reason to believe that certain bank loans to the Committee and its candidate had violated the Act. Two loans totalling \$85,000 were not the problem; overdrafts upon the Committee's bank account ranging from \$8,347.23 to \$104,955.69, which were not subject to a repayment schedule, and carried no interest rate or service charge, were the main focus of the investigation.

Without discussion as to the adequacy of collateral, the OGC accepted the fact that the loans were made on a basis which assures repayment by stating: "The conclusion that these loans were made on a basis which assures repayment is supported by the fact that the loans were secured by mortgages on real estate and stocks owned by Flowers and his wife." Unlike the

instant case, the OGC made no effort to look for reasons to conclude that the mortgages were inadequate, or that Walter Flowers had insufficient personal net worth. It simply accepted the collateral as a proper back up method of payment. The difference between Tommy Robinson's and Walter Flowers' loans is not apparent.

On the other hand, it is entirely understandable that Flowers' Committee's drafts were not acceptable under the Act, because no repayment schedule was prearranged, nor were interest or service charges assessed, as was the bank's customary practice with civic groups and political campaigns.

(6) Kennedy for President Committee; Chemical Bank of New York; MUR 1195.

In its brief (at page 6), the OGC has attempted to distinguish Chemical Bank's loan to the Kennedy for President Committee from the instant situation. The Kennedy matter resulted from a complaint filed by the campaign committee of one of Kennedy's political opponents, Lyndon Larouche, after Kennedy had obtained a \$1 million loan secured by expected (but not yet certified) federal matching funds. Apparently Larouche had not been able to obtain a similar campaign loan, and his committee filed a complaint in which it argued that the FEC must impose a requirement that a bank grant every political committee's request for a loan, once the bank has made a loan to any campaign. However, the FEC refused to read this requirement into the Act, since it was not specifically "mentioned in the Federal Election Campaign Act." Id. at p.

4. The FEC should do the same here, and refuse to read a requirement of collateral into the Act.

Another relevant point about the OGC's Report to the FEC on the Kennedy matter is that at footnote 5, page 5, the OGC considered Lyndon Larouche's poor showing in the primaries (less than 2%) to be a reasonable basis for Chemical Bank's denial of his loan application. If that is true, the converse must be true, i.e., a strong showing in the primary is a good justification for making a loan to a candidate. The Commission cannot have it both ways -- either the factor of popularity is relevant, or it is not. Clearly, the FEC's determinations show that it is relevant, and that the OGC should give more credence to Tommy Robinson's strong showing in the polls, the primary election, and the runoff, in scrutinizing FCB's loan to Tommy Robinson.

However, the most damaging aspect of the Kennedy report to the OGC's case herein is that section which addresses the issue of collateralization of Kennedy's loan. When Kennedy's Committee borrowed \$1 million, it only had \$272,316 of matchable funds, a sum which was clearly not the full extent of the loan. These funds were not certified when the Kennedy Committee applied for the loan; in fact, almost \$800,000 of the principal was paid to the Committee before it was even certified as eligible to receive matching funds.

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The OGC, however, did not find this fact dispositive, and in language acutely applicable to FCB's case, explained its position with regard to collateral:

Thus, essentially the Complainant asserts that a campaign loan must be secured by, at minimum, a future interest, and that to provide a loan secured by a future expectancy results in a loan made out of "the ordinary course of business." However, although it may not be a sound business judgment to make a loan secured by an expectancy, there is no evidence which indicates that it is not the usual custom of lending institutions to do so. Indeed, loans secured by the expectation of future earnings are commonly made; for example, banks often grant student loans and loans to amateur athletes which are secured by anticipated salaries once professional status is obtained.

Furthermore, President Carter's campaign committee obtained a bank loan in 1976 collateralized by matching fund payments at a time when that committee was not certified by the Commission to receive matching funds; and the Baker Committee obtained a \$75,000 loan from a Tennessee bank on September 11, 1979, also collateralized by matching funds, although the Baker Committee was not certified as eligible to receive such funds until November 13, 1979. See Attachment IV. This is a further indication that it is within the customary practice of lending institutions to make loans to political committees secured by the expectancy of matching fund payments. In this instance the Bank took additional steps (i.e. the certificate of the Committee treasurer, the insurance policies on the Senator, the Committee warrants not to violate the Act) to protect this future expectancy, and thus make it a reasonable expectation as well. (Emphasis supplied)

Id. at pp. 6-7.

If the evaluation of loans was found to be "within the customary practice of lending institutions to make loans to political committees secured by the expectancy of matching fund

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payments" in the Kennedy matter, FCB's decision to loan Tommy Robinson money should also not be second guessed. Tommy Robinson was a very popular candidate when he applied for the loan, and ultimately won the election in which he ran. Further, the "risk-reducing factors" in the Kennedy loan were no more compelling than the security given by Tommy Robinson. The OGC surely cannot ignore the fact that FCB's loan has been repaid. Repayment should be, and is, the best evidence of whether the loan was made on a basis which assures repayment.

III. Conclusion

Clearly, the federal law applicable to bank loans to political candidates does not expressly require that all such loans be fully secured. It cannot be denied that the FEC does not prohibit the making of loans to be repaid entirely out of expected campaign contributions. Prior to this date, the FEC has recognized this fact in its regulations as well as in its determinations. Without exception, the FEC has left the decision as to the soundness of such loans to the banks; indeed, it has shown a certain amount of deference to the area of business judgment best left to the states' banking industry. The OGC's attempt herein to change the proper order of things, and to have the FEC begin a new policy of substituting its opinion for the business judgment of loan officers in Arkansas is unwarranted and highly improper. In the local banking community, unsecured, short term business

loans are made on a routine basis, even where no alternate source of repayment is readily available. The record in this case contains significant evidence that FCB's loan was entirely legal and was made in the ordinary course of business.

Further, FCB had every reason to believe that its loan to Tommy Robinson was totally legal when it was made. Based upon the explicit wording of the Act, and the FEC's regulations and determinations, FCB acted properly. The FEC has given no prior notice that it might adopt the posture of the OGC, and FCB will therefore be denied due process under the law if that in fact occurs.

Everything about FCB's loan to Tommy Robinson and his Committee met the requirements of the Act: it was evidenced by a written instrument, was subject to a (short term) due date, and bore the usual and customary interest rate of the Bank. The normal application process was followed, and no favors were rendered or expected. It is terribly improper for the Bank to be charged with violating the Act simply because the OGC does not agree with the judgment of FCB's loan officer about the soundness of the loan. Surely this sort of unwarranted intrusion into the customs and practices of the local banking industry was not envisioned by Congress when it enacted the FECA or any of its amendments. FCB urges this Commission to

reject the argument of the OGC, and to find no probable cause to believe that it has violated the Act.

Respectfully submitted,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.
1500 Tower Building
Little Rock, AR 72201
(501) 375-9151

By:

Donald T. Jack, Jr.
Donald T. Jack, Jr.
Attorney for First
Commercial Bank

CERTIFICATE OF SERVICE

I, Donald T. Jack, Jr., do hereby certify that I have mailed a copy of the foregoing by express mail to Ms. Lee Ann Elliot, Chairman, Federal Election Commission, 1325 "K" Street, N.W., Washington, D.C. 20463 on this 2nd day of May, 1985.

Donald T. Jack, Jr.
Donald T. Jack, Jr.

HOUSE, WALLACE, NELSON & JEWELL, P.A.
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May 2, 1985

Ms. Marjorie Emmons
Secretary to the
Federal Election Commission
Fifth Floor
1325 "K" Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

Re: MUR 1721

Dear Ms. Emmons:

Enclosed please find an original and 10 copies of the Brief of First Commercial Bank in the above-styled matter. By copy of this letter, I have also forwarded three additional copies to the Office of General Counsel. First Commercial Bank has been invited to file this brief in response to that of the General Counsel, prior to the Commission's vote as to whether there is probable cause to believe a violation of the Federal Election Campaign Act has occurred.

If I need to do anything further to perfect this filing, please let me know.

Very truly yours,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.

Donald T. Jack, Jr.

Donald T. Jack

Enclosures

cc: Charles Steele
Andrew Maikovich
Charles Cook

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721

NAME OF COUNSEL: Donald T. Jack

ADDRESS: HOUSE, WALLACE, NELSON & JEWELL, P.A.

1500 Tower Building

Little Rock, Arkansas 72201

TELEPHONE: (501) 375-9151

The above-named individual is hereby designated as counsel for First Commercial Bank and is authorized to receive any notifications and other communications from the Commission and to act on its behalf before the Commission.

May 2, 1985
DATE

Barnett Grace
BARNETT GRACE
PRESIDENT

RESPONDENT'S NAME: First Commercial Bank

ADDRESS: Capitol and Broadway Streets

Little Rock, Arkansas 72201

TELEPHONE: (501) 371-7000

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Markovich

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF)
TOMMY ROBINSON AND)
THE TOMMY ROBINSON)
FOR CONGRESS COMMITTEE)
GEORGE M. FELKINS, AS)
TREASURER)

MUR 1721

BRIEF OF RESPONDENTS

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p 2:44

I. Introduction

Respondents Tommy Robinson, The Tommy Robinson for Congress Committee and its Treasurer, George M. Felkins have been invited to respond to the brief of the Office of General Counsel, in which it was argued that several of the campaign loans to Respondents were in violation of the Federal Election Campaign Act, specifically, 2 U.S.C. §441b(a), and recommended that the Federal Election Commission (hereinafter "FEC") find probable cause to so believe. The specific recommendations of the Office of General Counsel were that the Commission:

1. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as Treasurer, violated 2 U.S.C. §441b(a) in accepting a contribution from the Stephens Security Bank;
2. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as Treasurer, violated 2 U.S.C.

§441b(a) in accepting a contribution from the First American Bank;

3. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as Treasurer, violated 2 U.S.C. §441b(a) in accepting a contribution from the First State Bank;
4. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as Treasurer, violated 2 U.S.C. §441b(a) in accepting a contribution from the First Commercial Bank;
5. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as Treasurer, violated 2 U.S.C. §441b(a) in accepting a contribution from the Twin City Bank;
6. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as Treasurer, violated 2 U.S.C. §441b(a) in accepting a contribution from the Worthen Bank & Trust Company;
7. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as Treasurer, violated 2 U.S.C.

§441b(a) in accepting a contribution from the First Jacksonville Bank; and

8. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as Treasurer, violated 2 U.S.C.

§441b(a) in accepting a contribution from the Bank of Salem.

It is the purpose of this brief to persuade the Commission that there is no basis in fact or law for it to find probable cause to believe that a violation has occurred with regard to any of the aforesaid loans. In this brief, Respondents will again set forth their argument offered in their letter brief of October 12, 1984, as well as respond to the arguments of the Office of General Counsel.

The differences between the Office of General Counsel and Respondents are essentially legal in nature. No facts are in dispute as to the terms of the loans in question; the key point upon which the parties differ is whether these loans were made on a basis which assures repayment. A careful reading of the General Counsel's brief leads one to conclude that campaign loans can never be found to have been made on such a basis if they are not fully secured in the event that the campaign committee in question does not already have sufficient contributions to cover the face amount of each loan. This amounts to a requirement of full collateral whenever a campaign committee needs to borrow money. Surely this scenario was not

envisioned by Congress when it passed the Act. If the candidate already has sufficient contributions, there would be no need for him or her to borrow money

Respondents have consistently argued, and continue to argue, that based upon the wording and legislative history of the Act, the FEC's regulations thereunder, and the FEC's own prior determinations, Tommy Robinson and his Committee had every reason to believe that the loans in question were legal, and in compliance with the Act. In fact, they relied on these prior determinations in structuring these loans so as to avoid any appearance of lack of compliance. Any reasonable person would have arrived at the same understanding of the law.

Instead, it was only after the Office of General Counsel began its investigation of these loans that it adopted a new, altered position that such loans should be fully secured. Although the Office of General Counsel has recently defined its position as that of requiring adequate "alternative sources of repayment" or of "risk reducing factors," the real thrust of its argument is that Tommy Robinson should have already had a lot of contributions or personal wealth when he applied for the loans. In short, the loans should have been fully collateralized. Although it had considered loans in the past for which future, expected contributions were pledged, and found them legal, it has singled Tommy Robinson out for special enforcement action, and has applied different standards to his conduct in accepting the loans. Actions which have been

acceptable for other candidates have suddenly been labeled as illegal by the Office of General Counsel. In view of what has happened to Tommy Robinson, it is questionable whether any candidate for political office can be sure as to what the law requires in order to properly conform his conduct thereto.

Indeed, the dramatic change in stance by the Office of General Counsel reminds one of the *ex post facto* laws prohibited by the United States Constitution. According to prior FEC decisions, Tommy Robinson's loans were legal when they were made. Now, long after the fact, the FEC's Office of General Counsel has stated that that is not so, and that the FEC really did not mean in those decisions what any reasonable person would have thought they meant. This is an ideal situation for the Office of General Counsel -- whenever a particular candidate arouses its interest, it can change the law (through changed interpretation), and call his conduct illegal if it so desires.

Another disturbing aspect to the stance of the Office of General Counsel is that it is substituting its judgment for that of the local banking community as to whether a loan appears to be a good business risk. If one stops and thinks about this, the significance of the Office of General Counsel's action is readily apparent and alarming. The after-the-fact second-guessing of the Office of General Counsel as to whether these loans were sound business decisions offends all established principles of federalism. In this case, a federal

agency whose function is to prevent corrupt political campaign practices, has imposed its own arbitrary idea as to how a loan must be collateralized upon the banking community in central Arkansas. Surely this situation was not intended by Congress. Although there are notable exceptions to this principle, a large part of the regulation upon the banking industry is left to be imposed by the States. Further, it is, to a large extent, the standards of the local banking community by which the soundness of such loans are judged.

Here, each of the loan officers involved exercised their best business judgment, and determined the nature and extent of the collateral, if any, that they required before making the loans. They were satisfied that the collateral given, if any, was adequate. Tommy Robinson and his Committee, along with the banks involved, were certainly justified in their belief that all of the loans were made on a basis which assures repayment. It is highly improper for the Office of General Counsel to not only dramatically change the way it views such loans, but to substitute its judgment for that of the bankers involved in the loan process. If such a position were to be adopted by the FEC, banks would have to get out of the business of ever making loans to political candidates -- at least to those who are not very, very wealthy, and/or beholden to wealthy interests -- in fear of being second-guessed. Surely this result would be in direct contravention to the very purposes of the Act.

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It is Respondents' position that the Office of General Counsel's stance that all loans to political campaigns that are not fully secured must ipso facto violate the Act is unreasonable and not in keeping with either the intent of the Act or normal banking practices. Certainly, with regard to the loans made to Mr. Robinson's Campaign Committee, both the letter and spirit of the Act were followed; by the same token, each and every loan to his Campaign Committee was based upon sound business principles having absolutely nothing to do with the "evils" at which the Act is directed. It is possible that some political campaign loans that are not fully secured may well indeed violate the Act; however, such loans do not violate the Act merely because they are unsecured, especially in view of the other factors which must be considered. It is Respondents' goal in this Brief to illustrate the manner in which the loans at issue comply with the Act, and to persuade the Commission to agree. For if there ever were a situation in which such loans were in keeping with the law, this is surely it. Respondents urge this Commission to find no probable cause to believe that a violation of the Act has occurred.

II. Statement of Facts

When he ran for Congress, Tommy Robinson was the Sheriff of Pulaski County, Arkansas. Included within the State's most populous county, Pulaski, is the state capital, Little Rock. Prior to being elected to this position in 1980, Mr. Robinson

had achieved an outstanding career in law enforcement. He had previously served as the assistant director of the public safety department at the University of Arkansas; with the United States Marshal's Service; with the Arkansas State Police; with the North Little Rock, Arkansas Police Department; as the police chief in Jacksonville, Arkansas; and as Governor Bill Clinton's director of the State Public Safety Department.

After successfully running for the office of Sheriff of Pulaski County in 1980, Mr. Robinson steadily achieved recognition not only among those in the field of law enforcement, but among the populace of Pulaski County. Before long, the original, assertive, and articulate style with which he approached his job caught the eyes and ears of the media in Little Rock, making his name a "household word" throughout most of Arkansas. People throughout the State started listening to his opinions - all of which are guaranteed to engender strong reactions, either way, and watching the way he handled the many problems of his job. And they liked what they saw.

As stated in the Arkansas Gazette, September 30, 1984, "Robinson has become the dominant figure in Arkansas politics - the one that everybody talks about. No other local official has ever achieved such statewide celebrity." In fact, it is not an exaggeration to state that no political figure in Arkansas has received the kind of attention and support as that generated toward Tommy Robinson since 1980. (See Attachment 1).

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It was within this context that Mr. Robinson chose to run for the Democratic nomination to the Second Congressional District in the spring of 1984. Mr. Robinson had not previously been planning on running for a long time, as had most of the other candidates (such as Paul Riviere, whose campaign managers filed this Complaint). He had no established campaign committee with overfilled coffers and months of campaigning behind him. In fact, Mr. Robinson did not file as a candidate in the primary election until the very last day possible. What assets he did have at that time were infinitely more bankable than anything possessed by his opponents: he had the broad-based support of both the business community and the general population. Mr. Robinson did not have any rich supporters guaranteeing him a seat in Congress through the bankrolling of his campaign. Instead, he had the support and admiration of the "men on the street" - the type of people who do not buy and sell candidates; they simply get out and vote. As recognized in the Arkansas Gazette, supra, Mr. Robinson's "strongest support, as has remained true throughout his career, came from the masses - the sort of people whose only political activity is voting." And they do give political contributions to their candidates. Their contributions may not individually be anywhere near \$1,000.00 apiece, but in sufficient number, they add up. In essence, Mr. Robinson had the support of people much like himself and his family origins: blue collar and/or working people. His own father was a fireman in North

Little Rock; he was raised in the Rose City neighborhood (which anyone from Pulaski County could tell you is not a well-heeled area).

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Going into the Democratic primary, Mr. Robinson had the strongest chance of all of the candidates, since he was far and away the most popular candidate. However, he also had a pressing need for the money necessary to finance a campaign in 1984. Since he had entered the race late, he had not had time to already establish a substantial campaign fund. But he did have a compelling likelihood of being able to do so in the very near future. As stated by the Office of General Counsel in his brief, Tommy Robinson is not a man of great personal wealth; but he is a candidate of strong popularity and sterling integrity, as well as the possessor of a good personal reputation and credit history. In fact, he is the very sort of candidate for which such bank loans were made possible by the amendments to the FECA: the poor man, without vast personal wealth or ties to such wealth, who would like to go to Congress.

The loans which were made to his Campaign Committee by the several banks listed above were entirely reasonable and in keeping with sound banking practices. It is not unusual for any of these banks to make unsecured short term business loans to those which the banks determine to be good risks. The banks make money on these loans, and both parties are satisfied.

Using the loan from First Commercial Bank as an example, each and every loan conformed with sound banking practice,

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which is the issue in this matter. The First Commercial Bank loan was for a short term, and it bore interest at the usual rate. It was evidenced by the Bank's standard promissory note form (see Attachment 2). The Committee did not go through special channels to obtain the loan - only the routine application and documentation process was followed. There were no favors promised or rendered by either side. The loan was not implicitly guaranteed by any silent backer. Based upon all of the relevant considerations, the loan officer, to the best of his business judgment, considered the loan to be a safe and profitable one for the bank. Because of the strong popularity of the candidate, it was a foregone conclusion that substantial contributions would be made to Mr. Robinson's campaign in the very near future, and that the loan would be easily repaid. All these things are true for each and every one of the loans involved.

Although the First Commercial Bank loan was unsecured, some of the other loans were in fact secured. The loans from Worthen Bank, First Jacksonville Bank, and First State Bank were secured by mortgages upon Tommy Robinson's residence. Seventy-five percent of the initial campaign contributions were pledged to Stephens Security Bank, while fifty percent of the campaign proceeds over \$100,000 were pledged to First State Bank. Tommy Robinson also pledged the rights to his autobiography to First Jacksonville Bank. A \$100,000 life insurance policy also secured the loan from Stephens Security

Bank. Additionally, Tommy Robinson's excellent credit history was known to all of the banks who loaned him money. Their confidence in his ability to repay the loans was not unjustified; the loans from First American Bank, First Commercial Bank, Worthen Bank, and First Jacksonville Bank have been paid in full. The loans from Twin City Bank, Stephens Security Bank, First State Bank, Bank of Salem, and a second loan from Worthen Bank have been partially paid. In fact, as of April 25, 1985, the balance on the loan from First State Bank has been reduced to \$15,000; the balance on the loan from Bank of Salem has been reduced to \$30,000; the balance due on Worthen Bank's loan is down to \$27,900; and the balance on the Twin City Bank loan is now approximately \$26,000.

Obviously, the banks' confidence in Mr. Robinson's ability to win the election was justified, for he is now serving as Congressman for the Second Congressional District. Surely all of these factors are relevant to determining the bona fides of the loan officers who made the loans in question.

It is hardly relevant that Mr. Robinson did not have substantial campaign funds to pledge at the time the loans were made, because he had entered the race at the eleventh hour; certainly he should not be penalized for not having vast personal assets to pledge. What Mr. Robinson did have to offer was his strong likelihood of receiving future contributions, and of winning the election, which he did. That the banks were to look toward future campaign contributions and/or

Mr. Robinson is hardly unusual or imprudent. Not only is this done every day among the banking community, but it has consistently been approved of by this Commission in prior determinations.

III. Argument

- A. The Federal Election Campaign Act does not forbid such loans.

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In its brief, the Office of General Counsel has admitted that the only issue in this matter is whether the loans were made on a basis which assures repayment. The Office of General Counsel has argued, however, that the loans were not made on such a basis because they were not adequately collateralized. For the first time ever, the Office of General Counsel has stated (at page 5) that "the future expectation of political contributions provides a basis of assuring repayment of a loan if the guarantor can provide a sufficient alternate source of payment." This is incorrect; although some of the FEC decisions have considered the fact that alternate sources of repayment were available, it has never laid down a general rule as it has in this case that the alternate source of repayment must be sufficient in value to cover the entire face amount of the loan.

The Office of General Counsel apparently recognizes that this is not a general rule, for at page 6 of its brief, it states that "[i]f there is no alternate source of repayment, the Commission has then considered whether there are 'risk

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reducing features' in the loan agreement which would assure repayment." According to the Office of General Counsel, the alternate sources of repayment and risk reducing features inherent in the loans to Tommy Robinson were not sufficient to pass muster under the Act. Apparently, on the loans for which there were alternate sources of repayment, the Office of General Counsel believes the collateral was not sufficient. For the unsecured loans, the Office of General Counsel believes they possessed too few "risk reducing" features. In every instance, the Office of General Counsel believes something was wrong with each loan to Tommy Robinson. It is apparent that no loan to Tommy Robinson could withstand the Office of General Counsel's recently - increased scrutiny, for it obviously will come up with some reason to find fault therewith.

In spite of the Office of General Counsel's attempt to structure its argument along these lines, its position may still be distilled into this principle: expected campaign contributions to a very popular (and winning) candidate can never be sufficient to pledge as security for loans. If the campaign committee does not already have filled coffers in excess of the amount of the loans, or if the candidate does not have extensive personal wealth, no money should be loaned. In short, someone who needs to borrow money to run for Congress should not be allowed to borrow it, according to the Office of General Counsel. This argument is plainly contrary to the Act, its regulations, and prior decisions of the FEC.

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A review of the relevant portions of the FECA, as well as the Commission's regulations promulgated thereunder, reveals that in no way is hard collateral required to render loans to political campaigns legal under the Act. 2 U.S.C. §441b(a) of the Act provides as follows:

§ 441b. Contributions or expenditures by national banks, corporations, or labor organizations

(a) It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization, to make a contribution or expenditure in connection with any election at which presidential and vice presidential electors or a Senator or a Delegate or Resident Commissioner to, Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section, or any officer or any director of any corporation or any national bank or any officer of any labor organization to consent to any contribution or expenditure by the corporation, national bank, or labor organization, as the case may be, prohibited by this section.

Within the definitions section of the Act, the term "contribution" at 2 U.S.C. §431(8)(B)(vii) is defined as not including:

any loan of money by a State bank, a federally chartered depository institution, or a depository institution the deposits or accounts of which are insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union

Administration, other than any overdraft made with respect to a checking or savings account, made in accordance with applicable law and in the ordinary course of business, but such loan -

(I) shall be considered a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors;

(II) shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and

(III) shall bear the usual and customary interest rate of the lending institution.

By the clear wording of the Act, loans to political campaigns are perfectly legal if they:

- (1) are made in accordance with applicable law, and
- (2) in the ordinary course of business.

Such loans are considered to be in the ordinary course of business if they are:

- (1) made on a basis which assures repayment,
- (2) evidenced by a written instrument,
- (3) subject to a due date or amortization schedule,
and
- (4) bear the usual and customary interest rate of the
lending institution.

The parties are in agreement that the only the issue at hand is whether the loans to Tommy Robinson and his Campaign Committee were "made on a basis which assures repayment," for it cannot be disputed that the other requirements of the Act

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were met. However, the Act does not at all state that all loans, to be "made on a basis which assures repayment" must be fully secured by collateral. Quite the contrary - the Act, as it should, leaves that determination within the business judgment of the lending institution. The Office of General Counsel is reading into the law what simply is not there in absolutely requiring collateral. (Its "risk reducing" features argument clearly does not render these particular loans illegal, as is discussed below.)

The Commission's regulation covering this issue is set forth at 11 C.F.R. §100.7(11). It does not support the General Counsel's posture in this matter, either, and provides:

A loan of money by a State bank, a federally chartered depository institution (including a national bank) or a depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration is not a contribution by the lending institution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule. Such loans shall be reported by the political committee in accordance with 11 CFR 104.3(a). Each endorser or guarantor shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement, except that, in the event of a signature by the candidate's spouse, the provisions of 11 CFR 100.7(a)(1)(i)(D) shall apply. Any reduction in the unpaid balance of the loan shall reduce proportionately the amount endorsed or guaranteed

by each endorser or guarantor in such written agreement. In the event that such agreement does not stipulate the portion of the loan for which each endorser or guarantor is liable, the loan shall be considered a contribution by each endorser or guarantor in the same proportion to the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors. For purposes of 11 CFR 100.7(b)(11), an overdraft made on a checking or savings account shall be considered a contribution by the bank or institution unless: the overdraft is made on an account which is subject to automatic overdraft protection; the overdraft is subject to a definite interest rate which is usual and customary; and there is a definite repayment schedule.

One cannot help but wonder from what source the Office of General Counsel has taken support for its position regarding collateral regardless of the circumstances, for it is not to be found within the Act or its regulations.

- B. The Legislative history of the Act and its Amendments do not support the position of the Office of General Counsel.

In order to locate the source of the Office General of Counsel's position, Respondents have extensively researched the legislative history of the FECA and its amendments. Again, Respondents have instead found support for their position that the presence or absence of collateral is not a controlling issue, but is merely one of the factors by which such loans are considered. Since the passage of the Tillman Act in 1917, national banks have been prohibited from making political contributions. This prohibition continued with the passage of the Federal Corrupt Practices Act of 1925, amended in 1940 and 1948, which defined the term "contribution" to include loans.

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This statute was amended by Congress in 1972 to exclude "a loan of money by a National or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business." The purpose behind this fashioning of an exception to the rule is set forth in Senate Report Number 92-229, 2 U.S. Code Cong. & Adm. News, pp. 1825-26 (1972):

Testimony received from witnesses was unanimously in favor of the granting of loans by National or State banks if such loans were made pursuant to applicable banking rules and regulations. This means that a bank should exercise sound business judgment in extending loan privileges to a political candidate or committee in the ordinary course of business and where necessary, certain security or collateral in order to support a reasonable expectation of payment in due course. This amendment was approved unanimously. (Emphasis supplied)

The supplemental views of Messrs. Prouty, Cooper and Scott at page 1858 are especially illustrative:

First, in section 201 the definition of contribution and expenditure was modified so as to permit candidates for Federal office to obtain bona fide bank loans. Under the present law a bank is prohibited from making a contribution or expenditure to a political candidate. In the future, banks will continue to be prohibited from making contributions or expenditures to political candidates. However, the committee clarified the law so that ordinary bank loans could be obtained. The reason for this change is obvious. No one wants a Federal election law which, in effect, says that only the very wealthy can run for elective office. As a practical matter, it is often necessary for a candidate to borrow money in order to defray immediate and pressing campaign expenses. Under the present law, there was a real danger in permitting even bona fide loans to political candidates because in the absence of an effective disclosure law it would be very easy for a bank making a loan never to collect it. S. 382, as amended, has rigid and effective disclosure requirements. All bona fide

loans made to political candidates must be reported. The candidate must continue to report his loan until it is fully repaid. (Emphasis supplied)

Senator Cannon similarly added his views of such loans on the floor of the Senate (see 117 Congressional Record, p. 28787):

It is clear that while a bank may not use its depositors' funds to make political contributions on its own, the fact that a bank does make bona fide loans to individuals who may use the money so received for political purposes, does not constitute a bank contribution, nor may such bona fide loans be barred.

As stated in the Senate Report, collateral is only required "where necessary." The direct corollary to this statement must be that collateral is not always required - and in fact may not be required where all other considerations demonstrate the lack of need for it. The very reason for this amendment was to enable poor candidates, like Tommy Robinson, to run for office. Again, this takes elections out of the hands of only the very wealthy. If substantial collateral were required from every candidate, the very purpose of the Act would be totally thwarted.

In 1976, these statutes were recodified within the Federal Election Campaign Act of 1971, 2 U.S.C. §§431, et seq. The Act was amended in 1979 to establish standards by which such loans are to be deemed within the "ordinary course of business". These standards are found within 2 U.S.C. § 431 8(B)(vii), and are set forth above. As discussed above, these standards in no way necessarily require collateral. A review of the

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legislative history for these amendments also reveals no support for the Office of General Counsel's posture. In fact, the legislative history never even mentions what is meant by the words "on a basis which assures repayment."

The following is all that is said upon the matter, in House Report Number 96-422, U.S. Cong. & Adm. News, p. 2868 (1979):

(vii) Loans. The current exemption which excludes loans made by National or State banks in the ordinary course of business has been extended to other financial institutions. An overdraft is to be considered a contribution subject to the prohibitions and limitations of the Act. Automatic overdraft protection which is subject to definite interest and repayment is for the purposes of this section, a loan exempted from the definition of contributions.

The bill also establishes guidelines for determining when a loan is made in the ordinary course of business. To be exempted, a loan must be evidenced by a written instrument, subject to a due date or amortization schedule, and bear the usual and customary interest rate of the lending institution. If a loan does not meet all of these criteria, it will be considered a contribution by the lending institution.

The Congressional Record contains no record of floor debate regarding these particular amendments.

Another telling point is the sparse attention given these amendments by the Federal Election Commission in its own publication, the "Record," in March of 1980:

The amendments extend the contribution exemption for bank loans to include loans made by federally chartered depository institutions which are required by the FDIC, the Federal Savings and Loan Insurance Corporation or the National Credit Union Administration - in addition to the currently exempted loans from State and National banks.

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Again, the legislative history surrounding the Act and all of its amendments does not provide any support for the Office of General Counsel's approach to the issue of collateral. Instead, it is obvious that collateral is a relevant factor, among others, which should be considered, but that it is not necessarily required where all of the other considerations demonstrate that the loan in question was made on a basis which assures repayment. Any banker will tell you that all loans do not require collateral in order to be considered good risks; some loans are safely assured of repayment without collateral, based upon the likelihood of repayment in light of other considerations (discussed more fully below). Clearly, it is relevant and necessary to look into the practices of the banking community, since neither the Act nor its legislative history place narrow limits upon which loans are "made on a basis which assures repayment." The Office of General Counsel's attempted substitution of its judgment for the best business judgment of the loan officers involved herein is unwarranted.

- C. Prior determinations of the Federal Election Commission do not support the position of the Office of General Counsel.

Again, after reviewing prior determinations of the Federal Election Commission in matters under review involving this question, one is left with a firm conviction that the Office of General Counsel must have recently rotated 180 degrees in order to argue that the loans to Tommy Robinson and his Campaign

Committee were illegal. It is an understatement to say that the Office of General Counsel is clearly being inconsistent in its approach to this issue. When the facts of this matter are viewed in light of the Federal Election Commission's prior determinations, the conclusion is inescapable that the loans to Tommy Robinson and his Campaign Committee were legal under the Federal Election Campaign Act.

(1) In the matter of Druie Douglas Barnard, Jr.; MUR 218 (76)

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(2) Senator James R. Sasser; MUR 216 (76)

The Commission's determination in the matter of James R. Sasser is especially illuminating. In 1976, the Commission found no probable cause to believe that Senator Sasser had violated the Act in spite of the fact that he had received \$125,000 in unsecured loans for his campaign, which were to be repaid entirely from future fund-raising efforts. This determination was made in spite of the following facts: (1) the loans were unsecured; (2) the loans were for indefinite terms; (3) the loans did not have definite repayment schedules; (4) the amounts were very large compared to Senator Sasser's net worth; (5) the bank officers making the loans knew Senator Sasser on a personal basis; (6) one of the officers involved was an executive in three of the four banks involved in the making of the loans; and (7) there were interlocking directorships among the banks making the loans. However, the interest rates were in line with the prevailing rates for ordinary business customers at that time.

In its report to the Commission, the Office of General Counsel looked to banking regulatory processes, and noted that the Comptroller of the Currency does not question loans that have been repaid, as had the loans to Senator Sasser's campaign. (One cannot help but wonder why the Office of General Counsel has not taken the same approach at least to the loans made by First American Bank, First Commercial Bank, Worthen Bank, and First Jacksonville Bank to Tommy Robinson,

for all of these loans have been repaid.) Further, the General Counsel looked to corporate law to the effect that as a general rule, a decision to extend credit or cancel debts cannot be challenged unless there is some evidence that the action was done by an officer in bad faith or outside of corporate purposes. Further, the General Counsel admitted on page 18 that "[w]hat is sufficient to remove such actions from the business judgment rule varies somewhat from state to state." The General Counsel listed several criteria by which such loans should be examined, and admitted that there is no single controlling standard. Accordingly, the relevant questions are as follows:

(1) Does the loan comply with federal banking laws and regulations? In other words, has all necessary paperwork been completed in the bank's credit files? Are the loans not in excess of the bank's legal lending limit?

(2) What are the terms of the loan? In other words, the amount, length of term, interest rate, presence or absence of collateral, presence or absence of consignors and guarantors are all relevant. However, the Office of General Counsel admitted on page 21 that "[l]ack of collateral may be a factor depending upon the credit worthiness of the borrower. None of these factors is alone dispositive." (emphasis supplied)

(3) How was the loan obtained? Were the normal channels for application and documentation observed?

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(4) What is the relationship between the authorizing officer and the borrower? In other words, the closer the relationship, the more likelihood that a favor has been granted.

(5) Was there sufficient evidence to support the judgment of the loan officer at the time that the loan was made? Did the borrower have sufficient assets or earning capacity to justify the extension of credit? The General Counsel admitted on page 22 that a very positive factor can definitely outweigh a negative factor in this regard.

(6) Did the bank expect to be repaid? Was this expectation reasonable? To that end, the loan officer may consider the personal assets and earning capacity of the borrower, as well as his fund-raising capacity.

(7) Does the bank make loans of a similar nature?

(8) What is the relationship between the banks making the loans?

Making his recommendation to the Commission that the loans did not violate the Act, the General Counsel noted that the interest rates for the loans were in line with the prevailing rates for ordinary customers at that time, and stated that the loans appeared to have been made within the area of judgment reserved to banks in making loans, based on Senator Sasser's net worth and earnings, as well as his chances for success and general reputation. As the General Counsel stated:

The basic decisions to make the loans seemed readily defensible as within the area of judgment

reserved to banks in the making of loans on the basis of Mr. Sasser's present worth and earnings, his prospective earnings whether or not successful in his candidacy and his general reputation. Absence of specific security for the loan, though a factor in judging the risk taken by the bank, is not in itself a reason for concluding that the loan was unwarranted. (emphasis supplied) In short, nothing suggests that the loans were unacceptable from the point of view of the banking authorities.

The General Counsel admitted on page 29 that the Congress believed that the law was not to be construed narrowly to "hinder candidates from obtaining loans." Additionally, the discussion of the issue of collateral on page 29 is highly illustrative, and bears repetition:

As an initial matter, it would seem that the presence or absence of security from the candidate might well be a factor under FECA in assessing the merits of a loan. The Act itself in 2 U.S.C. §451, mentions security and explicitly directs other agencies responsible for regulating enterprises likely to extend credit to candidates to set forth rules which regulate any unsecured credit. Parts of the legislative history, noted above, emphasize security as a factor of importance. Without more, however, the words of the Act do not seem to establish anything nearly so specific as a requirement for security, especially in light of the underlying purpose of the amendment to remove ordinary bank loans from the definition of contribution.

Although the Sasser determination was rendered prior to the 1979 amendments to the Act, it cannot be argued that the current requirements of the Act are more stringent than those standards by which Senator Sasser's loans were judged. As stated above, the General Counsel not only looked to the terms of the loan, but also the absence or presence of collateral. The General Counsel also considered whether the banks had

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expected repayment of the loans, and whether this expectation was reasonable. The present state of the law is no more stringent than the standards by which Senator Sasser's loans were judged. The candidate's capacity for fund-raising was relevant in 1976 as to whether the bank's expectation of repayment was reasonable, and it is relevant today.

Although the Office of General Counsel admits that the expectation of future contributions was considered to be an adequate basis to assure repayment of a loan, he attempted to distinguish the Sasser case by stating that the collateral was sufficient "only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized." This is not correct. Senator Sasser's personal reputation was specifically mentioned as also being relevant. Further, the Office of General Counsel has obviously overlooked all of the other factors mentioned above which the FEC indicated that it considered relevant in appraising such loans. Indeed, Senator Sasser's net worth and earnings should have been relevant, since the loan transactions involved therein bore far fewer "risk reducing factors" than did the loans made to Tommy Robinson. For example, the loans to Senator Sasser were for indefinite terms without repayment schedules. Further, the bank officers making the loans knew Senator Sasser on a personal basis; one of the officers involved was an executive in three of the four banks involved in the making of the loans, and there were interlocking

directorships among the banks. Importantly, the loans were admitted to be very large when compared to Senator Sasser's net worth.

When the loans made to Tommy Robinson and his Campaign Committee are considered in light of the factors listed by the General Counsel in the Sasser determination, it is obvious that they must pass muster under the Act. First, the loans to Tommy Robinson and his Campaign Committee complied with all banking laws and regulations. All of the necessary paperwork was completed, and the banks' legal lending limits were not exceeded. Second, the terms of the loans were those routinely given to similar customers. The loans were for a short term; they were at the usual and customary interest rates for similar customers, and Mr. Robinson personally guaranteed the loans. Third, normal application and documentation channels were observed in every instance. Fourth, Mr. Robinson had no close relationship with the authorizing officers. Certainly, the banks did not render or expect any favors. Fifth, Mr. Robinson's demonstrated capacity as a fund-raiser, as well as his outstanding and unusual personal reputation and popular support, provided a sound basis to support the banks' decisions to loan him the money at the time and to support their expectations of repayment. Sixth, the banks were in the business of making similar unsecured, short term business loans. Finally, there are no interlocking directorships among the banks involved herein, unlike the situation found in the

Sasser case. Surely, if Senator Sasser's loans were legal, Tommy Robinson's are.

Again, the only factor at issue herein is whether the loans were made on a basis assuring repayment, because there was not an abundance of collateral pledged to the loans. However, by the admission of the General Counsel to the FEC, the presence or absence of adequate collateral is merely one factor, and is not solely dispositive of the issue. In light of all of the other, positive facts surrounding the making of the loans to Mr. Robinson and his Campaign Committee, it cannot be said that such loans were unsound or not in the ordinary course of business. On the contrary, the banks were all following sound banking practices when they decided to loan the money to Tommy Robinson and his Campaign Committee. It was within the business judgment of the loan officers to consider his strong popularity and his great chances of receiving political contributions in the near future in their decisions to make the loans. Surely, it was never intended that the FEC should begin to make state banking law, which is what the Office of General Counsel would have it do.

(3) Brown for President Committee; MUR 382 (77)

In his report to the Commission, the General Counsel concluded that seven loans totaling \$375,000 from four California banks to California Governor Jerry Brown's Presidential Primary Campaign Committee did not violate 2 U.S.C. §431(e)(5)(G). Although no collateral whatever was

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pledged for the loans, the Committee informally pledged receipts expected from future benefit fund-raising concerts, and anticipated Federal Matching Fund payments. All of the loans were short term "cash flow" loans, and bore interest rates between 9% and 10%. Without much discussion, the General Counsel stated:

Although no collateral was furnished by the Committee, the lending banks were informed at the time of the loan applications of a continuing series of successful fund-raising concerts and a sizeable amount of Federal Matching funds the committee expected to receive. We believe the lending banks made the loans "in the ordinary course of business" in view of the expected receipt of funds from the fund-raising concerts and Federal Matching payments.

It is hard to understand why the Commission would summarily decide that it was acceptable to consider future fund-raising efforts and as yet uncertified Federal Matching Fund payments in place of collateral in Jerry Brown's campaign, but not to consider such sources of repayment in Tommy Robinson's campaign. The Office of General Counsel has taken a totally inconsistent approach by disregarding them in the instant matter.

In its brief, the Office of General Counsel has argued that the expected Federal Matching Fund payment made the difference between the loans to Jerry Brown and Tommy Robinson. To the contrary, no real distinction exists. At no place in the General Counsel's Report is it stated that the Federal Matching Funds were yet certified; they were merely "expected." They were no more guaranteed than the "expected" rock concert

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receipts. In the instant case, campaign contributions to the most popular candidate were just as reasonably "expected." Unlike Jerry Brown, Tommy Robinson did give collateral for some of his loans. In fact, the only real difference between Jerry Brown's and Tommy Robinson's loans is the fact that Jerry Brown ran for President and Tommy Robinson ran for Congress -- along with the fact that the Office of General Counsel has taken a much more pointed interest in pursuing Tommy Robinson than Jerry Brown. The term "selective enforcement" readily comes to mind in reviewing the Office of General Counsel's purported distinctions between the two cases.

(4) Advisory Opinion 1980-108: National Unity
Campaign for John Anderson

The same comments apply to the Office of General Counsel's attempt to distinguish John Anderson's loans from those to Tommy Robinson. Upon request, the FEC gave an advisory opinion to counsel for John Anderson to the effect that certain bank loans that were to be repaid from post election Federal Funding would not necessarily be violative of the requirement that bank loans be "made on a basis which assures repayment," although no other collateral would be posted for the loans, and it was not certain that John Anderson would even receive the funding. On page 10 of its opinion, the Commission stated:

While the risk of nonrepayment may be higher in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient post-election financing than it is in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient primary Matching Funds, the Commission

concludes that the existence of such risk does not, standing alone, take a loan secured by an expectancy in post-election public funds outside the scope of the "ordinary course of business" for the purpose of 2 U.S.C. §431(8)(B)(vii).

According to the Commission, the candidate's performance in the most recent polls was highly relevant to the lenders in arriving at their decision to make the loans. In its opinion, the Commission quoted the United States Supreme Court in Buckley v. Valeo, 424 U.S. 1, 102 (1976), wherein it was stated:

But in the nature of things the willingness of lenders to make loans will depend upon the pre-election probability that the candidate and his party will attract 5% or more of the voters. When a reasonable prospect of such support appears the party and candidate may be an acceptable loan risk since the prospect of post-election participation and public funding will be good.

In its brief, the Office of General Counsel has argued that the loans to John Anderson contained enough "risk reducing features" to convince the FEC that the loans would be repaid. The first, and obviously most important factor was the availability of post election matching funds based on the number of votes received. Again, this is hardly a guarantee that a sufficient amount of funds would be available -- no one knew for sure at the time how much funds would ultimately be available for John Anderson. In fact, no one knew for sure that any funding would be available for John Anderson. The distinction between John Anderson's situation and Tommy Robinson's is not the sort that would cause one to find a violation on Tommy Robinson's part -- at least Tommy Robinson

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the fact that the loans were made on a basis which assures repayment by stating: "The conclusion that these loans were made on a basis which assures repayment is supported by the fact that the loans were secured by mortgages on real estate and stocks owned by Flowers and his wife. "Unlike the instant case, the Office of General Counsel made no effort to dig around for reasons to conclude that the mortgages were inadequate, or that Walter Flowers had insufficient personal net worth. It simply accepted the collateral as a proper back up method of payment. What possible difference there is between Tommy Robinson's and Walter Flowers' loans is elusive.

On the other hand, it is entirely understandable that Flowers' Committee's drafts were not acceptable under the Act; no repayment schedule was prearranged, nor were interest or service charges assessed, as was the bank's customary practice with civic groups and political campaigns.

(6) Kennedy for President Committee; Chemical Bank of New York; MUR 1195.

In its brief (at page 6), the Office of General Counsel has attempted to distinguish the loan to the Kennedy for President Committee which was determined by the FEC to be legal under the Act in 1980 from the instant case. The Kennedy matter under review resulted from a complaint filed by the campaign committee of one of Kennedy's political opponents, Lyndon Larouche, after Kennedy had obtained a \$1 million loan secured by expected (but not yet certified) federal matching funds. Apparently Larouche had not been so fortunate in his request for a similar campaign loan, and his Committee filed a

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complaint in much the same spirit of political "sour grapes" as that which motivated Paul Riviere's campaign managers. Larouche's Committee argued that the FEC must impose a requirement that a bank grant every political committee's request for a loan, once the bank has made a loan to any campaign. However, the FEC refused to read this requirement into the Act, since it was not specifically "mentioned in the Federal Election Campaign Act." Id. at p. 4. If the FEC has once refused to read into the Act what is not there, why not do the same in Tommy Robinson's case? Why should the Office of General Counsel now go to such extraordinary lengths to require incredible amounts of "alternate sources of repayment" and "risk-reducing features" when neither the Act nor its regulations so require? It appears that the Office of General Counsel made every effort to grant special dispensations to Teddy Kennedy's Campaign, and to do just the opposite for Tommy Robinson.

Another interesting point about the Office of General Counsel's Report to the FEC on the Kennedy matter is that at footnote 5, page 5, the Office of General Counsel considered Lyndon Larouche's poor showing in the primaries (less than 2%) to be a reasonable basis for Chemical Bank's denial of his loan application. If that is true, the converse must be true, i.e., a strong showing in the primary is a good justification for making a loan to a candidate. The Commission cannot have it both ways -- either the factor of popularity is relevant, or it is not. Clearly, the FEC's determinations show that it is
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relevant, and that the Office of General Counsel should give more credence to Tommy Robinson's strong showing in the polls, the primary election, and the runoff, in scrutinizing his loans.

However, the most damaging aspect of the Kennedy report to the Office of General Counsel's case herein is that section which addresses the issue of collateralization of Kennedy's loan. When Kennedy's Committee borrowed \$1 million, it only had \$272,316 of matchable funds, a sum which is clearly not the full extent of the loan. These funds were not certified when the Kennedy Committee applied for the loan; in fact, almost \$800,000 of the principal was paid to the Committee before it was even certified as eligible to receive matching funds. Larouche's Committee argued that this fact warranted a finding that there was reason to believe a violation of the Act had occurred.

The Office of General Counsel, however, disagreed, and in language acutely applicable to Tommy Robinson's case, explained its position with regard to collateral:

Thus, essentially the Complainant asserts that a campaign loan must be secured by, at minimum, a future interest, and that to provide a loan secured by a future expectancy results in a loan made out of "the ordinary course of business." However, although it may not be a sound business judgment to make a loan secured by an expectancy, there is no evidence which indicates that it is not the usual custom of lending institutions to do so. Indeed, loans secured by the expectation of future earnings are commonly made; for example, banks often grant student loans and loans to amateur athletes which are secured by anticipated salaries once professional status is obtained.

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Furthermore, President Carter's campaign committee obtained a bank loan in 1976 collateralized by matching fund payments at a time when that committee was not certified by the Commission to receive matching funds; and the Baker Committee obtained a \$75,000 loan from a Tennessee bank on September 11, 1979, also collateralized by matching funds, although the Baker Committee was not certified as eligible to receive such funds until November 13, 1979. See Attachment IV. This is a further indication that it is within the customary practice of lending institutions to make loans to political committees secured by the expectancy of matching fund payments. In this instance the Bank took additional steps (i.e. the certificate of the Committee treasurer, the insurance policies on the Senator, the Committee warrants not to violate the Act) to protect this future expectancy, and thus make it a reasonable expectation as well. (Emphasis supplied)

Id. at pp. 6-7.

If it was found to be "within the customary practice of lending institutions to make loans to political committees secured by the expectancy of matching fund payments" in the Kennedy matter how can the Office of General Counsel go to such extraordinary lengths to find a violation of the Act in Tommy Robinson's loan? Tommy Robinson was a very popular candidate, and won the election in which he ran, unlike Senator Kennedy. Further, the "risk-reducing factors" in the Kennedy loan were no more compelling than the security given by Tommy Robinson. The Office of General Counsel cannot get around the fact that most of Tommy Robinson's loans have been repaid -- which is proof positive that they were "made on a basis which assures repayment." One is compelled to question why the Office of General Counsel was so reluctant to substitute its judgment for

that of Chemical Bank's loan officers in the exercise of their best judgment, but is so eager to do so for the banks in central Arkansas. In any event, the Kennedy matter does not set forth any hard rule about "risk-reducing features" as argued by the Office of General Counsel.

IV. Conclusion

One cannot help but wonder why it is acceptable for the Office of General Counsel to argue that unsecured loans to political campaigns are perfectly acceptable in the matters discussed above, but that they are necessarily illegal in the case of those made to Tommy Robinson and his Campaign Committee. Such inconsistency on the part of the Commission leaves candidates and their Committees with no firm ground upon which to stand. In fact, Tommy Robinson and his Campaign Committee read the Jerry Brown for President Committee report before it even approached the banks about the loans involved herein. Although it is understood that each situation must be reviewed on an individual basis, and that no single factor is dispositive, candidates must be able to depend upon the decisions of the very agency charged with upholding the FECA. If the Commission were to adopt such an inconsistent approach to the interpretation of the Act, nothing but chaos and confusion would ensue. Any action taken by a candidate or his campaign committee would be in peril of being deemed illegal by the Commission, regardless of the candidate's attempts to comply with the terms of the law. Surely such a result cannot

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be the intent of the Commission, for it was certainly not the intent of Congress when the FECA was passed.

Tommy Robinson is the essence of the type of candidate for which bank loans were exempted from the prohibitions of the FECA: a relatively poor man, with great public support from all sides (especially from the working class), who wants to go to Congress. Without wealth of his own, and without close ties to riches, he needed substantial bank loans in order to finance his campaign. The banks which loaned him the money exercised good business judgment in deciding that he would likely be successful in his efforts, and able to repay the loans from future campaign contributions. Their belief in his ability to win was justified: he handily beat his opponents in the Democratic primary and runoff, and in the general election.

As discussed above, the 1972 amendments to the Act were passed so that poor people could afford to run for public office. In fact, one of the overriding reasons for the passage of the Act itself was to remove elective office from the realm of only the very wealthy, and to restore the power to successfully run for office to people of limited means. As Representative Staggers stated at page 42063 of volume 117 of the Congressional Record:

When reduced to its simplest terms, this legislation as I see it, would eliminate money as the principal determining factor of who is elected to Federal Office, or for that matter, who can run for Federal elective office which in some cases is just as important....each election it becomes more and more difficult for honest men

of limited means to run and get elected to Federal Office.

At page 42068, Representative Conte added his views:

Unless we take decisive action we will soon end up with a Congress that is little more than a club for millionaires and those beholden to wealthy interests. This was not the intent or the desire of our Founding Fathers, nor is it the desire of the people we represent.

Senator Muskie is quoted at page 29321 as having the same concerns:

But as our practices of equality in voting have grown, our opportunities for equality in seeking office have shrunk. Once again, wealth is a barrier to democratic practice. Today, it is not state statutes, but the extraordinary cost of running a campaign that keeps all but those who can raise vast amounts of money from seeking office. If we do not drastically alter our campaign practice, only those who are wealthy, or who are chosen by the wealthy, will be able to compete for elective office. This is an outrage in a democratic Nation.

Because Tommy Robinson entered the race for the Democratic nomination to the Second Congressional District only shortly before the primary, he had not had an opportunity to build up large amounts of contributions prior to his applications for the bank loans. The absence of substantial amounts of contributions to his campaign was therefore merely the result of his late entry into the race; it had absolutely nothing whatever to do with his ability to raise such funds. To the contrary; he is and was a very popular public figure, and a man capable of engendering phenomenal popular support. And clearly, the ability to get votes is a relevant factor in scrutinizing the soundness of loans made to a political

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candidate.

Nevertheless, this Commission, in its inconsistent and unswerving demand for collateral for such loans, would come to a result totally at odds with the intent of the Act. In essence, the Commission would require that Tommy Robinson be able to pledge vast amounts of personal assets as collateral for these loans, since he did not already have an amount of campaign contributions equal to the amounts of the loans. One can only deduce from the Commission's position in this regard that since Mr. Robinson entered the race for Congress late, and since he is not a wealthy man, he should not run at all. Surely such a result is not in keeping with the intent of Congress, nor is it in keeping with the prior decisions of this very agency which is charged with the enforcement of the FECA.

One of the most disturbing aspects of the Office of General Counsel's approach to this investigation is the fact that it is urging the FEC to make state banking law, and indeed, to create new federal law by drastically changing its interpretation of the Act. Certainly Congress never intended to give the FEC the power to impose its judgment for that of local loan officers as to whether certain loans are good business risks. It is also vital to note that there is absolutely no showing whatever in the record before this Commission that the collateral, if any, which was pledged as security for Tommy Robinson's loans was not perfectly acceptable to the banks involved. All of the banks considered these loans to be in accord with sound business practice. The FECA clearly gives no authority to the

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FEC to establish standards by which loan applications are to be evaluated.

Further, the proper party to amend the FECA is Congress, and not the FEC through drastic shifts in interpretation of the Act. At no place in the FECA, or the regulations promulgated by the FEC, is there to be found any support for the Office of General Counsel's position. Clearly, the Office of General Counsel is attempting to supply what is not found in the law and its efforts to do so are highly improper. By being held to a different standard than what is provided for in the law, the regulations, and the Commission's determinations, the Respondents are clearly being denied due process. When the loans were made, the respondents had no way of knowing that the loans would be deemed illegal, based on the state of the law as it then existed. There can be no doubt that the approach adopted by the Office of General Counsel is proscribed by the United States Constitution's prohibition against ex post facto laws. One cannot be charged with illegal behavior if one could not reasonably determine its legality prior to its occurrence.

The most incredible factor in this situation is the fact that it resulted from a complaint entirely motivated by the political maneuvers of the campaign managers of Tommy Robinson's opponent in the runoff election. The filing of the complaint was patently designed with the media in mind, and to influence the outcome of the runoff election. What the FEC must realize is that the Commission was used -- unsuccessfully

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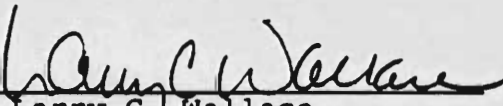
-- as a political tool. When the complaining parties attempted to withdraw the complaint, their real reason for filing it became apparent. It is absurd that the Commission not only refused to allow the complaint to be withdrawn, but has allowed the matter to get this far. If every disappointed candidate for political office filed a complaint with the FEC against his or her opponent(s), how could the FEC possibly handle the resulting work load? By the same token, should the FEC allow itself to be manipulated by unsuccessful candidates who are motivated purely by "sour grapes?"

In light of all of the above, Respondents respectfully urge this Commission to reject the outrageously unfounded position of the Office of General Counsel and to resist its efforts to obtain a finding of probable cause. It is sincerely hoped that this Commission exercises judgment that is independent of that of the Office of General Counsel, and that its action is not simply a "rubber stamp" approval of the position taken by its staff.

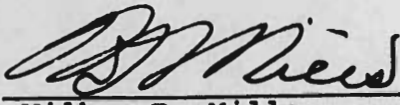
Respectfully submitted,

HOUSE, WALLACE, NELSON &
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(501) 375-9151

By:


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Attorney for Tommy Robinson
Campaign Committee and its
Treasurer, George M. Felkins

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By: 
Wilbur D. Mills
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Treasurer, George M. Felkins

86040764874

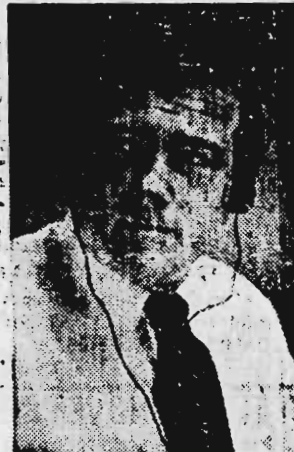
'Tommy' Has Celebrity Status

By DOUG SMITH

Gazette Staff

It's hard to believe that Tommy Robinson made his first race for political office only four years ago, and a little hard to believe that the office he won that year and still holds is "only" sheriff of Pulaski County. It seems like he's been around for years, and in high places.

In a way, Robinson has become the dominant figure in Arkansas politics — the one that everybody talks about. No other local official has ever



— Staff Photo

TOMMY ROBINSON

achieved such statewide celebrity. Last spring, a reporter covering the Democratic primary in the Second Congressional District remarked on the Robinson phenomenon:

"Not only does everybody know who he is, they all call him by his first name."

Robinson, 42, was reared in the Rose City neighborhood of North Little Rock, the son of a fireman. After serving in the Navy, he embarked on a career in law enforcement. He was assistant director of the public safety department at the University of Arkansas at Fayetteville for one year and was with the United States Marshals Service three years, the State Police two years and the North Little Rock Police Department six years. Along the way, he earned a bachelor's degree in criminal justice from the University of Arkansas at Little Rock. (Higher education helps account for Robinson being one of the most articulate law-enforcement officers that reporters ever meet, and therefore one of the most quotable. The rest of it is a natural glibness and a willingness to express strong opinions.)

He was police chief at Jacksonville for 3½ years, and this was when he first began to attract the attention of the news media. He was an aggressive chief with new ideas, one of them being that police officers should spend less time giving speeding tickets and more time catching real criminals. He was also, it became clear, recklessly outspoken. He made political enemies — because he was doing his job too well, he said. Because he

Robinson's Tenure as Sheriff Marked by Controversy, Lawsuits

Continued from Page 1A.

spent too little time doing his job and too much time practicing city politics, they said, noting that he had also formed political alliances. But his strongest support, as has remained true throughout his career, came from the masses — the sort of people whose only political activity is voting.

It was at Jacksonville also that he first began to collect lawsuits, a habit that has stayed with him. (One thing that Robinson has proved during his career is that he can't be intimidated by litigation, or the threat of it. He now suggests that being sued is the inevitable consequence of doing what's right. He is not popular with lawyers, and *vice versa*.)

Catches Clinton's Eye

He caught the eye of Bill Clinton, then serving his first term as governor. Mr. Clinton appointed him director of the state Public Safety Department, a position that had been — until Robinson's appointment — less imposing than it sounded. The Public Safety director was intended to be a sort of co-ordinator and administrative overseer for a number of important state agencies — including the State Police, the National Guard and the Alcoholic Beverage Control Division — without involving himself in the day-to-day operations of the agencies. That concept proved too confining for Robinson, especially in regard to the State Police. (And it was probably a bad idea

to begin with. The position was abolished in 1981, after Robinson had left.) He began traveling the state, taking an active part in the work of the agencies under him. He created a new "white-collar crime" unit of the State Police that worked directly under his supervision, and he tried to acquire personal supervision of the governor's security officers. These efforts and others put him in conflict with the State Police Commission and the State Police director. He was, as he'd been at Jacksonville, remarkably accessible to reporters, and as a high-ranking state official he was receiving more statewide exposure than ever.

He resigned the Public Safety director's job in 1980 to run for sheriff of Pulaski County. He said he was basically a crime-fighter, not an administrator. He defeated the incumbent — who was, Robinson said, a politician and not a crime-fighter. He was not yet the bane of liberal-to-moderate voters that he would later become. Despite his conservative-sounding talk about getting tough on crime, it was thought that he might be progressive in some areas, such as civil rights. Besides, Bill Clinton had appointed him, he was a professional lawman (many sheriffs aren't) and he *seemed* presentable. (One of the secrets of Robinson's political success is that he can captivate the media with outrageous statements, and actions, assuring himself of the widest possible coverage, then in his next public appearance pass himself off to the au-

dience as the most quietly reasonable, least radical, most thoroughly misunderstood and mistreated man in politics.)

Says He's More Used

People who thought they knew Tommy Robinson learned after he was elected sheriff that they hadn't seen anything yet. Finally Robinson had a job that combined high visibility and a relatively broad jurisdiction (qualities that the Jacksonville chief's job had lacked) with real muscle (which the Public Safety job had lacked). Pulaski County is the largest urban area of the state, and because the state's news media are concentrated there, it seems even larger in the press and on the airwaves. Politically, old friendships and reciprocal relationships are less important than skillful handling of the media. Nobody had ever seen a media-manipulator like Robinson. Robinson insists that he is more used than user in his relationship with the media, but reporters and editors have found it virtually impossible to cut down on Tommy Robinson coverage even when they wanted to.

Some highlights from Robinson's first term in office:

- ★ He engaged in a bitter fight with County Judge William E. Beaumont and members of the Quorum Court over funding for the sheriff's office. At one point, he arrested Beaumont and County Comptroller Jo Growcock because of difficulty in getting some money for his office. (Beaumont didn't run for re-election, and it was generally believed that his problems with Robinson were a big reason why. Robinson in his second term seems to have gotten on reasonably well with Beaumont's successor, County Judge Don Venhaus.)

- ★ Contending that the state Cor-

Election

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rection Department wasn't taking prisoners from the County Jail quickly enough, Robinson hauled 14 prisoners to the Correction Department office outside Pine Bluff, chained them to a guard tower and left them there. When an inaccurate rumor circulated that the State Police were bringing the prisoners back to the County Jail, Robinson posted a cordon of deputies around the Jail and appeared ready to engage the State Police in armed combat.

- ★ Relations between the sheriff's office and the Little Rock Police Department dropped to their lowest level ever. Robinson has said that the Little Rock Police do a poor job, and he and Police Chief Walter E. (Sonny) Simpson have accused each other of unprofessional conduct. Two high-ranking officers from the two departments once got in a fistfight at the Police Station.

- ★ Robinson stopped a car and pulled his gun on the driver after the driver made an obscene gesture at him. The driver said that Robinson was "tail-gating." Each man asked that a warrant be issued against the other. No warrants were issued by Prosecuting Attorney Wilbur C. (Dub) Bentley, another public official with whom Robinson maintains unfriendly relations.

- ★ While talking with reporters after a federal court hearing on County Jail operations, Robinson repeatedly referred to federal Judge George Howard Jr., the state's only black federal judge, as

a "token judge." In an interview the same day, he said "Law enforcement is still my number one priority before I'll coddle those little darlings [inmates] to make sure they have fried chicken and watermelon to eat every day." He denied charges that these statements were racist.

- ★ On Judge Howard's orders, Robinson was jailed for two nights at Memphis for ignoring a court order concerning the operation of the Pulaski County Jail.

- ★ Robinson initiated a highly publicized anti-robbery campaign in which shotgun-carrying deputies hide in convenience and liquor stores waiting for robbers. Stores participating in the program post large warning placards. The program seems to have had some success, and it further enhanced Robinson's image as a tough cop.

- ★ In the sensational Alice McArthur murder case, Robinson arrested Mrs. McArthur's husband, William C. McArthur, and charged him with conspiracy to commit murder, although Prosecutor Bentley had said there was insufficient evidence to support the charge. Eventually, three other persons were convicted in the McArthur case, and a Grand Jury agreed with Bentley about the lack of evidence against William McArthur. McArthur filed a false-arrest suit against Robinson. An undisclosed settlement was reached.

Elected Easily

Robinson was elected to a second term easily. His second term has been somewhat quieter, partly because he hasn't been engaged in daily warfare with the county judge's office since Venhaus replaced Beaumont. And partly, maybe, because his attention was diverted to thoughts of higher office. He has made numerous speak-

ing engagements around the state, and there was speculation that he would run for governor. Instead, he chose to seek the Second Congressional District seat being vacated by Representative Ed Bethune.

Firmly ensconced as the Buford Pusser of Arkansas politics, Robinson could afford to run a relatively quiet, noncontroversial campaign in the Democratic primary, and that's what he did. Uncharacteristically, he even put some distance between himself and the press. In fact, there were charges that his campaign manager, Darrell Glascock, was rationing and editing the candidate's public utterances, to avoid statements that might offend or frighten voters. Robinson won the nomination fairly easily, as expected, though he financed his campaign with huge bank loans.

Contradictory Ideology

Like his personality, which can be either charming or abusive, Robinson's political ideology is somewhat contradictory. As sheriff, he seemed to move farther to the right than ever before, and became the darling of the conservative law-and-order faction. He frequently espouses a kind of George Wallace populism that appeals to blue-collar voters, while he retains the support of some of Little Rock's leading businessmen. As a congressional candidate, he has taken moderate — sometimes even liberal — positions on certain issues, such as the Equal Rights Amendment, which he supports and his conservative Republican opponent, Judy Petty, is against. Political analysts theorize that Robinson believes no one can win his right-wing supporters away, and that he needs to appeal to moderate and liberal Democratic voters who might otherwise sit out the election or vote for the independent candidate, Jim Taylor.

35,000.00

Bank of Little Rock or to "CNB" or
"Bank" shall hereinafter in the refer-
ences to First Commercial Bank, N.A.

On demand, if no demand then on or before
thirty (30) days--

LITTLE ROCK, ARK

May 7

DAYS AFTER DATE, I, WE, OR EITHER OF US, PROMISE TO PAY TO THE ORDER OF

COMMERCIAL NATIONAL BANK OF LITTLE ROCK

---Thirty-Five Thousand and No/100---

For value received, negotiable and payable, without defalcation or discount, at the office of COMMERCIAL NATIONAL BANK of Little Rock, Ark., with
interest from date at the rate of 11 per cent per annum in maturity. If any part of the principal or interest is not paid at maturity, it shall thereafter
bear interest at the contract rate stated herein or at the highest rate then permissible under governing law, whichever is greater. The maker and endorser of
this note hereby severally waive presentment for payment, notice of nonpayment, and protest, and do hereby consent that the time of payment of this note or any part
of said debt may be extended from time to time without notice thereof. Upon default the maker agrees to the payment of reasonable attorney's fees and costs
ten per cent (10%) of the amount of principal due, plus accrued interest.

425 W. Broadway, Suite K

North Little Rock, Ark 72114

BY:

Jimmy Robinson For Commercial National Bank

Dwight Glasscock

Jimmy Robinson

86040:04877

SHEA & GOULD
1627 K STREET N.W.
WASHINGTON, DC 20006

To

Andrew Maikovich, Esq.
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C.

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RECEIVED AT THE FEC
Markovich

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May 1, 1985

FEDERAL EXPRESS

Secretary
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: MUR 1721, First American Bank of Hot
Springs, N.A., Hot Springs, Arkansas

Dear Sirs:

This has reference to Mr. Charles N. Steele's
letter dated April 1, 1985, which I received on April 3,
1985. First American Bank was granted an extension to
May 3, 1985, to respond. A copy of the extension letter
signed by Kenneth A. Gross is attached hereto.

As requested, we are enclosing herewith the
following:

1. Ten copies of the Reply Brief of First American
Bank.
2. Ten copies of a supporting affidavit signed by
Leonard K. Dunn, Chairman, President and Chief Executive
Officer of First American Bank.
3. Ten copies of a supporting affidavit signed by
Mickey E. Cissell, Executive Vice President of Worthen
Banking Corporation.

We are also forwarding three copies of the above documents
along with a copy of this letter to the Office of General
Counsel.

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MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER


Secretary
Federal Election Commission
May 1, 1985
Page Two

In summary, we strongly disagree with the General Counsel's recommendation that probable cause exists for a finding that First American Bank has violated the provisions of 2 U.S.C. § 441b(a). For the reasons set forth in our brief, we strongly urge the Commission to reject the General Counsel's recommendation for a finding of probable cause.

Very truly yours,

MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER

By


H. Maurice Mitchell

HMM:rd
Enclosures

cc: Office of General Counsel
Mr. Leonard K. Dunn

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
First American Bank of)	MUR 1721
Hot Springs, N.A.)	

REPLY BRIEF OF FIRST AMERICAN BANK
OF HOT SPRINGS, N.A.

I. STATEMENT OF THE CASE.

First American Bank of Hot Springs, N.A. (FAB) agrees in principle with the Federal Election Commission General Counsel's Statement of the Case. The data listed in the General Counsel's Brief relating to the financial activities and status of the Robinson Committee are presumed to be accurate, however, FAB has no firsthand knowledge of the accuracy of the representations made by the General Counsel regarding such activity.

II. LEGAL ANALYSIS.

Likewise, FAB generally accepts the General Counsel's legal analysis of the issues involved in the FAB loan. However, it is clear from a review of 2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2, that there is very little judicial interpretation of the statutory and regulatory language interpreting the phrase found in the regulations "on a basis which assures repayment." The General Counsel relies totally on that phrase for its case against FAB. FAB will address the position of the General Counsel

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that the issue in this proceeding is limited solely to whether or not the loan was "made on a basis which assures repayment." The General Counsel has conceded that the loan was evidenced by a written instrument, subject to a due date, and bore the usual and customary interest rate of FAB. The discussion of this matter, therefore, is limited to a factual determination of whether or not the loan so made was made "on a basis which assures repayment." The General Counsel contends that no other legal or factual issues remain. The General Counsel, however, overlooks one major point, that being that nowhere in the law or regulations is there a requirement that loans be secured by tangible collateral. The law clearly leaves that determination up to the good judgment of the lending institution. See Senate Report Number 92-229, U.S. Code Cong. & Adm. News, pp. 1825-26 (1972).

Testimony received from witnesses was unanimously in favor of the granting of loans by National or State banks if such loans were made pursuant to applicable banking rules and regulations. This means that a bank should exercise sound business judgment in extending loan privileges to a political candidate or committee in the ordinary course of business and where necessary, certain security or collateral in order to support a reasonable expectation of payment in due course. This amendment was approved unanimously. (emphasis supplied)

Likewise, subsequent legislative history does not support the FEC requirement of tangible collateral. Nowhere is

there any hint of such a requirement. In fact, it is clear from the current state of the law and from previous FEC rulings that bank loans are the only means available for candidates like Tommy Robinson, who are of modest financial means, to legally acquire funds for which to run for public office. A future expectancy such as the expected receipt of future campaign contributions [MUR 216/239 (76) James P. Sasser], can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. However, the General Counsel's Brief takes the position that the future expectation of political contributions can provide a basis of assuring repayment of a loan only if the guarantor can provide a sufficient alternative source of repayment. Nowhere in the law or regulation is there such a requirement. However, we will demonstrate below in the discussion of the FAB loan that there was a sufficient alternative source of repayment available. In fact, the loan was repaid prior to its due date by such alternative source of repayment.

III. FIRST AMERICAN BANK OF HOT SPRINGS, N.A.

On April 24, 1984, FAB made a loan in the amount of \$50,000 to Tommy F. Robinson, a candidate for the Democratic nomination for Congress in the Second Congressional District of Arkansas. Hot Springs is in the Fourth Congressional District of Arkansas, and the loan officer who made the loan, Leonard K. Dunn, Chairman, President and Chief Executive Officer, was not personally acquainted with Mr. Robinson.

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This loan was made in accordance with all applicable banking laws and regulations, was made in the ordinary course of business, and bore interest at the usual and customary rate of 14% for this category of loan. The loan was evidenced by execution of a note by Mr. Robinson and was secured by a guaranty signed by Darrell Glasscock, Chairman of the Tommy Robinson for Congress Campaign Committee. As additional collateral FAB took an assignment of Mr. Robinson's Southwest Life Insurance Company insurance policy. The loan was further backed up by a "loan worksheet/documentation," a document customarily used in loans of this type. If Mr. Robinson's campaign contributions proved to be insufficient to repay the loan it was to be repaid from the proceeds of a loan made to Robinson by Worthen Bank & Trust Company, N.A. (Worthen) of Little Rock, Arkansas. The FAB loan was subject to a due date of June 23, 1984 (60 days from the date of the execution of the note). The loan was repaid in full on May 21, 1984. Worthen is an upstream correspondent of FAB. FAB customarily makes loans at the request of an upstream correspondent when the loan is to be repaid from the proceeds of a loan to be made to the borrower by the upstream correspondent. The Tommy F. Robinson loan was made at the request of Mickey Cissell and Gene Fortson, officers of Worthen and its parent corporation, who assured Mr. Dunn that ample proceeds would be available from a loan to be made to Robinson by Worthen to repay the FAB loan, including interest in

full, which is exactly what happened. The "loan worksheet/documentation" which was prepared at the time the loan was made contains the following language in the comments section:

"Mickey Cissell & Gene Fortson at Worthen Bank and FABCO will take loan out in 60 days." This notation was made by Mr. Dunn at the time of the loan to Mr. Robinson and after conferring with the Worthen officers over the telephone regarding the Robinson loan. Subsequent to making the loan, and prior to its due date, Mr. Dunn advised Mr. Cissell that Mr. Dunn desired Robinson's loan to FAB be repaid immediately and, at Mr. Dunn's request, Worthen made a loan available to Robinson, the proceeds of which were used to repay the \$50,000 loan to FAB with interest. The loan was, in fact, paid in full on May 21, 1984, prior to its due date of June 23, 1984, prior to the Democratic preferential primary on May 29, 1984, prior to the Democratic primary runoff on June 12, 1984, and prior to the November general election.

The brief of Charles N. Steele, General Counsel for the FEC, states on page three: "The only issue in this matter is whether the loan was made on a basis which assures repayment."

In accord with customary banking practices, FAB made the loan to Robinson at the request of one of its upstream correspondents. We believe the General Counsel to be totally in error and to have completely ignored the facts of this loan when he states that "the availability to Robinson of a

second loan from Worthen Bank & Trust Company to pay off First American's bank loan does not represent an alternative source of payment." How can the General Counsel totally ignore the fact that this is exactly what happened? We do not believe the General Counsel can just completely close his eyes or turn his head to the facts of this situation in order to attempt to convert what was a loan in the ordinary course of business approved by the Chairman, President and Chief Executive Officer of FAB into a campaign contribution for Tommy Robinson in the Second Congressional District of Arkansas. It should be pointed out that FAB is located in Hot Springs, Garland County, Arkansas, which is in the Fourth Congressional District represented by the Honorable Beryl Anthony. It stretches the imagination to think that a strong and respected National Bank located in the Fourth Congressional District of Arkansas would make an illegal campaign contribution to a candidate for Congress in the Second Congressional District of Arkansas. When viewed in those terms, i.e., was this a loan made by FAB in the ordinary course of business or was it an illegal campaign contribution to a congressional candidate outside FAB's congressional district? The answer seems obvious. Further, in light of the General Counsel's view of the case which narrows the issue to whether or not the loan was made on the basis which assures repayment, one can only come to the conclusion that it was so made and to summarize we emphasize the following:

a. The loan was made at the request of an upstream correspondent, Worthen, which assured FAB that funds would be available to Robinson by Worthen to repay FAB.

b. FAB's loan worksheet reflected this agreement.

c. Mr. Dunn, Chairman, President and Chief Executive Officer of FAB, requested Worthen, through Mickey Cissell, to provide funds to repay the loan prior to its due date of June 23, 1984.

d. The loan in fact was repaid in full with interest on May 21, 1984, prior to the date of the Democratic preferential primary on May 29, 1984, with funds made available to Mr. Robinson by Worthen.

Based on the above factors, we find it very difficult to comprehend or understand the General Counsel's recommendation that the Commission find probable cause for FAB to have violated 2 U.S.C. § 441b(a). We do not believe the Commission should substitute its judgment for the proven good judgment of the Chairman, President and Chief Executive Officer of FAB and reclassify what was obviously a loan made in accordance with a generally accepted banking custom into an illegal campaign contribution for a congressional candidate in a district in which FAB is not even located. Accordingly,

we strongly urge the Commission to enter a finding of no probable cause.

Respectfully submitted,

FIRST AMERICAN BANK OF HOT
SPRINGS, N.A.

By Joseph W. Gelzine
Joseph W. Gelzine
Mitchell, Williams, Serig,
Jackson & Tucker
1000 Savers Federal Building
Little Rock, Arkansas 72201
(501) 376-3151

86040761898

AFFIDAVIT

1. Affiant is and has been since June 1, 1983, the Chairman, President and Chief Executive Officer of First American Bank of Hot Springs, N.A. (formerly Grand National Bank) ("First American") and he has more than 23 years of banking experience.

2. Prior to April 24, 1984, affiant was contacted by Mickey Cissell, Executive Vice President of Worthen Banking Corporation. He asked if affiant would be agreeable to making a loan for 60 days in the amount of \$40,000 to Tommy F. Robinson ("Robinson"), a candidate for the Democratic nomination for Congress from the Second Congressional District of Arkansas. He advised affiant that Worthen Bank & Trust Company, N.A. ("Worthen"), a subsidiary of Worthen Banking Corporation, would make a loan to Robinson within 60 days and that ample proceeds would be available from that loan to repay the proposed \$40,000 loan in full.

3. Affiant was not personally acquainted with Robinson at that time. Affiant lives and works in another Congressional District. However, affiant agreed to make the loan because of the assurance that it would be repaid from a loan to be made by Worthen. Worthen is an upstream correspondent of First American. Both First American and the

affiant, in his more than 20 years of banking experience, customarily make loans at the request of an upstream correspondent when the loan is to be repaid from the proceeds of a loan to be made to the borrower by an upstream correspondent.

4. When Robinson arrived at First American on April 24, 1984, he made application for a loan in the amount of \$50,000. Affiant telephoned Gene Fortson, then President of Worthen, to make certain that a loan in this increased amount would be repaid from a loan to be made from Worthen. After receiving assurance from Mr. Fortson that ample funds would be available for repayment of the loan in the increased amount, affiant made the loan to Robinson.

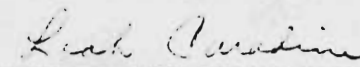
5. The loan to Robinson was made in accordance with applicable banking laws and regulations and it was made in the ordinary course of business. At First American, an instrument entitled "Loan Worksheet/Documentation" is customarily completed before or at the time of making a loan. Attached is the "Loan Worksheet/Documentation" which affiant completed at the time this loan was made. Under "Comments" on this instrument, the affiant wrote at the time of making the loan, "Mickey Cissell & Gene Fortson at Worthen Bank and FABCO will take loan out in 60 days". FABCO is the former name of Worthen Banking Corporation.

6. On or about May 15, 1984, affiant telephoned Mr. Cissell and requested that Worthen make a loan to Robinson

so that Robinson's loan from First American could be repaid immediately. First American's loan was repaid in full on May 21, 1984, more than a month before its maturity, from the proceeds of a loan to Robinson from Worthen. The initial election in which Robinson was involved in his race for Congress was the Democratic primary which was on May 29, 1984, more than one week after the loan to Robinson from First American had been paid in full.


LEONARD K. DUNN

SUBSCRIBED AND SWORN to before me, a Notary Public,
on this 15 day of May, 1985.


Notary Public

My commission expires:

(S E A L)

85 MAY 2 12: 06

A F F I D A V I T

STATE OF ARKANSAS)
) ss.
COUNTY OF PULASKI)

Comes Mickey ~~E~~. Cissell, who after being duly sworn states on oath that:

1. I am employed by Worthen Bank ^{Corporation} Trust Company, ^{MBC}
~~N.A.~~, Little Rock, Arkansas (Worthen), ^{NBC} in the capacity set forth beneath my signature below and was so employed on April 24, 1984.

2. First American Bank of Hot Springs, N.A. (First American) is a downstream correspondent bank of Worthen. ^{Bank} ^{Boh}

3. On behalf of Worthen, I contacted Leonard K. Dunn Chairman, President, and Chief Executive Officer of First American and requested that First American consider lending the sum of \$50,000 to Tommy F. Robinson (Robinson), in their capacity as a downstream correspondent bank.

4. This request to Mr. Dunn was entirely routine in nature, and in the ordinary course of business. I felt confident in Robinson's ability to repay the loan, and was satisfied that his campaign contributions would be more than sufficient to satisfy the debt. The loan was entirely acceptable in my best business judgment, and was certainly made on a basis which assures repayment.

5. Subsequent to the date of the loan, Mr. Dunn advised me by telephone that he desired that Robinson's loan

be repaid immediately and at his request Worthen made a loan available to Robinson and the proceeds were used to repay the \$50,000 loan to First American with interest. The First American loan was repaid in full with interest on May 21, 1984, prior to its due date of June 23, 1984.

6. This type of participation in loans between upstream and downstream correspondent banks often occurs. Downstream correspondent banks have customarily made short-term loans at the request of Worthen. It is also routine practice for downstream correspondent banks to pass accounts to their upstream correspondents upon request under similar circumstances.

WITNESS MY HAND on this 30 day of April, 1985.

Mickey E. Cissell
Mickey E. Cissell
TITLE: EVP

SUBSCRIBED AND SWORN to before me, a notary public, on this 1st day of May, 1985.

Kanda Jean Leagan
NOTARY PUBLIC

MY COMMISSION EXPIRES:

April 7, 1993



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 17, 1985

Larry C. Wallace
House, Wallace, Nelson & Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
Tommy Robinson Campaign
Committee

Dear Mr. Wallace:

This is in reference to your letter dated April 8, 1985 requesting an extension of 10 days to respond to the Commission's brief. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on May 1, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

36040584895



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 22, 1985

Joseph W. Gelzine
Mitchell, Williams, Selig, Jackson & Tucker
100 Savers Federal Building
Capitol Avenue at Spring Street
Little Rock, Arkansas 72201

RE: MUR 1721
First American Bank

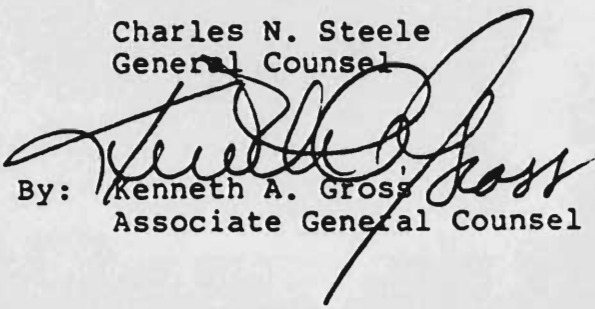
Dear Mr. Gelzine:

This is in reference to your letter dated April 15, 1985, requesting an extension of 20 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on May 3, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 22, 1985

Darrell D. Dover
House, Wallace, Nelson & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
First State Bank

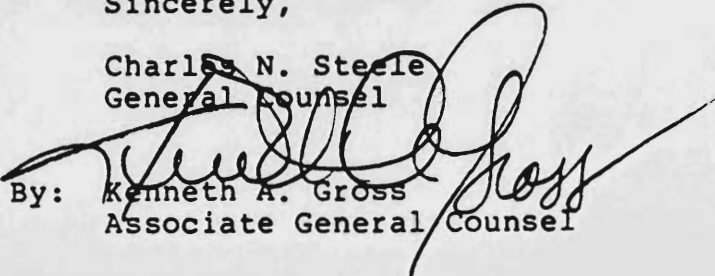
Dear Mr. Dover:

This is in reference to your letter dated April 11, 1985, requesting an extension of 20 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on May 6, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

86040604897



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 22, 1985

Joseph W. Gelzine
Mitchell, Williams, Selig, Jackson & Tucker
100 Savers Federal Building
Capitol Avenue at Spring Street
Little Rock, Arkansas 72201

RE: MUR 1721
First American Bank

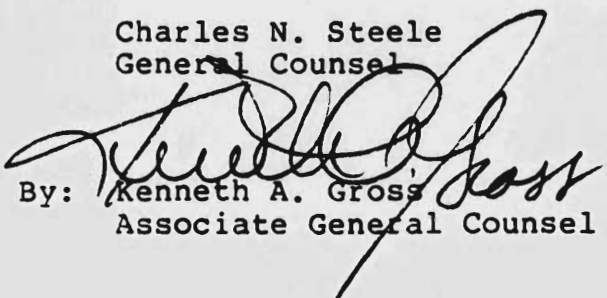
Dear Mr. Gelzine:

This is in reference to your letter dated April 15, 1985, requesting an extension of 20 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on May 3, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

86040704803



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 29, 1985

W. Russell Meeks, III
Meeks & Fox
1151 First Commercial Building
Little Rock, Arkansas 72201

RE: MUR 1721
Stephens Security Bank

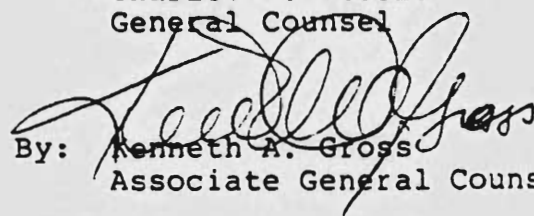
Dear Mr. Meeks:

This is in reference to your letter dated April 16, 1985, requesting an extension of 17 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on May 3, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: 
Associate General Counsel

86040734899



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 29, 1985

Charles B. Cook
Vice President
First Commercial Bank
Capitol and Broadway
Little Rock, Arkansas 72201

RE: MUR 1721
First Commercial Bank

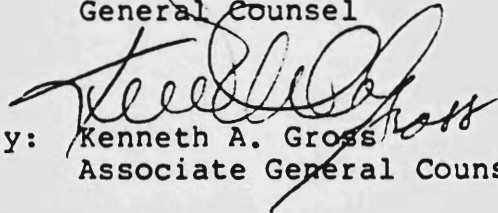
Dear Mr. Cook:

This is in reference to your letter dated April 16, 1985, requesting an extension of 14 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on May 3, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

86040504900



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 29, 1985

C. J. Giroir, Jr.
Rose Law Firm
120 East Fourth St.
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Co.

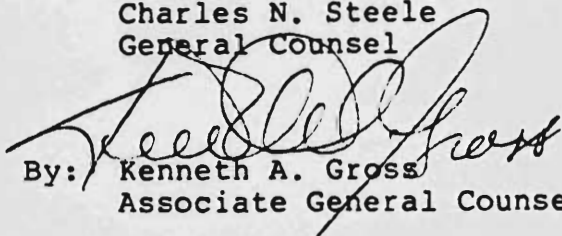
Dear Mr. Giroir:

This is in reference to your letter dated April 16, 1985, requesting an extension of 14 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on May 3, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

96040584901



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
MAY 12 1985

April 29, 1985

C. J. Giroir, Jr.
Rose Law Firm
120 East Fourth St.
Little Rock, Arkansas 72201

RE: MUR 1721
Worthen Bank & Trust Co.

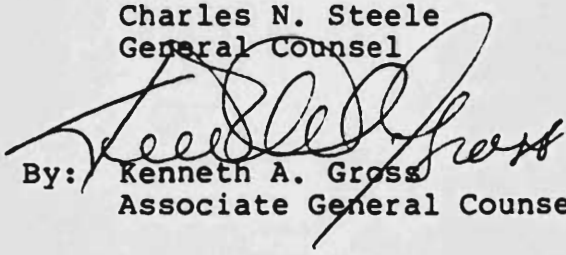
Dear Mr. Giroir:

This is in reference to your letter dated April 16, 1985, requesting an extension of 14 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on May 3, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

86040384902

600-7206
HAND DELIVERED

85 APR 17 9:48

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131

TELECOPIER (501) 375-1309

U. M. ROSE
1934-1913

April 16, 1985

J. GASTON WILLIAMSON
PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
WEBSTER L. HUBBELL
ALLEN W. BIRD II
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH R. SHERIN
DAVID A. KNIGHT

RONALD M. CLARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CAROL S. ARNOLD
JACKSON FARROW JR.
LES R. SALEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LASSITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN K. THOMAS
SUSAN RALSTON MCLEAN
RICHARD N. MASSEY
GARY N. SPEED

CHARLES W. BAKER
OF COUNSEL

APR 17 11:30

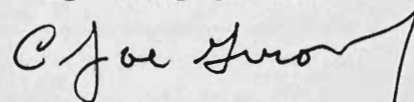
Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

RE: MUR 1721
Worthen Bank & Trust Company

Dear Mr. Steele:

Per my telephone conversation today with Mr. Andrew Maikovich, please be advised that we are requesting an extension of time until May 3, 1985, in which to file a responsive brief on the above captioned matter. Our basis for requesting this extension pertains to our involvement as primary counsel to Worthen Bank & Trust Company relative to recent developments surrounding their relationship with Bevill, Bresler, and Schulman, a situation which has required our complete, full-time attention.

Very truly yours,



C. J. Giroir, Jr.

CJG/lis



HAND DELIVERED
85 APR 18 AM 11:01

FIRST COMMERCIAL BANK

APR 18 P 2:04
APR 16, 1985

Mr. Andrew Maikovich
Attorney at Law
Federal Election Commission
1325 "K" Street
Washington, D.C. 20463

RE: MUR 1721; First Commercial Bank

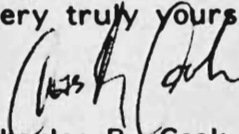
Dear Mr. Maikovich:

Pursuant to our conversation by telephone today, I am submitting in writing my request for an extension of time in which to file First Commercial Bank's response to Charles N. Steele's April 1, 1985, letter. This request is necessitated due to being personally involved in depositions during the previous week. In that letter, Mr. Steele advised the Bank that the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that the Bank has violated the Federal Election Campaign Act.

Although we had hoped to be able to file our response by the 19th, it has unfortunately become necessary to request an extension until May 3 within which to respond as agreed in our conversation. If the FEC does not grant my request, I would certainly appreciate your letting me know as soon as possible.

Thank you for your attention to this matter. Please address future correspondence directly to my attention to facilitate your requests.

Very truly yours,



Charles B. Cook
Vice President

CBC:ccb
W2/GG

600#7191
March

LAW OFFICES

MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER

H. MAURICE MITCHELL
RICHARD A. WILLIAMS
JOHN S. SELIG
JOSEPH W. GELZINE
W. CHRISTOPHER BANNIER
JERRY D. JACKSON
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MICHAEL C. O'MALLRY
JOHN C. LESSEL
DOAK FOSTER
JAMES E. SMITH, JR.
JEAN D. STOCKBURGER
ANNE RITCHEY

1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE 501-376-3151

DEBRA K. BROWN
SUSAN GUNTER
CRAIG WESTBROOK
W. KIRBY LOCKHART
JOYCE KINKEAD
DOUGLAS B. WARD
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TIMOTHY W. GROOMS
ROBERT L. THACHER
RICHARD C. JANS

OF COUNSEL
HENRY E. SPITZBERG

April 15, 1985

FEDERAL EXPRESS

Ms. Lee Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: MUR 1721
First American Bank

Dear Ms. Elliott:

In accordance with the procedure outlined in Mr. Charles N. Steele's letter to H. Maurice Mitchell, dated April 1, 1985, and received by Mr. Mitchell on April 3, 1985, the Respondent, First American Bank, does hereby request a 20-day extension in which to file its brief in MUR 1721. The Respondent intends to file a detailed brief in this matter, but will be unable to do so within the 15-day time limitation as set forth in Mr. Steele's letter. Therefore, we respectfully request a 20-day extension period.

Please advise.

Yours very truly,

MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER

By

Joseph W. Gelzine
Joseph W. Gelzine

JWG:lc

**FEDERAL
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SEE BACK OF FORM SET FOR COMPLETE PREPARATION INSTRUCTIONS.

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722

0722-0342-3

DATE

4-15-85

FROM (Your Name)

JOSEPH W. GELBINE

COMPANY

DEPARTMENT/FLOOR NO

MITCHELL LAW FIRM

STREET ADDRESS

11000 SAVERS FEDERAL BLDG

CITY

LITTLE ROCK

STATE

AR

TO (Recipient's Name)

Ms. Lee Elliott, Chm.

If Held For Pick Up or Saturday Delivery,
Recipient's Phone Number

COMPANY

DEPARTMENT/FLOOR NO

Federal Election Commission

STREET ADDRESS (P.O. BOX NUMBERS ARE NOT DELIVERABLE)

1325 "X" Street, N.W.

CITY

Washington,

STATE

D.C.

AIRBILL NO.

129751661

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FOR CORRECT ADDRESS

72201

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☐ Cash In Advance Account Number/Credit Card Number

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1 <input type="checkbox"/> OVERNIGHT PACKAGES (CUT TO 1 LB.)	6 <input checked="" type="checkbox"/> 2 DAY	1 <input type="checkbox"/> DELIVER TO DOOR (REGULAR SERVICE, EXTRA CHARGE)								<input type="checkbox"/> CASH RECEIVED	ADVANCE ORIGIN
2 <input type="checkbox"/> COURIER PAK	7 <input type="checkbox"/>	2 <input checked="" type="checkbox"/> DELIVER								<input type="checkbox"/> RETURN SHIPMENT	ADVANCE DESTINATION
3 <input type="checkbox"/> OVERNIGHT ENVELOPE (CUT TO 26.85)	8 <input type="checkbox"/>	3 <input type="checkbox"/> SATURDAY SERVICE REQUIRED (See Reverse: Extra charge applies for delivery)								<input type="checkbox"/> THIRD PARTY	OTHER
4 <input type="checkbox"/> OVERNIGHT BOX (CUT TO 5 LB.)	9 <input type="checkbox"/>	4 <input type="checkbox"/> RESTRICTED ARTICLES SERVICE (P-1 and Standard Air Packages only, extra charge)								<input type="checkbox"/> ONE TO DEL <input type="checkbox"/> ONE TO HOLD	TOTAL CHARGES
5 <input type="checkbox"/> STANDARD AIR		5 <input type="checkbox"/> SIGNATURE SECURITY SERVICE (required, extra charge applies)								STREET ADDRESS	
6 <input type="checkbox"/> DEL. VEH. AND BUSINESS (CUT TO 70 LB.)		6 <input type="checkbox"/> DRIVE <input type="checkbox"/> LBS								CITY	STATE
SHIP IS NEXT BUSINESS DAY (MONDAY THROUGH FRIDAY) TWO DAYS FROM ALASKA/HAWAII. SATURDAY DELIV- ERY AVAILABLE IN CONTINENTAL U.S. SEE SPECIAL HANDLING		7 <input type="checkbox"/> OTHER SPECIAL SERVICE								ZIP	
		8 <input type="checkbox"/>								RECEIVED BY (Signature)	
		9 <input type="checkbox"/>								DATE/TIME RECEIVED	
										F.E.C. EMPLOYEE NUMBER	

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☐ ON CALL STOP
☒ F.E.C. LOC

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Federal Express Corporation Employee No

4-15-85

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665241
MEEKS AND FOX, P.A.

ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201

501-378-4880

85 APR 22 4:54

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

April 16, 1985

Mr. Andrew Maikovich
c/o Office of the General Counsel
Federal Election Commission
Washington, DC 20463

Re: MUR 1721
Bank of Salem, Salem, Arkansas
Stephens Security Bank, Stephens, Arkansas
(Tommy Robinson Campaign Committee)

Dear Mr. Maikovich:

First, we acknowledge receipt of the April 1, 1985 letter and brief of the General Counsel to the Federal Election Commission advising of his finding.

We intend to provide a formal response and brief. We received the letter and brief on April 5, 1985, and we request an extension of time in which to file our brief. We wish an extension to Tuesday, May 7, 1985.

We will assume the extension request is granted, unless we hear otherwise from you.

Yours very truly,

MEEKS AND FOX, P.A.


W. Russell Meeks, III

WRM:jb

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RECEIVED
GENERAL COUNSEL
APR 22 4:10:07

MEEKS AND FOX, P.A.

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201

Mr. Andrew Maikovich
c/o Office of the General Counsel
Federal Election Commission
Washington, DC 20463

05 APR 22 21
A8:54

000004030696

In the Matter of)
)
First Jacksonville Bank) MUR 1721
)

REPLY BRIEF OF FIRST JACKSONVILLE BANK

I. Statement of the Case.

First Jacksonville Bank (FJB) adopts in principle the Federal Election Commission General Counsel's Statement of the Case with the exception that the loan made by FJB was, in fact, made on June 4, 1984, rather than June 1, 1984. Additionally, the data listed in the General Counsel's Brief relating to the financial activities and status of the Robinson Committee are deemed to be accurate, however, FJB has no firsthand knowledge of the accuracy of the representations made by the General Counsel regarding such activity.

LEGAL ANALYSIS.

Likewise, FJB generally accepts the General Counsel's legal analysis of the issues involved in the FJB loan. However, it is clear from a review of 2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2, that there is very little judicial interpretation of the statutory and regulatory language interpreting the phrase found

the FJB loan that there were sufficient alternative sources of repayment available. In fact, the loan was repaid by such an alternative source of repayment.

FIRST JACKSONVILLE BANK.

On June 4, 1984, a loan in the principal amount of \$52,000 was made to The Tommy Robinson for Congress Campaign Fund. The obvious purpose of the loan was for campaign expenses. The promissory note evidencing the loan called for an interest rate of 14% and was guaranteed by Tommy Robinson personally. The note bore a due date of June 15, 1984. As collateral for the loan, FJB obtained a second mortgage on Tommy Robinson's home, an assignment of the death benefits of a life insurance policy in the amount of \$50,000, and an assignment of rights in Tommy Robinson's autobiography. As set forth in the General Counsel's Brief, based on information provided by Worthen Bank & Trust Company, Little Rock, Arkansas, which had previously secured a second mortgage on Robinson's home for a loan repaid on May 23, 1984, Robinson's equity in the home was approximately \$38,900. Therefore, the loan was approximately 75% secured by tangible assets.

FJB is a state bank chartered by the state of Arkansas and has been in existence for approximately 35 years. During that period of time it has established a reputation for financial soundness and for being well

managed and has been in large part responsible for the economic growth and well being of the Jacksonville, Arkansas, community. State and Federal examinations of FJB through the years have produced nothing but praise for the quality of its management, the soundness of its loans, and its overall financial stability and growth.

Tommy Robinson and his family have lived in the Jacksonville, Arkansas, community since 1975 and have been customers of FJB since August of 1975. Mr. Robinson served as Chief of Police for the city of Jacksonville for four years during the period 1975 through 1979. As such, FJB had many occasions to work with Mr. Robinson and, in addition, both Larry Wilson, the President of the bank, and Pat Wilson, past President and Chairman of the Board, have held positions of responsibility in the Jacksonville city government and have had occasion to work with Mr. Robinson on several occasions and found him to be a man of good character and a man who built a reputation for character and personal integrity. Mr. Robinson, as a customer of the bank, has established a loan history with the bank as follows:

<u>Loan Date</u>	<u>Collateral</u>	<u>Amount</u>	<u>Date Paid</u>
9/20/78	S/A 1975 Ford	\$1,692.60	1/9/80
11/17/78	Assign. of C.D.	1,000.00	5/16/79
5/16/79	Unsecured	1,000.00	1/19/80
9/14/79	Assign. of C.D.	1,000.00	12/5/79
1/9/80	Unsecured	2,555.45	4/29/80
4/29/80	Unsecured	2,345.69	5/7/81

5/13/80	Unsecured	1,500.00	7/25/80
8/12/80	Unsecured	1,500.00	5/7/81
11/24/81	Assign. of Sav.	1,000.00	1/21/82
5/7/81	Unsecured	3,050.00	5/21/83
5/31/83	Unsecured	2,000.00	6/22/83
4/16/84	Unsecured	3,000.00	Present Bal.
			\$2,500
6/4/84	2nd Mortgage, Assign. of Life Ins. (Amt. \$50,000), Assign. of auto- biography rights, & other.	52,000.00	7/12/84

In making any loan, large or small, a bank officer is influenced by a number of considerations, mainly (a) the type and value of the tangible assets taken as collateral, (b) the loan applicant's loan history with the bank, and (c) the character and reputation of the loan applicant.

It is customary for FJB and other banks of its size to make loans at the request of an upstream correspondent bank on the verbal assurance that the loan will be repaid or taken out by the upstream correspondent if necessary to assure repayment. This is often done as a courtesy to the upstream correspondent bank on a short-term basis. This, in fact, was the case with the loan to Tommy Robinson under discussion. Attached hereto is the Affidavit of Larry T. Wilson, the President of First Jacksonville Bank, regarding this arrangement. Also attached is a copy of a notarized statement by Mr. Wilson to Ms. Lee Ann Elliott dated December 28, 1984, verifying certain other representations set forth herein.

Another motivating and risk reducing factor is the fact that Mr. Robinson had received the highest number of votes for Second District Congressman in the Democratic Primary on May 29, 1984, just a few days prior to making the loan. This indicated to FJB that Mr. Robinson had a strong probability of securing additional campaign contributions and winning the primary runoff and the general election in November.

In summary, FJB urges the Commission to find that the loan was "made on a basis which assures repayment" for the following reasons:

1. The loan was approximately 75% collateralized by tangible assets consisting of a second mortgage on real estate with an equity value of \$38,900.00.

2. The loan was further collateralized by Mr. Robinson's personal guarantee, an assignment of life insurance, and an assignment of his rights to his autobiography.

3. FJB had a verbal understanding with its main upstream correspondent that it would take out the loan if Mr. Robinson's campaign funds were insufficient to pay the loan off when due. This is an ordinary and customary business practice and is frequently done on a short term basis to accommodate an upstream correspondent bank with which the

downstream correspondent frequently does business and with which it has maintained a banking relationship over a period of many years.

4. The loan was repaid in full with interest on July 12, 1984, prior to the November general election.

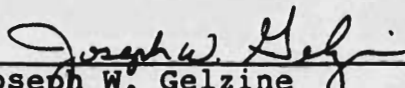
5. Mr. Robinson had lived in the Jacksonville community and established a customer relationship with the bank since 1975, had an excellent loan history with the bank, and enjoyed a outstanding personal and professional reputation for integrity and honesty in the community.

Based on the above factors, not the least of which is that the loan has, in fact, been fully repaid, we find it difficult to understand the General Counsel's recommendation that the Commission find probable cause for violation of 2 U.S.C. § 441b(a). Under the circumstances set forth above, we do not believe the Commission should substitute its judgment for the proven good judgment of the FJB loan officers and accordingly, we urge the Commission to enter a finding of no probable cause.

Respectfully submitted,

FIRST JACKSONVILLE BANK

By


Joseph W. Gelzine
MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER
1000 Savers Federal Bldg.
Little Rock, AR 72201
(501) 376-3151

9 6 0 4 0 5 8 4 9 1 6

Comes Larry T. Wilson, President of First Jacksonville Bank, Jacksonville, Arkansas, who, after being duly sworn, states on oath that:

1. The loan which the affiant made on behalf of First Jacksonville Bank, Jacksonville, Arkansas ("First Jacksonville") to Tommy F. Robinson ("Robinson") on June 4, 1984, was made at the request of officers of one of First Jacksonville's main upstream correspondent banks. Officers of said bank assured affiant that if Robinson's campaign funds were insufficient to pay the loan to First Jacksonville Bank within sixty (60) days, that ample proceeds would be available from a loan to be made to Robinson by said bank to repay the First Jacksonville loan, including interest, in full. The loan was, therefore, made and was, in fact, fully repaid with interest on July 12, 1984.

2. The affiant and First Jacksonville do customarily make loans at the request of an upstream correspondent when the loan is to be repaid from the proceeds of a loan to be made to the borrower by the upstream correspondent.

~~Larry T. Wilson~~

Subscribed and Sworn to before me, a Notary Public, on this day of April, 1985.

Notary Public

My Commission Expires:

(S E A L)

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721

NAME OF COUNSEL: Joseph W. Gelzine

ADDRESS: Mitchell Law Firm

1000 Savers Federal Bldg.

Little Rock, AR 72201

TELEPHONE: (501) 376-3151

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

FIRST JACKSONVILLE BANK

4/15/85
Date

By Larry T. Wilson
Signature LARRY T. WILSON, President

RESPONDENT'S NAME: First Jacksonville Bank

ADDRESS: 600 West Main Street

P. O. Box 827

Jacksonville, AR 72076

HOME PHONE: (501) 982-5859

BUSINESS PHONE: (501) 982-4511

88040304917

LAW OFFICES

MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER

1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE 501-376-3151

H. MAURICE MITCHELL
RICHARD A. WILLIAMS
JOHN S. SELIG
JOSEPH W. GELZINE
W. CHRISTOPHER BARRIER
JERRY D. JACKSON
JIM GUY TUCKER
EUGENE G. SAYRE
BYRON FREELAND
KENT FOSTER
ALLAN GATES
PAT MORAN
W. H. L. WOODYARD, III
MICHAEL C. O'MALLEY
JOHN C. LESSEL
DOAK FOSTER
JAMES E. SMITH, JR.
JEAN D. STOCKBURGER
ANNE RITCHIEY

DEBRA K. BROWN
SUSAN GUNTER
CRAIG WESTBROOK
W. KIRBY LOCKHART
JOYCE KINKEAD
DOUGLAS B. WARD
MARCELLA J. TAYLOR
TIMOTHY W. GROOMS
ROBERT L. THACKER
RICHARD C. JANS

April 16, 1985

APR 19 1985
OFFICE OF COUNSEL
E. SHITZBERG

Secretary
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

APR 19 1985
P2:20

Re: MUR 1721, First Jacksonville Bank,
Jacksonville, Arkansas

Dear Sirs:

This has reference to Mr. Charles N. Steele's letter to Mr. Larry T. Wilson, President of First Jacksonville Bank, dated April 1, 1985, and received by Mr. Wilson on April 3, 1985. We enclose herewith as requested, 10 copies of the Reply Brief of First Jacksonville Bank and we forward with a copy of this letter 3 copies to the Office of General Counsel. Also enclosed is a Designation of Counsel form signed by Larry T. Wilson on behalf of First Jacksonville Bank.

In summary, we strongly disagree with the General Counsel's contention that First Jacksonville Bank has violated the provisions of 2 U.S.C. § 441b(a). Likewise, we strongly urge the Commission to reject the General Counsel's recommendation for a finding of probable cause. Mr. Wilson, the bank President, and I would be willing to meet with the General Counsel or the Commission at its offices in Washington, D.C. to discuss this matter if you think that would be helpful. Please advise.

Very truly yours,

MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER

By

Joseph W. Gelzine
Joseph W. Gelzine

JWG:rd

Enclosures

cc: Office of General Counsel
Larry Wilson
Pat Wilson

96040584919

MUR 1721

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in the regulations "on a basis which assures repayment." However, FJB will accept the position of the General Counsel that the issue in this proceeding is limited solely to whether or not the loan was "made on a basis which assures repayment". The General Counsel has conceded that the loan was evidenced by a written instrument, subject to a due date, and bore the usual and customary interest rate of FJB. The discussion of this matter, therefore, is limited to a factual determination of whether or not the loan so made was made on a basis which assures repayment. By the General Counsel's own admission, no other legal or factual issues remain. The General Counsel's Brief concedes loans secured by mortgages on real estate are the type of collateral which can provide an adequate basis to assure repayment (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. However, the General Counsel's Brief takes the position that the future expectation of political contributions can provide a basis of assuring repayment of a loan only if the guarantor can provide a sufficient alternative source of repayment. We will demonstrate below in the discussion of

the FJB loan that there were sufficient alternative sources of repayment available. In fact, the loan was repaid by such an alternative source of repayment.

FIRST JACKSONVILLE BANK.

On June 4, 1984, a loan in the principal amount of \$52,000 was made to The Tommy Robinson for Congress Campaign Fund. The obvious purpose of the loan was for campaign expenses. The promissory note evidencing the loan called for an interest rate of 14% and was guaranteed by Tommy Robinson personally. The note bore a due date of June 15, 1984. As collateral for the loan, FJB obtained a second mortgage on Tommy Robinson's home, an assignment of the death benefits of a life insurance policy in the amount of \$50,000, and an assignment of rights in Tommy Robinson's autobiography. As set forth in the General Counsel's Brief, based on information provided by Worthen Bank & Trust Company, Little Rock, Arkansas, which had previously secured a second mortgage on Robinson's home for a loan repaid on May 23, 1984, Robinson's equity in the home was approximately \$38,900. Therefore, the loan was approximately 75% secured by tangible assets.

FJB is a state bank chartered by the state of Arkansas and has been in existence for approximately 35 years. During that period of time it has established a reputation for financial soundness and for being well

managed and has been in large part responsible for the economic growth and well being of the Jacksonville, Arkansas, community. State and Federal examinations of FJB through the years have produced nothing but praise for the quality of its management, the soundness of its loans, and its overall financial stability and growth.

Tommy Robinson and his family have lived in the Jacksonville, Arkansas, community since 1975 and have been customers of FJB since August of 1975. Mr. Robinson served as Chief of Police for the city of Jacksonville for four years during the period 1975 through 1979. As such, FJB had many occasions to work with Mr. Robinson and, in addition, both Larry Wilson, the President of the bank, and Pat Wilson, past President and Chairman of the Board, have held positions of responsibility in the Jacksonville city government and have had occasion to work with Mr. Robinson on several occasions and found him to be a man of good character and a man who built a reputation for character and personal integrity. Mr. Robinson, as a customer of the bank, has established a loan history with the bank as follows:

<u>Loan Date</u>	<u>Collateral</u>	<u>Amount</u>	<u>Date Paid</u>
9/20/78	S/A 1975 Ford	\$1,692.60	1/9/80
11/17/78	Assign. of C.D.	1,000.00	5/16/79
5/16/79	Unsecured	1,000.00	1/19/80
9/14/79	Assign. of C.D.	1,000.00	12/5/79
1/9/80	Unsecured	2,555.45	4/29/80
4/29/80	Unsecured	2,345.69	5/7/81

5/13/80	Unsecured	1,500.00	7/25/80
8/12/80	Unsecured	1,500.00	5/7/81
11/24/81	Assign. of Sav.	1,000.00	1/21/82
5/7/81	Unsecured	3,050.00	5/21/83
5/31/83	Unsecured	2,000.00	6/22/83
4/16/84	Unsecured	3,000.00	Present Bal.
			\$2,500
6/4/84	2nd Mortgage, Assign. of Life Ins. (Amt. \$50,000), Assign. of auto- biography rights, & other.	52,000.00	7/12/84

In making any loan, large or small, a bank officer is influenced by a number of considerations, mainly (a) the type and value of the tangible assets taken as collateral, (b) the loan applicant's loan history with the bank, and (c) the character and reputation of the loan applicant.

It is customary for FJB and other banks of its size to make loans at the request of an upstream correspondent bank on the verbal assurance that the loan will be repaid or taken out by the upstream correspondent if necessary to assure repayment. This is often done as a courtesy to the upstream correspondent bank on a short-term basis. This, in fact, was the case with the loan to Tommy Robinson under discussion. Attached hereto is the Affidavit of Larry T. Wilson, the President of First Jacksonville Bank, regarding this arrangement. Also attached is a copy of a notarized statement by Mr. Wilson to Ms. Lee Ann Elliott dated December 28, 1984, verifying certain other representations set forth herein.

Another motivating and risk reducing factor is the fact that Mr. Robinson had received the highest number of votes for Second District Congressman in the Democratic Primary on May 29, 1984, just a few days prior to making the loan. This indicated to FJB that Mr. Robinson had a strong probability of securing additional campaign contributions and winning the primary runoff and the general election in November.

In summary, FJB urges the Commission to find that the loan was "made on a basis which assures repayment" for the following reasons:

1. The loan was approximately 75% collateralized by tangible assets consisting of a second mortgage on real estate with an equity value of \$38,900.00.

2. The loan was further collateralized by Mr. Robinson's personal guarantee, an assignment of life insurance, and an assignment of his rights to his autobiography.

3. FJB had a verbal understanding with its main upstream correspondent that it would take out the loan if Mr. Robinson's campaign funds were insufficient to pay the loan off when due. This is an ordinary and customary business practice and is frequently done on a short term basis to accommodate an upstream correspondent bank with which the

downstream correspondent frequently does business and with which it has maintained a banking relationship over a period of many years.

4. The loan was repaid in full with interest on July 12, 1984, prior to the November general election.

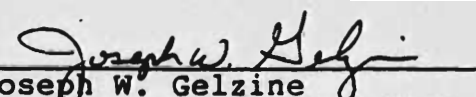
5. Mr. Robinson had lived in the Jacksonville community and established a customer relationship with the bank since 1975, had an excellent loan history with the bank, and enjoyed a outstanding personal and professional reputation for integrity and honesty in the community.

Based on the above factors, not the least of which is that the loan has, in fact, been fully repaid, we find it difficult to understand the General Counsel's recommendation that the Commission find probable cause for violation of 2 U.S.C. § 441b(a). Under the circumstances set forth above, we do not believe the Commission should substitute its judgment for the proven good judgment of the FJB loan officers and accordingly, we urge the Commission to enter a finding of no probable cause.

Respectfully submitted,

FIRST JACKSONVILLE BANK

By


Joseph W. Gelzine
MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER
1000 Savers Federal Bldg.
Little Rock, AR 72201
(501) 376-3151

W 10 405 84926

Comes Larry T. Wilson, President of First Jacksonville Bank, Jacksonville, Arkansas, who, after being duly sworn, states on oath that:

1. The loan which the affiant made on behalf of First Jacksonville Bank, Jacksonville, Arkansas ("First Jacksonville") to Tommy F. Robinson ("Robinson") on June 4, 1984, was made at the request of officers of one of First Jacksonville's main upstream correspondent banks. Officers of said bank assured affiant that if Robinson's campaign funds were insufficient to pay the loan to First Jacksonville Bank within sixty (60) days, that ample proceeds would be available from a loan to be made to Robinson by said bank to repay the First Jacksonville loan, including interest, in full. The loan was, therefore, made and was, in fact, fully repaid with interest on July 12, 1984.

2. The affiant and First Jacksonville do customarily make loans at the request of an upstream correspondent when the loan is to be repaid from the proceeds of a loan to be made to the borrower by the upstream correspondent.

Larry T. Wilson

Subscribed and Sworn to before me, a Notary Public, on this _____ day of April, 1985.

Notary Public

My Commission Expires:

(S E A L)

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721

NAME OF COUNSEL: Joseph W. Gelzine

ADDRESS: Mitchell Law Firm

1000 Savers Federal Bldg.

Little Rock, AR 72201

TELEPHONE: (501) 376-3151

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

FIRST JACKSONVILLE BANK

4/15/85
Date

By Larry T. Wilson
Signature LARRY T. WILSON, President

RESPONDENT'S NAME: First Jacksonville Bank

ADDRESS: 600 West Main Street

P. O. Box 827

Jacksonville, AR 72076

HOME PHONE: (501) 982-5859

BUSINESS PHONE: (501) 982-4511

96040584927

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

Darrell D. Dover

TELEX-TELECOPIER:
(501) 375-6484

GCH# 71r
Malkow

APR 15 5:05

April 11, 1985

Mrs. Lee Ann Elliott, Chairman
Federal Election Commission
1325 "K" Street N.W.
Washington, D.C. 20463

APR 16 9:30

Re: MUR 1721 - First State Bank

Dear Mrs. Elliott:

We now represent First State Bank and Mr. Al Harkins, President of First State Bank, in connection with the captioned matter.

By letter dated April 1, 1985, Charles N. Steele, General Counsel to the Commission, advised that the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that our client, First State Bank, violated 2 U.S.C §441 b(a), a provision of the Federal Election Campaign Act of 1971, as amended.

Mr. Steele's letter was addressed to Rita W. Gruber who formerly represented First State Bank in connection with this matter. The letter was only received in our office yesterday.

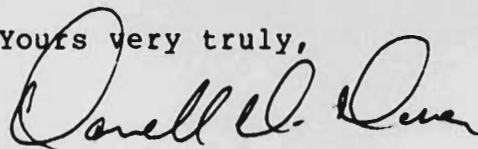
Mr. Steele's letter advised that if we are unable to file a responsive brief within 15 days that we may submit a written request to the Commission for an extension of time in which to file a brief.

Our preliminary investigation indicates that there is, in fact, no probable cause to believe that a violation of the statute referenced above has occurred. We very definitely plan to file a brief discussing the facts and the law as applied to those facts in order to demonstrate the absence of probable cause. Granted our recent involvement in this matter, it is obvious that an extension of time is needed and we respectfully request that we be granted a 20 day extension to, and including, the 7th day of May, 1985 within which to file our brief.

HOUSE, WALLACE, NELSON & JEWELL, P.A.

We assure you that this request is not made for purposes of delay, that there is merit to our position that there is no probable cause to believe that a violation has occurred, and that we will file a brief making a thorough and complete response to the points outlined in the General Counsel's brief.

Yours very truly,



Darrell D. Dover, for
HOUSE, WALLACE, NELSON
& JEWELL, P.A.

DDD:11

cc: First State Bank of Sherwood

Mr. Al Harkins

0209d

86040304929

April 11, 1985

Federal Election Commission
1325 "K" Street N.W.
Washington, D.C. 20463

Re: MUR 1721 - First State Bank

Gentlemen:

This will supersede our letter of September 21, 1984 in which we designated Rita Gruber as attorney to represent First State Bank of Sherwood and Al Harkins in the above referenced matter before the Federal Election Commission.

All further proceedings in this case will be handled by Mr. Darrell D. Dover of the firm of House, Wallace, Nelson & Jewell, P.A., 1500 Tower Building, Little Rock, Arkansas 72201. Mr. Dover's telephone number is (501) 375-9151.

Yours very truly,

FIRST STATE BANK

BY: 
Al Harkins, President

0207d

86040384930

HOUSE WALLACE NELSON & JEWELL P.A.

1000 TOWER BLDG. 13
WASHINGTON, D.C. 20004

Mrs. Lee Ann Elliott, Chariman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

0044110 11:15

GCC# 7114

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

TELEX-TELECOPIER:

(501) 375-6484

Larry C. Wallace

April 8, 1985

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

APR 9 11:12
GENERAL COUNSEL
RECEIVED

Re: M.U.R. 1721; Tommy Robinson Campaign
Committee and its Treasurer, George M.
Felkins, and Tommy Robinson

Dear Ms. Elliott:

I am writing to request an extension, until May 1, 1985, within which to respond to Mr. Charles N. Steele's letter of April 1, 1985, in which he informed us that the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation of 2 U.S.C. §441b (a) has occurred. We received his letter April 4, 1985, and must respond to the General Counsel's brief on or before the 19th of April in order to meet the original deadline.

Because of an extraordinarily busy work schedule, as well as the great amount of time which must be given to this matter, it will be very difficult to meet this 15 day deadline. Therefore, I am hereby requesting that we be granted a 10 day extension within which to file our brief. I want to assure you that we are not making this request dilatorily. Rather, it is due to our commitment to make as thorough and complete a response to the General Counsel's brief as possible that has necessitated our request for an extension.

Any consideration which you might grant us in this matter will be greatly appreciated. I remain,

Very truly yours,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.


Larry C. Wallace

cc: Andrew Maikovich
Darrell Glascock
Congressman Tommy Robinson

Larry C. Wallace

HOUSE, WALLACE, NELSON & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

April 8, 1985

RECEIVED AT THE FEC
HAND DELIVERED
85 APR 9 AM 11:00

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

FEDERAL EXPRESS

Re: M.U.R. 1721; Tommy Robinson Campaign
Committee and its Treasurer, George M.
Felkins, and Tommy Robinson

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Very truly yours,

HOUSE, WALLACE, NELSON
& JEWELL, P.A.


Larry C. Wallace

cc: Andrew Maikovich
Darrell Glascock
Congressman Tommy Robinson

RECEIVED
GENERAL COUNSEL
APR 9 PM 2:56

66-610-1000



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4/2/85

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Recipient's Phone Number

FROM (Your Name)

Kathryn D. Holt

6th Floor
DEPARTMENT/FLOOR NO

Ms. Lee Ann Elliott
Chairman

DEPARTMENT/FLOOR NO

HOUSE HOLMES AND JEWELL

Federal Election Commission

STREET ADDRESS

STREET ADDRESS (P.O. BOX NUMBERS ARE NOT DELIVERABLE)

1550 TOWER BLDG

1335 "X" Street, N.W.

CITY

STATE

CITY

STATE

LITTLE ROCK

AR

Washington, D.C.

AIRBILL NO. 170794595

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FEDERAL EXPRESS DOES NOT CARRY CARGO LIABILITY INSURANCE

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5570/3

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☐ Cash in Advance Account Number/Credit Card Number

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<input type="checkbox"/> PRIORITY 1-5 LBS	<input checked="" type="checkbox"/> OVERNIGHT LETTER 6-10 LBS	<input type="checkbox"/> HOLD FOR PICK UP AT FOLLOWING FEDERAL EXPRESS LOCATION (CHECK IN NUMBER FIRST, ADDRESS SECOND, NUMBER REQUIRED)					<input type="checkbox"/> CASH RECEIVED	AGT. PRG.	ADVANCE ORIGIN	FREIGHT CHARGES
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DATE/TIME RECEIVED
4/2/85 1838

F.E.C. EMPLOYEE NUMBER

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The Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

April 8, 1985

T.E. RENAUD

Chairman of the Board &
Chief Executive Officer

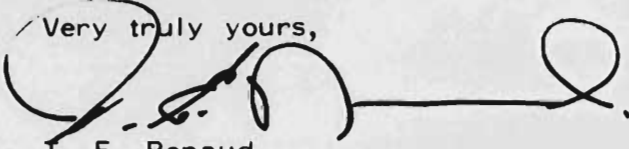
Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

Re: MUR 1721
Twin City Bank

Dear Mr. Steele:

I am in receipt of your letter dated April 1, 1985 from which I understand that your office is prepared to recommend that the Commission find there is probable cause to believe that Twin City Bank has violated 2 U.S.C. 441b(a). My response dated June 16, 1984 to Mr. Kenneth A. Gross covers in total this bank's position concerning our loan to Congressman Tommy Robinson. We have nothing to add to that position.

Very truly yours,


T. E. Renaud

TER/do

Enclosure

600#7/4/8
85 APR 12 P12:00

RECEIVED
GENERAL COUNSEL
APR 12 P 7:24



The Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

T.E. RENAUD

Chairman of the Board &
Chief Executive Officer

June 26, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

Re: MUR 1721

Dear Mr. Gross:

On June 18, 1984, I received your letter dated June 13, 1984, which informed me that your office has received a complaint that alleges that The Twin City Bank and I have violated certain sections of the Federal Election Campaign Act of 1971, as amended. I have reviewed a copy of the complaint and the other material enclosed with your letter, and I am asking that you accept this letter as my response to the complaint.

For purposes of clarity and future reference, I would like to answer the allegations by numbered paragraphs.

1. The Twin City Bank is a state chartered depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation.

2. On May 17, 1984, the Tommy Robinson for Congress Campaign Committee applied for and was granted a loan in the amount of \$32,000. The loan was evidenced by our standard promissory note, a copy of which is enclosed for your future reference, which promissory note was dated May 17, 1984, was for the principal sum of \$32,000, bearing interest at the rate of 12 1/2% per annum, and was due and payable on or before June 15, 1984.

3. The said promissory note was guaranteed by the candidate, Mr. Tommy F. Robinson, on our standard guaranty form, a copy of which is enclosed for your reference.

4. The loan was approved by me, T.E. Renaud, in my capacity as Chairman of the Board and Chief Executive Officer of The Twin City Bank. I have held the position of Chairman and Chief Executive Officer of The Twin City Bank for the past 15 1/2 years.

June 26, 1984

5. The Twin City Bank is the largest state chartered bank in Arkansas with total assets of \$260 million as of June 1, 1984.

6. The Twin City Bank has one of the lowest loan loss records of any lending institution in the state of Arkansas.

7. As Chairman of the Board and Chief Executive Officer of The Twin City Bank, my primary lending authority is \$19,000,000.

8. It is my opinion that the loan to Tommy Robinson Campaign Committee was made in the ordinary course of business by this bank and was on a basis which assures repayment.

9. In addition to my knowledge of the banking industry, and particularly the operations of The Twin City Bank, I do have some knowledge as a citizen of the political future and fortunes of candidate Tommy F. Robinson. Based on my knowledge of Mr. Robinson, it is my opinion, and was at the time the loan was made, that he is a very viable candidate for the office which he is seeking; that he has substantial political backing and support; that his popular support among the voters is extremely high; and that he is respected by a number of business and civic leaders throughout this congressional district. These facts led me to believe at the time the loan was made, an opinion which I still maintain, that the campaign committee was certainly capable of repaying the loan in a timely and orderly fashion. Additionally, I have known Mr. Robinson to be a man of integrity. I have extended credit in larger amounts to him personally, and he has always handled these credits in a thoroughly satisfactory manner. Consequently, I was also comforted by his personal guarantee of the loan being questioned. While it would be a financial burden for Mr. Robinson to liquidate the debt if it is necessary for him to do so from his personal funds, I feel certain that he would do so, however, I also have no doubt that he can inspire the community to contribute to his political campaign. In summary, this loan was made to an individual of high integrity, a man recognized as a professional in his field, a customer with a satisfactory previous credit history with this bank, and the loan itself has two separate sources of repayment - the borrower and the guarantee.

10. The loan to the Tommy Robinson for Congress Campaign Committee was not endorsed or guaranteed by the bank, corporation, partnership or any other type of organization. Mr. Robinson.

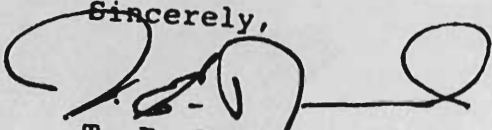
Our banking relationships with our customers should remain confidential and this information is furnished to you under the express permission of the Tommy Robinson for Congress Campaign Committee. We specifically request that you maintain this confidentiality.

Mr. Kenneth A. Gross
Page #3

June 26, 1984

If I can be the source of any additional information, I shall be happy to respond upon request.

Sincerely,


T. E. Renaud

TER/do

Enclosures

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Twin City Bank

Member FDIC
Equal Housing Lender
Member SBA



Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
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FEDERAL ELECTION COMMISSION

April 15, 1985 9:33

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele *CNS/jm*
General Counsel

SUBJECT: MUR #1721

Attached for the Commission's review are briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of the briefs and a letter notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on April 1, 1985. Following receipt of the Respondents' reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Briefs - (10)
2. Letters to Respondents - (9)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
Tommy Robinson and)	
The Tommy Robinson for	)	MUR 1721
Congress Committee)	
George M. Felkins, as treasurer)	

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On September 5, 1984, the Commission determined that there is reason to believe that the Stephens Security Bank, First American Bank, First State Bank, First Commercial Bank, Twin City Bank and the Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a) by making contributions to the Tommy Robinson for Congress Committee in the form of bank loans. The Commission also found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contributions.

On December 6, 1984, the Commission determined that there is reason to believe that the First Jacksonville Bank and Bank of Salem violated 2 U.S.C. § 441b(a) by making contributions to the Tommy Robinson for Congress Committee in the form of bank loans and that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contributions.

The complaint was originally filed by George Carder and James E. McClain, Jr., on June 4, 1984. The complainants asserted that Tommy Robinson and the Tommy Robinson for Congress

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Committee (the "Committee") obtained a total of \$287,549 in loans from the following banks: 1) Stephens Security Bank (\$100,000), 2) First American Bank (\$50,000), 3) First State Bank (\$20,070), 4) First Commercial Bank (\$35,000), 5) Twin City Bank (\$32,000), and 6) Worthen Bank & Trust Co. (\$50,479). Complainants assert that the six loans were not made in the ordinary course of business because they were not made on a basis which assures repayment. Upon further inspection of Committee reports, it was learned that the Committee received loans from the First Jacksonville Bank (\$52,000), Bank of Salem (\$50,000) and Worthen Bank and Trust Company (\$48,000).

Tommy Robinson initially filed as a candidate for the United States House of Representatives on April 17, 1984. Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds (due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from different Arkansas banks.

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory

manner. Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary.

Reports filed by the Robinson Committee to the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0. By May 9, 1984, it had raised a total of \$25,801 in contributions. By June 30, 1984, it had raised a total of \$96,823 in contributions, had outstanding bank loans of \$251,970 and expended \$350,364. (The last loan was approved on July 9, 1984).

With this financial status, Tommy Robinson and the Robinson Committee approached eight Arkansas banks for loans. The loans were all approved. The date and other relevant data of the loans are listed on the following page.

Robinson won the Second District congressional race over two opponents, garnishing 47 percent of the vote. As of December 31, 1984, Robinson and the Committee showed an outstanding balance of \$223,088 in bank loans. For the period covering November 27, 1984 to December 31, 1984, the Committee reported \$41,121 in contributions.

LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are

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CRIMINALS: TOMMY ROBINSON

FORWARDED From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Guaranteed By	Secured By	Status
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee	75% of initial contri- butions from campaign	\$75,000 balance due 1/8/85
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally	unsecured	paid 5/21/84
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee	campaign proceeds over \$100,000-50% guaranteed, 3d mortgage executed on Tommy Robinson's resi- dence	\$20,070 due 11/21/84
First Commercial Bank (Attachment 6, pp 27-28)	5/7/84	6/6/84	\$ 35,000	13%	Robinson & Committee	unsecured	paid 5/17/84
Twin City Bank (Attachment 7, pp 29-35)	5/17/84	6/17/84	\$ 32,000	12 1/2%	Robinson & Committee	unsecured	\$29,900 balance due on 1/1/85
Worthen Bank & Trust Co (Attachment 8, pp 36-43)	5/18/84	5/30/84	\$ 50,479	prime + 2%	Robinson & Committee	2d mortgage executed on Tommy Robinson's residence	paid 5/23/84
First Jacksonville Bank	6/1/84	6/15/84	\$ 52,000	14%	Robinson Personally	2d mortgage executed on Tommy Robinson's residence, autobio- graphy rights	paid 7/12/84
Bank of Salem	6/5/84	7/10/84	\$ 50,000	14%	Robinson & Committee	unsecured	\$50,000 due 1/10/85
Worthen Bank & Trust Co.	7/9/85	1/7/85	\$ 48,000	prime + 2%	Robinson & Committee	2d mortgage executed on Tommy Robinson's residence	\$48,000 due 1/7/85

made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The nine loans obtained by Tommy Robinson and the Tommy Robinson for Congress Committee were evidenced by written instruments, were subject to due date and bore the usual and customary interest rate of the lending institutions. The only issue in this matter is whether the loans were made on a basis which assures repayment.

In determining whether a loan was made on a basis which assures repayment, the Commission has considered the type and sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts (MUR

382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment.

In MUR 215/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of political contributions provides a basis of assuring repayment of a loan if the guarantor can provide a sufficient alternate source of repayment.^{1/}

The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The committee also expected

^{1/} When the alternative source is a personal guarantee the Commission has determined the sufficiency of the alternative source by considering: a) the credit-worthiness of the guarantor and b) the personal assets and earning capacity of the guarantor (MUR 216/239).

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Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concert were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195 (80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assures repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000), June 2, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

In conclusion, the Commission has considered a loan collateralized by future expectations (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment, the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

The progress of the loans obtained by Tommy Robinson and the Tommy Robinson for Congress Committee follows.

STEPHENS SECURITY BANK LOAN

A \$100,000 loan was advanced to Tommy Robinson and the Robinson Committee by Stephens Security Bank on April 11, 1984.

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee treasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating the bank as beneficiary.

The bank officer who loaned the money indicated his personal knowledge of the credit worthiness of Tommy Robinson.

Stephens' loan agreement indicates that the loan was secured by "75 percent of the initial contributions from Camp. and \$100,000 life insurance policy". The 75 percent of the initial contributions amounts to a future expectation of political contributions since pursuant to the Committee's reports, the Committee could not at the time of the loan have received contributions greater than \$25,801. Accordingly, for this loan to have been made on a basis which assures repayment there must have been an alternate source of repayment in case the future political contributions were not realized or the loan agreement must have contained sufficient risk reducing features.

The Stephens' loan did not have an adequate alternate source of repayment in the event the expected political contributions were not realized. The loan was guaranteed both by Robinson and the Committee. Tommy Robinson's earning capacity at the time of the loan was a \$31,900 Sheriff's salary. Robinson's only substantial asset was a home with a preexisting mortgage, the equity of which was later used to collateralize other loans to Robinson. Committee records indicate the Committee's only available assets as of May 9, 1984, could not have totaled more than \$25,801. It therefore appears that neither Robinson nor the Committee was in a position to provide an adequate alternate source of repayment of the \$100,000 loan if the expected campaign contributions were not realized.

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The only risk reducing feature in the Stephens' loan agreement is the \$100,000 life insurance policy on Tommy Robinson. Unlike the Anderson (AO 1980-108) loan agreement, there is no guaranty of post election funding based on the number of votes received. Unlike the Kennedy (MUR 1195) loan agreement, no designated account was opened whereby Stephens' collateral (money) was set aside when received. Had an account been designated to receive contributions, the loan probably would have been repaid on time. Accordingly, the Stephens' loan agreement lacks sufficient risk reducing features to provide an adequate basis for assuring the loan's repayment. Without an adequate alternate source of repayment, or sufficient risk reducing features, Stephens' loan, secured by future campaign contributions was not made on a basis which assures repayment.

Therefore, the Office of General Counsel recommends the Commission find probable cause to believe Tommy Robinson and the Robinson Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from the Stephens Security Bank.

FIRST AMERICAN BANK

A \$50,000 loan was advanced to Tommy Robinson by First American Bank on April 24, 1984. Then bank officer who loaned the money indicated by affidavit that the loan to Tommy Robinson, "was to be repaid from campaign contributions, [and] [i]f campaign contributions proved to be insufficient to repay the loan, it was to be repaid from the proceeds of a loan to be made to Robinson by Worthen Bank & Trust Co."

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As of the date of this loan Robinson had personally guaranteed \$150,000 in loans. At this time Robinson was in no position to provide an alternate source of repayment for the \$150,000 in loans.

Further, the availability to Robinson of a second loan from Worthen Bank & Trust Co. to pay off First American's bank loan does not represent an alternate source of repayment. First American Bank provided no documentation that Worthen was legally "obligated" to provide Robinson with a loan for purposes of paying off previous loans. In addition, no evidence has been disclosed to show that similar loans have been made upon request from the Worthen Bank & Trust, Company. Thus, since First American's loan, secured by the future expectation of campaign contributions, had no adequate alternate source of repayment it follows that the loan was not made on a basis which assures repayment.

Therefore, the Office of General Counsel recommends the Commission find probable cause to believe Tommy Robinson and the Robinson Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from the First American Bank.

FIRST STATE BANK

A \$20,070 loan was advanced to Tommy Robinson and the Robinson Committee by First State Bank on April 30, 1984. The Bank officer who made the loan indicated that he had received a favorable recommendation on the credit worthiness of Tommy Robinson.

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First State Bank's loan agreement indicates that the loan, guaranteed by Robinson and the Robinson Committee, was secured by "[c]ampaign proceeds over \$100,000 - 50 percent guarantee". This security amounts to a future expectation of political contributions.^{4/} As of the date of this loan Robinson had personally guaranteed \$170,070 and of this sum the Committee had jointly guaranteed \$120,070 in loans.

There were further agreements that if the loan was not paid within the initial 90-day period, further collateral would be required of Robinson. This was, in fact, accomplished and a third mortgage to his personal residence was obtained. The note was rescheduled to November 21, 1984.

According to information from the Worthen Bank and Trust Company, which holds a second mortgage on Robinson's home, Robinson had no equity remaining in his residence after the second mortgage. Therefore, the added collateral would not provide an alternate source of repayment should the loan come under default. Because the loan was not adequately assured, the Office of General Counsel recommends the Commission find probable cause to believe Tommy Robinson and the Robinson Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from the First State Bank.

FIRST COMMERCIAL BANK

A \$35,000 loan was advanced to Tommy Robinson and the Robinson Committee by First Commercial Bank on May 7, 1984. In

^{4/} First State Bank had a security interest in half of the campaign proceeds over \$100,000. At the time the loan was made, total contributions received were less than or equal to \$25,801.

its response, First Commercial claimed that the loan was "made on a basis which assured repayment". First Commercial did not indicate what assured repayment but did indicate that in its judgment, Robinson and the Robinson Committee were a good risk.

Upon receipt of this loan, Robinson had personally guaranteed \$205,070 and of this sum the Robinson Committee had jointly guaranteed \$155,070 in loans.

Except for the expectation of future campaign contributions both Robinson and the Robinson Committee were devoid of the assets or the means to meet this loan obligation. First Commercial Bank's loan, collateralized by expected future campaign contributions and not having an adequate alternative source of repayment, is a loan not made on a basis which assures repayment.

Therefore, the Office of General Counsel recommends the Commission find probable cause to believe Tommy Robinson and the Robinson Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from the First Commercial Bank.

TWIN CITY BANK

A \$32,000 loan was advanced to Tommy Robinson and the Robinson Committee by Twin City Bank on May 17, 1984. The Bank officer who made the loan indicated his personal knowledge of the credit worthiness of Tommy Robinson, stating that he had extended credit to him for larger amounts than \$32,000 in the past. This same Bank officer also indicated that he approved the loan to Robinson and the Robinson Committee based on the "political future and fortunes of Tommy F. Robinson" and specifically on the viability of Tommy Robinson's campaign for Congress.

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The loan from Twin City on May 17, 1984, appears to have been used to repay the \$35,000 May 7, 1984, loan from First Commercial Bank. Because Robinson and the Robinson Committee had borrowed from one bank to pay another, as of May 17, 1984, Robinson was still obligated to repay \$202,070, and of this sum, the Committee was jointly obligated to repay \$152,070.

The Twin City Bank officer who approved the loan indicated his belief that despite the financial burden, Robinson could pay off the debt from his personal funds and that in any event, he (Bank officer) felt certain that Robinson could inspire the community to contribute to his political campaign. The record establishes that Robinson lacked the "personal funds" or earning capacity to pay off a \$32,000 loan due in 29 days. In addition, the Committee was also devoid of sufficient assets to meet its loan obligation.

The record and the Bank officer's response indicate that the loan would only be repaid through the receipt of future campaign contributions. Twin City's loan, collateralized by future campaign contributions and lacking an adequate alternative source of repayment was therefore not made on the basis which assures repayment.

Therefore, the Office of General Counsel recommends the Commission find probable cause to believe Tommy Robinson and the Robinson Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from the Twin City Bank.

WORTHEN BANK & TRUST CO.

A \$50,479 loan was advanced to Tommy Robinson and the Robinson Committee by the Worthen Bank & Trust Co. on May 18, 1984. The bank officer who approved the loan indicated his

personal knowledge of the credit worthiness of Tommy Robinson. The Worthen loan agreement indicates that the loan was secured with a second mortgage executed on Tommy Robinson's house.

The \$50,479 loan from Worthen appears to have been used to repay the \$50,000 April 24, 1984, loan from First American Bank. The loan from First American was fully repaid on May 21, 1984. Because Robinson and the Robinson Committee had borrowed from one bank to pay another; as of May 21, 1984, Robinson and the Robinson Committee were both obligated to repay \$202,549 in outstanding loans.

As to the security, mortgages on real estate do represent the type of collateral which can provide an adequate basis to assure repayment of a loan. An appraisal of Robinson's home by the Worthen Bank & Trust Company reflected a fair market value of \$88,900. There was an outstanding first mortgage in the amount of approximately \$50,000, reflecting a net equity in the home of approximately \$38,900. Worthen's response indicates this collateral and Robinson's credit history complied with its loan policies.

The loan was paid in full on May 23, 1984.

Worthen made a second loan to Robinson, for \$48,000 on July 9, 1984, again using the second mortgage as security. The due date is reported as January 7, 1985.

Because the loans were not fully collateralized,^{5/} the Commission must determine whether the loans contained risk

^{5/} The actual value of a second mortgage reflecting a net equity of \$38,900 is uncertain, although it is probably less than the face value.

reducing features to assure repayment of the balance. One factor is that Robinson had a successful credit history with Worthen. The present loans, however, are significantly greater than the previous loans given Robinson, which were presumably made when Robinson was not significantly in debt.

A second factor stated by Worthen is that the bank carries 1,377 second mortgages as collateral for loans. This information is not pertinent, however, to whether a loan of Robinson's proportion is ordinarily made under similar circumstances.

Therefore, since no evidence is present that similar collateral has been used to assure repayment of other loans of this size, and the fact that Robinson and the Committee were devoid of assets or means to meet these obligations, the Office of General Counsel recommends the Commission find probable cause to believe Tommy Robinson and the Robinson Committee violated 2 U.S.C. § 441b(a) by accepting contributions from the Worthen Bank and Trust Company.

FIRST JACKSONVILLE BANK

A \$52,000 loan was advanced to Tommy Robinson by the First Jacksonville Bank on June 1, 1984, with a due date of June 15, 1984. The Bank had a loan history with Robinson, making 15 loans to him over nine years. According to Larry Wilson, President of the Bank, Robinson had never been 30 days late on a loan payment. For collateral, the Bank obtained a second mortgage on Robinson's home and the assignment of rights in an autobiography. According to information provided by Worthen Bank and Trust Company, which had previously secured a second mortgage on Robinson's home for a

loan repaid on May 23, 1984, Robinson's equity in the house amounted to \$38,900.

At the time of the loan, Robinson was obligated to repay \$201,970 in outstanding loans, and the Committee was jointly obligated to repay \$149,970.

The loan was fully repaid on July 12, 1984.

Because the loan was not fully collateralized with tangible assets, the Commission must determine whether the loans contained risk reducing features to assure repayment of the balance. One factor is that Robinson had a successful credit history with the First Jacksonville Bank. The present loan, however, is significantly greater than the previous loans given Robinson, which were presumably made when Robinson was not significantly in debt.

A second risk reducing factor is that Robinson had received the highest number of votes in the Democratic Primary held May 29, 1984, two days prior to the loan. Larry T. Wilson, president of the First Jacksonville Bank, stated this election "indicated to us the strong probability of his winning the primary runoff election and the General Election in November." Although the loan to John Anderson in AO 1980-108 was also collateralized with the expected receipt of federal funding, the proven ability to generate public support as of the date of the loan, and therefore the probability of generating public contributions in the future, is a risk reducing feature to the loan.

A third risk reducing feature is that the loan was collateralized by a second mortgage (See Note 5), and future autobiography rights.^{6/}

The First Jacksonville Bank was repaid in full on July 12, 1984, apparently from the second loan made by the Worthen Bank and Trust, Company. Despite the risk reducing features previously discussed, Robinson and the Committee were devoid of assets or means to meet this obligation except by receiving an additional loan. Without additional evidence showing that similar collateral has been used by the First Jacksonville Bank to assure repayment of other loans of this size, the Office of General Counsel recommends the Commission find probable cause to believe Tommy Robinson and the Robinson Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from the First Jacksonville Bank.

BANK OF SALEM

An unsecured \$50,000 loan was advanced to Tommy Robinson and the Robinson Committee on June 5, 1984, with a due date of July 10, 1984, later refinanced to January 10, 1985. At the time of this loan, Robinson was obligated to repay \$251,970 in outstanding loans, and the Committee was jointly obligated to repay \$199,970.

At present, the entire principal is outstanding.

^{6/} According to Larry T. Wilson, president of the First Jacksonville Bank, the loan document was destroyed shortly after the loan was repaid. The Bank's response indicated the collateral for the loan included an assignment of the cash value on a life insurance policy. Further investigation, however, clarified that a life insurance policy was taken on Tommy Robinson, but that no assignment of a cash value was ever instituted.

Robinson and the Committee were devoid of assets or means to meet this obligation at the time of the loan. Without additional evidence showing that the Bank of Salem would issue other loans of this size without collateral, the Office of General Counsel recommends the Commission find probable cause to believe Tommy Robinson and the Robinson Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from the Bank of Salem.

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the Stephens Security Bank.
2. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the First American Bank.
3. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the First State Bank.
4. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the First Commercial Bank.
5. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the Twin City Bank.
6. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting contributions from the Worthen Bank and Trust, Company.

7. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from First Jacksonville Bank.
8. Find probable cause to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting a contribution from the Bank of Salem.

3/28/85
Date

Charles N. Steele
Charles N. Steele
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1721
Stephens Security Bank)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On September 5, 1984, the Commission determined that there is reason to believe that the Stephens Security Bank violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a bank loan. The Commission also found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contribution.

The complaint was originally filed by George Carder and James E. McClain, Jr., on June 4, 1984. The complainants asserted that Tommy Robinson and the Tommy Robinson for Congress Committee (the "Committee") obtained a total of \$287,549 in loans from the following banks: 1) Stephens Security Bank (\$100,000), 2) First American Bank (\$50,000), 3) First State Bank (\$20,070), 4) First Commercial Bank (\$35,000), 5) Twin City Bank (\$32,000), and 6) Worthen Bank & Trust Co. (\$50,479). Complainants assert that the six loans were not made in the ordinary course of business because they were not made on a basis which assures repayment.

Tommy Robinson initially filed as a candidate for the United States House of Representatives on April 17, 1984. Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas

Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds (due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from different Arkansas banks.

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner. Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary.

Reports filed by the Robinson Committee to the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0. By May 9, 1984, it had raised a total of \$25,801 in contributions. By June 30, 1984, it had raised a total of \$96,823 in contributions, had outstanding bank loans of \$251,970 and expended \$350,364. (The last loan was approved on July 9, 1984).

With this financial status, Tommy Robinson and the Robinson Committee approached Arkansas banks for loans, including Stephens Security which approved a \$100,00 loan on May 11, 1984. The loans were all approved. The date and other relevant data of the loans are listed on the following chart:

CANDIDATE: TOMMY ROBINSON

FORWARDED From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Guaranteed By	Secured By	Status
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee	75% of initial contributions from campaign	\$75,000 balance due 1/8/85
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally		paid 5/21/84
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee		\$20,070 due 11/21/84
First Commercial Bank (Attachment 6, pp 27-28)	5/7/84	6/6/84	\$ 35,000	13%	Robinson & Committee		paid 5/17/84
Twin City Bank (Attachment 7, pp 29-35)	5/17/84	6/17/84	\$ 32,000	12 1/2%	Robinson & Committee		\$29,900 balance due on 1/1/85
Worthen Bank & Trust Co (Attachment 8, pp 36-43)	5/18/84	5/30/84	\$ 50,479	prime + 2%	Robinson & Committee		paid 5/23/84
First Jacksonville Bank	6/1/84	6/15/84	\$ 52,000	14%	Robinson Personally		paid 7/12/84
Bank of Salem	6/5/84	7/10/84	\$ 50,000	14%	Robinson & Committee		\$50,000 due 1/10/85
Worthen Bank & Trust Co.	7/9/85	1/7/85	\$ 48,000	prime + 2%	Robinson & Committee		\$48,000 due 1/7/85

Robinson won the Second District congressional race over two opponents, garnishing 47 percent of the vote. As of December 31, 1984, Robinson and the Committee showed an outstanding balance of \$223,088 in bank loans. For the period covering November 27, 1984 to December 31, 1984, the Committee reported \$41,121 in contributions.

II. LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The Stephens Security Bank loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee was evidenced by a written instrument, was subject to a due date and bore the usual and customary interest rate of the lending institution. The only issue in this matter is whether the loan was made on a basis which assures repayment.

In determining whether a loan was made on a basis which assures repayment, the Commission has considered the type and

sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts (MUR 382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment.

In MUR 215/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of political contributions provides a basis of assuring repayment of a loan if the guarantor can provide a sufficient alternate source of repayment.^{1/}

^{1/} When the alternative source is a personal guarantee the Commission has determined the sufficiency of the alternative source by considering: a) the credit-worthiness of the guarantor and b) the personal assets and earning capacity of the guarantor (MUR 216/239).

The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The committee also expected Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concert were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195 (80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000) June 2, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assures repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

In conclusion, the Commission has considered a loan collateralized by future expectations (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment, the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee trasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating th bank as beneficiary.

The progress of the loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee from the Stephens Security Bank follows.

STEPHENS SECURITY BANK LOAN

A \$100,000 loan was advanced to Tommy Robinson and the Robinson Committee by Stephens Security Bank on April 11, 1984. The bank officer who loaned the money indicated his personal knowledge of the credit worthiness of Tommy Robinson.

Stephens' loan agreement indicates that the loan was secured by "75 percent of the initial contributions from Camp. and \$100,000 life insurance policy". The 75 percent of the initial contributions amount to a future expectation of political contributions since pursuant to the Committee's reports, the Committee could not at the time of the loan have received contributions greater than \$25,801. Accordingly, for this loan to have been made on a basis which assures repayment there must have been an alternate source of repayment in case the future political contributions were not realized or the loan agreement must have contained sufficient risk reducing features.

The Stephens' loan did not have an adequate alternate source of repayment in the event the expected political contributions were not realized. The loan was guaranteed both by Robinson and the Committee. Tommy Robinson's earning capacity at the time of the loan was a \$31,900 Sheriff's salary. Robinson's only substantial asset was a home with a preexisting mortgage, and this was not used as collateral. Available records indicate the

Committee's only available assets as of May 9, 1984, could not have totaled more than \$25,801. It therefore appears that neither Robinson nor the Committee was in a position to provide an adequate alternate source of repayment of the \$100,000 loan if the expected campaign contributions were not realized.

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The only risk reducing feature in the Stephens' loan agreement is the \$100,000 life insurance policy on Tommy Robinson. Unlike the Anderson (AO 1980-108) loan agreement, there is no guaranty of post election funding based on the number of votes received. Unlike the Kennedy (MUR 1195) loan agreement, no designated account was opened whereby Stephens' collateral (money) was set aside when received. Had an account been designated to receive contributions, the loan probably would have been repaid on time. Accordingly, the Stephens' loan agreement lacks sufficient risk reducing features to provide an adequate basis for assuring the loan's repayment. Without an adequate alternate source of repayment, or sufficient risk reducing features, Stephens' loan, secured by future campaign contributions was not made on a basis which assures repayment.

Therefore, the Office of General Counsel recommends the Commission find probable cause to believe the Stephens Security Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Stephens Security Bank violated 2 U.S.C. § 441b(a).

3/29/85
Date

Charles N. Steele
Charles N. Steele
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Bank of Salem

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MUR 1721

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On December 6, 1984, the Commission determined that there is reason to believe that the Bank of Salem violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a bank loan and that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contribution.

Tommy Robinson initially filed as a candidate for the United States House of Representatives on April 17, 1984. Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds (due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from different Arkansas banks.

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory

manner. Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary.

Reports filed by the Robinson Committee to the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0. By May 9, 1984, it had raised a total of \$25,801 in contributions. By June 30, 1984, it had raised a total of \$96,823 in contributions, had outstanding bank loans of \$251,970 and expended \$350,364. (The last loan was approved on July 9, 1984).

With this financial status, Tommy Robinson and the Robinson Committee approached eight Arkansas banks for loans, including the Bank of Salem, which approved a \$50,000 unsecured loan on June 5, 1984. The loans were all approved. The date and other relevant data of the loans are listed on the following page.

Robinson won the Second District congressional race over two opponents, garnishing 47 percent of the vote. As of December 31, 1984, Robinson and the Committee showed an outstanding balance of \$223,088 in bank loans. For the period covering November 27, 1984 to December 31, 1984, the Committee reported \$41,121 in contributions.

LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are

CANDIDATE: TOMMY ROBINSON

BORROWED From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Guaranteed By	Secured By	Status
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee		\$75,000 balance due 1/8/85
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally		paid 5/21/84
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee		\$20,070 due 11/21/84
First Commercial Bank (Attachment 6, pp 27-28)	5/7/84	6/6/84	\$ 35,000	13%	Robinson & Committee		paid 5/17/84
Twin City Bank (Attachment 7, pp 29-35)	5/17/84	6/17/84	\$ 32,000	12 1/2%	Robinson & Committee		\$29,900 balance due on 1/1/85
Worthen Bank & Trust Co (Attachment 8, pp 36-43)	5/18/84	5/30/84	\$ 50,479	prime + 2%	Robinson & Committee		paid 5/23/84
First Jacksonville Bank	6/1/84	6/15/84	\$ 52,000	14%	Robinson Personally		paid 7/12/84
Bank of Salem	6/5/84	7/10/84	\$ 50,000	14%	Robinson & Committee	unsecured	\$50,000 due 1/10/85
Worthen Bank & Trust Co.	7/9/85	1/7/85	\$ 48,000	prime + 2%	Robinson & Committee		\$48,000 due 1/7/85

made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The Bank of Salem loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee was evidenced by a written instrument, was subject to a due date and bore the usual and customary interest rate of the lending institution. The only issue in this matter is whether the loan was made on a basis which assures repayment.

In determining whether a loan was made on a basis which assures repayment, the Commission has considered the type and sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts (MUR

382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment.

In MUR 215/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of political contributions provides a basis of assuring repayment of a loan if the guarantor can provide a sufficient alternate source of repayment.^{1/}

The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The committee also expected

^{1/} When the alternative source is a personal guarantee the Commission has determined the sufficiency of the alternative source by considering: a) the credit-worthiness of the guarantor and b) the personal assets and earning capacity of the guarantor (MUR 216/239).

Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concert were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195 (80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assures repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000), June 2, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

In conclusion, the Commission has considered a loan collateralized by future expectations (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment, the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

The progress of the loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee from the Bank of Salem follows.

BANK OF SALEM

An unsecured \$50,000 loan was advanced to Tommy Robinson and the Robinson Committee on June 5, 1984, with a due date of July

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee treasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating the bank as beneficiary.

10, 1984, later refinanced to January 10, 1985. At the time of this loan, Robinson was obligated to repay \$251,970 in outstanding loans, and the Committee was jointly obligated to repay \$199,970.

At present, the entire principal is outstanding.

Robinson and the Committee were devoid of assets or means to meet this obligation at the time of the loan. Without additional evidence showing that the Bank of Salem would issue other loans of this size without collateral, the Office of General Counsel recommends the Commission find probable cause to believe the Bank of Salem violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Bank of Salem violated 2 U.S.C. § 441b(a).

3/29/85
Date

Charles N. Steele
Charles N. Steele
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
First American Bank

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) MUR 1721
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GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On September 5, 1984, the Commission determined that there is reason to believe that the First American Bank violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a bank loan. The Commission also found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contribution.

The complaint was originally filed by George Carder and James E. McClain, Jr., on June 4, 1984. The complainants asserted that Tommy Robinson and the Tommy Robinson for Congress Committee (the "Committee") obtained a total of \$287,549 in loans from the following banks: 1) Stephens Security Bank (\$100,000), 2) First American Bank (\$50,000), 3) First State Bank (\$20,070), 4) First Commercial Bank (\$35,000), 5) Twin City Bank (\$32,000), and 6) Worthen Bank & Trust Co. (\$50,479). Complainants assert that the six loans were not made in the ordinary course of business because they were not made on a basis which assures repayment.

Tommy Robinson initially filed as a candidate for the United States House of Representatives on April 17, 1984. Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas

Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds (due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from different Arkansas banks.

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner. Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary.

Reports filed by the Robinson Committee to the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0. By May 9, 1984, it had raised a total of \$25,801 in contributions. By June 30, 1984, it had raised a total of \$96,823 in contributions, had outstanding bank loans of \$251,970 and expended \$350,364. (The last loan was approved on July 9, 1984).

With this financial status, Tommy Robinson and the Robinson Committee approached Arkansas banks for loans, including First American which approved a \$50,000 loan on April 24, 1984. The loans were all approved. The date and other relevant data of the loans are listed on the following chart:

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CANDIDATE: TOMMY ROBINSON

FORWARDED From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Guaranteed By	Secured By	Status
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee		\$75,000 balance due 1/8/85
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally	unsecured	paid 5/21/84
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee		\$20,070 due 11/21/84
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Worthen Bank & Trust Co.	7/9/85	1/7/85	\$ 48,000	prime + 2%	Robinson & Committee		\$48,000 due 1/7/85

Robinson won the Second District congressional race over two opponents, garnishing 47 percent of the vote. As of December 31, 1984, Robinson and the Committee showed an outstanding balance of \$223,088 in bank loans. For the period covering November 27, 1984 to December 31, 1984, the Committee reported \$41,121 in contributions.

II. LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The First American Bank loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee was evidenced by a written instrument, was subject to a due date and bore the usual and customary interest rate of the lending institution. The only issue in this matter is whether the loan was made on a basis which assures repayment.

In determining whether a loan was made on a basis which assures repayment, the Commission has considered the type and

sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts (MUR 382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment.

In MUR 215/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of political contributions provides a basis of assuring repayment of a loan if the guarantor can provide a sufficient alternate source of repayment.^{1/}

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The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The committee also expected Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concert were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195 (80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000) June 2, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assures repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

In conclusion, the Commission has considered a loan collateralized by future expectations (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment, the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee treasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating the bank as beneficiary.

The progress of the loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee from the First American Bank follows.

FIRST AMERICAN BANK

A \$50,000 loan was advanced to Tommy Robinson by First American Bank on April 24, 1984. Then bank officer who loaned the money indicated by affidavit that the loan to Tommy Robinson, "was to be repaid from campaign contributions, [and] [i]f campaign contributions proved to be insufficient to repay the loan, it was to be repaid from the proceeds of a loan to be made to Robinson by Worthen Bank & Trust Co."

As of the date of this loan Robinson had personally guaranteed \$150,000 in loans. At this time Robinson was in no position to provide an alternate source of repayment for the \$150,000 in loans.

Further, the availability to Robinson of a second loan from Worthen Bank & Trust Co. to pay off First American's bank loan does not represent an alternate source of repayment. First American Bank provided no documentation that Worthen was legally "obligated" to provide Robinson with a loan for purposes of paying off previous loans. In addition, no evidence has been disclosed to show that similar loans have been made upon request from the Worthen Bank & Trust, Company. Thus, since First American's loan, secured by the future expectation of campaign contributions, had no adequate alternate source of repayment it follows that the loan was not made on a basis which assures repayment.

Therefore, the Office of General Counsel recommends the Commission find probable cause to believe the First American Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the First American Bank violated 2 U.S.C. § 441b(a).

Date

3/29/85

Charles N. Steele
General Counsel

Charles N. Steele

86040104907

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1721
First State Bank)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On September 5, 1984, the Commission determined that there is reason to believe that the First State Bank violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a bank loan. The Commission also found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contribution.

The complaint was originally filed by George Carder and James E. McClain, Jr., on June 4, 1984. The complainants asserted that Tommy Robinson and the Tommy Robinson for Congress Committee (the "Committee") obtained a total of \$287,549 in loans from the following banks: 1) Stephens Security Bank (\$100,000), 2) First American Bank (\$50,000), 3) First State Bank (\$20,070), 4) First Commercial Bank (\$35,000), 5) Twin City Bank (\$32,000), and 6) Worthen Bank & Trust Co. (\$50,479). Complainants assert that the six loans were not made in the ordinary course of business because they were not made on a basis which assures repayment.

Tommy Robinson initially filed as a candidate for the United States House of Representatives on April 17, 1984. Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas

Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds (due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from different Arkansas banks.

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner. Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary.

Reports filed by the Robinson Committee to the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0. By May 9, 1984, it had raised a total of \$25,801 in contributions. By June 30, 1984, it had raised a total of \$96,823 in contributions, had \$251,970 in outstanding bank loans and expended \$350,364. (The last loan was approved on July 9, 1984).

With this financial status, Tommy Robinson and the Robinson Committee approached Arkansas banks for loans, including First State Bank, which approved a \$20,070 loan on April 30, 1984. The loans were all approved. The date and other relevant data of the loans are listed on the following chart:

CANDIDATE: TOMMY ROBINSON

BORROWED From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Guaranteed By	Secured By	Status
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee		\$75,000 balance due 1/8/85
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally		paid 5/21/84
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee	campaign proceeds over \$100,000-50% guaranteed, 3d mortgage executed on Tommy Robinson's resi- dence	\$20,070 due 11/21/84
First Commercial Bank (Attachment 6, pp 27-28)	5/7/84	6/6/84	\$ 35,000	13%	Robinson & Committee		paid 5/17/84
Twin City Bank (Attachment 7, pp 29-35)	5/17/84	6/17/84	\$ 32,000	12 1/2%	Robinson & Committee		\$29,900 balance due on 1/1/85
Worthen Bank & Trust Co (Attachment 8, pp 36-43)	5/18/84	5/30/84	\$ 50,479	prime + 2%	Robinson & Committee		paid 5/23/84
First Jacksonville Bank	6/1/84	6/15/84	\$ 52,000	14%	Robinson Personally		paid 7/12/84
Bank of Salem	6/5/84	7/10/84	\$ 50,000	14%	Robinson & Committee		\$50,000 due 1/10/85
Worthen Bank & Trust Co.	7/9/85	1/7/85	\$ 48,000	prime + 2%	Robinson & Committee		\$48,000 due 1/7/85

Robinson won the Second District congressional race over two opponents, garnishing 47 percent of the vote. As of December 31, 1984, Robinson and the Committee showed an outstanding balance of \$223,088 in bank loans. For the period covering November 27, 1984 to December 31, 1984, the Committee reported \$41,121 in contributions.

II. LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The First State Bank loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee was evidenced by a written instrument, was subject to a due date and bore the usual and customary interest rate of the lending institution. The only issue in this matter is whether the loan was made on a basis which assures repayment.

In determining whether a loan was made on a basis which assure repayment, the Commission has considered the type and

sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts (MUR 382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment.

In MUR 215/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of political contributions provides a basis of assuring repayment of a loan if the guarantor can provide a sufficient alternate source of repayment.^{1/}

^{1/} When the alternative source is a personal guarantee the Commission has determined the sufficiency of the alternative source by considering: a) the credit-worthiness of the guarantor and b) the personal assets and earning capacity of the guarantor (MUR 216/239).

The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The committee also expected Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concert were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195 (80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000) June 2, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assures repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

In conclusion, the Commission has considered a loan collateralized by future expectations (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment, the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee treasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating the bank as beneficiary.

The progress of the loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee from the First State Bank follows.

FIRST STATE BANK

A \$20,070 loan was advanced to Tommy Robinson and the Robinson Committee by First State Bank on April 30, 1984. The Bank officer who made the loan indicated that he had received a favorable recommendation on the credit worthiness of Tommy Robinson.

First State Bank's loan agreement indicates that the loan, guaranteed by Robinson and the Robinson Committee, was secured by "[c]ampaign proceeds over \$100,000 - 50 percent guarantee". This security amounts to a future expectation of political contributions.^{4/} As of the date of this loan Robinson had personally guaranteed \$170,070 and of this sum the Committee had jointly guaranteed \$120,070 in loans.

There was further a agreement that if the loan was not paid within the initial 90-day period, further collateral would be required from Robinson. This was, in fact, accomplished on September 12, 1984, when a third mortgage on his personal residence was obtained. The note was rescheduled to November 21, 1984.

According to information from the Worthen Bank and Trust Company, which acquired a second mortgage on Robinson's home on July 9, 1984, Robinson had no equity remaining in his residence

^{4/} First State Bank had a security interest in half of the campaign proceeds over \$100,000. At the time the loan was made total contributions received were less than or equal to \$25,801.

after the second mortgage. Therefore, the added collateral would not provide an alternate source of repayment should the loan come under default. Because the loan was not adequately assured, the Office of General Counsel recommends the Commission find probable cause to believe the First State Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the First State Bank violated 2 U.S.C. § 441b(a).

3/29/85
Date

Charles N. Steele
Charles N. Steele
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1721
First Commercial Bank)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On September 5, 1984, the Commission determined that there is reason to believe that the First Commercial Bank violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a bank loan. The Commission also found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contribution.

The complaint was originally filed by George Carder and James E. McClain, Jr., on June 4, 1984. The complainants asserted that Tommy Robinson and the Tommy Robinson for Congress Committee (the "Committee") obtained a total of \$287,549 in loans from the following banks: 1) Stephens Security Bank (\$100,000), 2) First American Bank (\$50,000), 3) First State Bank (\$20,070), 4) First Commercial Bank (\$35,000), 5) Twin City Bank (\$32,000), and 6) Worthen Bank & Trust Co. (\$50,479). Complainants assert that the six loans were not made in the ordinary course of business because they were not made on a basis which assures repayment.

Tommy Robinson initially filed as a candidate for the United States House of Representatives on April 17, 1984. Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas

Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds (due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from different Arkansas banks.

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner. Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary.

Reports filed by the Robinson Committee to the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0. By May 9, 1984, it had raised a total of \$25,801 in contributions. By June 30, 1984, it had raised a total of \$96,823 in contributions, had outstanding bank loans of \$251,970 and expended \$350,364. (The last loan was approved on July 9, 1984).

With this financial status, Tommy Robinson and the Robinson Committee approached Arkansas banks for loans, including First Commercial Bank, which approved a \$35,000 loan on May 7, 1984. The loans were all approved. The date and other relevant data of the loans are listed on the following chart:

CANDIDATE: TOMMY ROBINSON

BORROWED From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Guaranteed By	Secured By	Status
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee		\$75,000 balance due 1/8/85
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally		paid 5/21/84
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee		\$20,070 due 11/21/84
First Commercial Bank (Attachment 6, pp 27-28)	5/7/84	6/6/84	\$ 35,000	13%	Robinson & Committee	unsecured	paid 5/17/84
Twin City Bank (Attachment 7, pp 29-35)	5/17/84	6/17/84	\$ 32,000	12 1/2%	Robinson & Committee		\$29,900 balance due on 1/1/85
Worthen Bank & Trust Co (Attachment 8, pp 36-43)	5/18/84	5/30/84	\$ 50,479	prime + 2%	Robinson & Committee		paid 5/23/84
First Jacksonville Bank	6/1/84	6/15/84	\$ 52,000	14%	Robinson Personally		paid 7/12/84
Bank of Salem	6/5/84	7/10/84	\$ 50,000	14%	Robinson & Committee		\$50,000 due 1/10/85
Worthen Bank & Trust Co.	7/9/85	1/7/85	\$ 48,000	prime + 2%	Robinson & Committee		\$48,000 due 1/7/85

Robinson won the Second District congressional race over two opponents, garnishing 47 percent of the vote. As of December 31, 1984, Robinson and the Committee showed an outstanding balance of \$223,088 in bank loans. For the period covering November 27, 1984 to December 31, 1984, the Committee reported \$41,121 in contributions.

II. LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The First Commercial Bank loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee was evidenced by a written instrument, was subject to a due date and bore the usual and customary interest rate of the lending institution. The only issue in this matter is whether the loan was made on a basis which assures repayment.

In determining whether a loan was made on a basis which assures repayment, the Commission has considered the type and

sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts (MUR 382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment.

In MUR 215/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of political contributions provides a basis of assuring repayment of a loan only if the guarantor can provide a sufficient alternate source of repayment.^{1/}

^{1/} When the alternative source is a personal guarantee the Commission has determined the sufficiency of the alternative source by considering: a) the credit-worthiness of the guarantor and b) the personal assets and earning capacity of the guarantor (MUR 216/239).

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The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The committee also expected Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concert were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195 (80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000) June 2, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assures repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

In conclusion, the Commission has considered a loan collateralized by future expectations (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment, the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee treasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating the bank as beneficiary.

The progress of the loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee from the First Commercial Bank follows.

FIRST COMMERCIAL BANK

A \$35,000 loan was advanced to Tommy Robinson and the Robinson Committee by First Commercial Bank on May 7, 1984. In its response, First Commercial claimed that the loan was "made on a basis which assured repayment". First Commercial did not indicate what assured repayment but did indicate that in its judgment, Robinson and the Robinson Committee were a good risk.

Upon receipt of this loan, Robinson had personally guaranteed \$205,070 and of this sum the Robinson Committee had jointly guaranteed \$155,070 in loans.

Except for the expectation of future campaign contributions both Robinson and the Robinson Committee were devoid of the assets or the means to meet this loan obligation. First Commercial Bank's loan, collateralized by expected future campaign contributions and not having an adequate alternative source of repayment, is a loan not made on a basis which assures repayment.

Therefore, the Office of General Counsel recommends the Commission find probable cause to believe the First Commercial Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the

Commission:

1. Find probable cause to believe that the First Commercial Bank violated 2 U.S.C. § 441b(a).

3/29/95
Date

Charles N. Steele
Charles N. Steele
General Counsel

86040705000

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Twin City Bank

)
) MUR 1721
)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On September 5, 1984, the Commission determined that there is reason to believe that the Twin City Bank violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a bank loan. The Commission also found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contribution.

The complaint was originally filed by George Carder and James E. McClain, Jr., on June 4, 1984. The complainants asserted that Tommy Robinson and the Tommy Robinson for Congress Committee (the "Committee") obtained a total of \$287,549 in loans from the following banks: 1) Stephens Security Bank (\$100,000), 2) First American Bank (\$50,000), 3) First State Bank (\$20,070), 4) First Commercial Bank (\$35,000), 5) Twin City Bank (\$32,000), and 6) Worthen Bank & Trust Co. (\$50,479). Complainants assert that the six loans were not made in the ordinary course of business because they were not made on a basis which assures repayment.

Tommy Robinson initially filed as a candidate for the United States House of Representatives on April 17, 1984. Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas

Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds (due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from different Arkansas banks.

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner. Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary.

Reports filed by the Robinson Committee to the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0. By May 9, 1984, it had raised a total of \$25,801 in contributions. By June 30, 1984, it had raised a total of \$96,823 in contributions, had outstanding bank loans of \$251,970 and expended \$350,364. (The last loan was approved on July 9, 1984).

With this financial status, Tommy Robinson and the Robinson Committee approached Arkansas banks for loans, including Twin City Bank, which approved a \$32,000 loan on May 17, 1984. The loans were all approved. The date and other relevant data of the loans are listed on the following chart:

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CANDIDATE: TOMMY ROBINSON

BORROWED From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Guaranteed By	Secured By	Status
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee		\$75,000 balance due 1/8/85
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally		paid 5/21/84
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee		\$20,070 due 11/21/84
First Commercial Bank (Attachment 6, pp 27-28)	5/7/84	6/6/84	\$ 35,000	13%	Robinson & Committee		paid 5/17/84
Twin City Bank (Attachment 7, pp 29-35)	5/17/84	6/17/84	\$ 32,000	12 1/2%	Robinson & Committee	unsecured	\$29,900 balance due on 1/1/85
Worthen Bank & Trust Co (Attachment 8, pp 36-43)	5/18/84	5/30/84	\$ 50,479	prime + 2%	Robinson & Committee		paid 5/23/84
First Jacksonville Bank	6/1/84	6/15/84	\$ 52,000	14%	Robinson Personally		paid 7/12/84
Bank of Salem	6/5/84	7/10/84	\$ 50,000	14%	Robinson & Committee		\$50,000 due 1/10/85
Worthen Bank & Trust Co.	7/9/85	1/7/85	\$ 48,000	prime + 2%	Robinson & Committee		\$48,000 due 1/7/85

Robinson won the Second District congressional race over two opponents, garnishing 47 percent of the vote. As of December 31, 1984, Robinson and the Committee showed an outstanding balance of \$223,088 in bank loans. For the period covering November 27, 1984 to December 31, 1984, the Committee reported \$41,121 in contributions.

II. LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The Twin City Bank loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee was evidenced by a written instrument, was subject to a due date and bore the usual and customary interest rate of the lending institution. The only issue in this matter is whether the loan was made on a basis which assures repayment.

In determining whether a loan was made on a basis which assures repayment, the Commission has considered the type and

sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts (MUR 382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment.

In MUR 215/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of political contributions provides a basis of assuring repayment of a loan if the guarantor can provide a sufficient alternate source of repayment.^{1/}

^{1/} When the alternative source is a personal guarantee the Commission has determined the sufficiency of the alternative source by considering: a) the credit-worthiness of the guarantor and b) the personal assets and earning capacity of the guarantor (MUR 216/239).

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The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The committee also expected Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concert were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195 (80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000) June 2, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assures repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

In conclusion, the Commission has considered a loan collateralized by future expectations (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment, the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee treasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating the bank as beneficiary.

The progress of the loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee from the Twin City Bank follows.

TWIN CITY BANK

A \$32,000 loan was advanced to Tommy Robinson and the Robinson Committee by Twin City Bank on May 17, 1984. The Bank officer who made the loan indicated his personal knowledge of the credit worthiness of Tommy Robinson, stating that he had extended credit to him for larger amounts than \$32,000 in the past. This same Bank officer also indicated that he approved the loan to Robinson and the Robinson Committee based on the "political future and fortunes of Tommy F. Robinson" and specifically on the viability of Tommy Robinson's campaign for Congress.

The loan from Twin City on May 17, 1984, appears to have been used to repay the \$35,000 May 7, 1984, loan from First Commercial Bank. Because Robinson and the Robinson Committee had borrowed from one bank to pay another, as of May 17, 1984, Robinson was still obligated to repay \$202,070, and of this sum, the Committee was jointly obligated to repay \$152,070.

The Twin City Bank officer who approved the loan indicated his belief that despite the financial burden, Robinson could pay off the debt from his personal funds and that in any event, he (Bank officer) felt certain that Robinson could inspire the community to contribute to his political campaign. The record establishes that Robinson lacked the "personal funds" or earning capacity to pay off a \$32,000 loan due in 29 days. In addition,

the Committee was also devoid of sufficient assets to meet its loan obligation.

The record and the Bank officer's response indicate that the loan would only be repaid through the receipt of future campaign contributions. Twin City's loan, collateralized by future campaign contributions and lacking an adequate alternative source of repayment was therefore not made on the basis which assures repayment.

Therefore, the Office of General Counsel recommends the Commission find probable cause to believe Twin City Bank violated 2 U.S.C. § 441b(a).

III. Recommendation

The Office of General Counsel recommends that the Commission:

1. Find probable cause to believe that the Twin City Bank violated 2 U.S.C. § 441b(a).

Date

3/29/85

Charles N. Steele
Charles N. Steele
General Counsel

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In the Matter of)
) MUR 1721
Worthen Bank and Trust, Company)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On September 5, 1984, the Commission determined that there is reason to believe that the Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a bank loan. The Commission also found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contribution.

The complaint was originally filed by George Carder and James E. McClain, Jr., on June 4, 1984. The complainants asserted that Tommy Robinson and the Tommy Robinson for Congress Committee (the "Committee") obtained a total of \$287,549 in loans from the following banks: 1) Stephens Security Bank (\$100,000), 2) First American Bank (\$50,000), 3) First State Bank (\$20,070), 4) First Commercial Bank (\$35,000), 5) Twin City Bank (\$32,000), and 6) Worthen Bank & Trust Co. (\$50,479). Complainants assert that the six loans were not made in the ordinary course of business because they were not made on a basis which assures repayment.

Upon further inspection of Committee reports, it was learned that the Committee received a second loan from the Worthen Bank and Trust Company for \$48,000.

Tommy Robinson initially filed as a candidate for the United States House of Representatives on April 17, 1984. Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds (due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from different Arkansas banks.

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner. Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary.

Reports filed by the Robinson Committee to the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0. By May 9, 1984, it had raised a total of \$25,801 in contributions. By June 30, 1984, it had raised a total of \$96,823 in contributions, had outstanding bank loans of \$251,970 and expended \$350,364. (The last loan was approved on July 9, 1984).

CANDIDATE: TOMMY ROBINSON

BORROWED From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Guaranteed By	Secured By	Status
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee		\$75,000 balance due 1/8/85
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally		paid 5/21/84
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee		\$20,070 due 11/21/84
First Commercial Bank (Attachment 6, pp 27-28)	5/7/84	6/6/84	\$ 35,000	13%	Robinson & Committee		paid 5/17/84
Twin City Bank (Attachment 7, pp 29-35)	5/17/84	6/17/84	\$ 32,000	12 1/2%	Robinson & Committee		\$29,900 balance due on 1/1/85
Worthen Bank & Trust Co (Attachment 8, pp 36-43)	5/18/84	5/30/84	\$ 50,479	prime + 2%	Robinson & Committee	2d mortgage executed on Tommy Robinson's residence	paid 5/23/84
First Jacksonville Bank	6/1/84	6/15/84	\$ 52,000	14%	Robinson Personally		paid 7/12/84
Bank of Salem	6/5/84	7/10/84	\$ 50,000	14%	Robinson & Committee		\$50,000 due 1/10/85
Worthen Bank & Trust Co.	7/9/85	1/7/85	\$ 48,000	prime + 2%	Robinson & Committee	2d mortgage executed on Tommy Robinson's residence	\$48,000 due 1/7/85

With this financial status, Tommy Robinson and the Robinson Committee approached Arkansas banks for loans, including Worthen Bank and Trust Company, which approved a \$32,000 loan on May 17, 1984. The loans were all approved. The date and other relevant data of the loans are listed on the following page.

Robinson won the Second District congressional race over two opponents, garnishing 47 percent of the vote. As of December 31, 1984, Robinson and the Committee showed an outstanding balance of \$223,088 in bank loans. For the period covering November 27, 1984 to December 31, 1984, the Committee reported \$41,121 in contributions.

II. LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The Worthen Bank and Trust Company loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee was evidenced by a written instrument, was subject to a due date and

bore the usual and customary interest rate of the lending institution. The only issue in this matter is whether the loan was made on a basis which assures repayment.

In determining whether a loan was made on a basis which assures repayment, the Commission has considered the type and sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts (MUR 382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment.

In MUR 215/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of

political contributions provides a basis of assuring repayment of a loan if the guarantor can provide a sufficient alternate source of repayment.^{1/}

The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The committee also expected Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concert were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195

^{1/} When the alternative source is a personal guarantee the Commission has determined the sufficiency of the alternative source by considering: a) the credit-worthiness of the guarantor and b) the personal assets and earning capacity of the guarantor (MUR 216/239).

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000) June 2, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

(80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assure repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

In conclusion, the Commission has considered a loan collateralized by future expectations (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee treasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating the bank as beneficiary.

repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment, the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

The progress of the loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee from the Worthen Bank and Trust Company follows.

WORTHEN BANK & TRUST CO.

A \$50,479 loan was advanced to Tommy Robinson and the Robinson Committee by the Worthen Bank & Trust Co. on May 18, 1984. The bank officer who approved the loan indicated his personal knowledge of the credit worthiness of Tommy Robinson. The Worthen loan agreement indicates that the loan was secured with a second mortgage executed on Tommy Robinson's house.

The \$50,479 loan from Worthen appears to have been used to repay the \$50,000 April 24, 1984, loan from First American Bank. The loan from First American was fully repaid on May 21, 1984. Because Robinson and the Robinson Committee had borrowed from one bank to pay another; as of May 21, 1984, Robinson and the Robinson Committee were both obligated to repay \$202,549 in outstanding loans.

As to the security, mortgages on real estate do represent the type of collateral which can provide an adequate basis to assure repayment of a loan. An appraisal of Robinson's home by the Worthen Bank & Trust Company reflected a fair market value of \$88,900. There was an outstanding first mortgage in the amount

of approximately \$50,000, reflecting a net equity in the home of approximately \$38,900. Worthen's response indicates this collateral and Robinson's credit history complied with its loan policies.

The loan was paid in full on May 23, 1984.

Worthen made a second loan to Robinson, for \$48,000 on July 9, 1984, again using the second mortgage as security. The due date is reported as January 7, 1985.

Because the loans were not fully collateralized,^{4/} the Commission must determine whether the loans contained risk reducing features to assure repayment of the balance. One factor is that Robinson had a successful credit history with Worthen. The present loans, however, are significantly greater than the previous loans given Robinson, which were presumably made when Robinson was not significantly in debt.

A second factor stated by Worthen is that the bank carries 1,377 second mortgages as collateral for loans. This information is not pertinent, however, to whether a loan of Robinson's proportion is ordinarily made under similar circumstances.

Therefore, since no evidence is present that similar collateral has been used to assure repayment of other loans of this size, and the fact that Robinson and the Committee were devoid of assets or means to meet these obligations, the Office of General Counsel recommends the Commission find probable cause

^{4/} The actual value of a second mortgage reflecting a net equity of \$38,900 is uncertain, although it is probably less than the face value.

to believe Worthen Bank and Trust Co. violated 2 U.S.C.
§ 441b(a).

III. Recommendation

The Office of General Counsel recommends that the
Commission:

1. Find probable cause to believe that the Worthen Bank & Trust
Company violated 2 U.S.C. § 441b(a).

Date

3/29/85

Charles N. Steele
General Counsel

46040305024

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
First Jacksonville Bank) MUR 1721
)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On December 6, 1984, the Commission determined that there is reason to believe that the First Jacksonville Bank violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a bank loan and that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting the contribution.

Tommy Robinson initially filed as a candidate for the United States House of Representatives on April 17, 1984. Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds (due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from different Arkansas banks.

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff. Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory

manner. Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary.

Reports filed by the Robinson Committee to the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0. By May 9, 1984, it had raised a total of \$25,801 in contributions. By June 30, 1984, it had raised a total of \$96,823 in contributions, had outstanding bank loans of \$251,970 and expended \$350,364. (The last loan was approved on July 9, 1984).

With this financial status, Tommy Robinson and the Robinson Committee approached eight Arkansas banks for loans, including the First Jacksonville Bank, which approved a \$52,000 loan on June 1, 1984. The loans were all approved. The date and other relevant data of the loans are listed on the following page.

Robinson won the Second District congressional race over two opponents, garnishing 47 percent of the vote. As of December 31, 1984, Robinson and the Committee showed an outstanding balance of \$223,088 in bank loans. For the period covering November 27, 1984 to December 31, 1984, the Committee reported \$41,121 in contributions.

LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are

CANDIDATE: TOMMY ROBINSON

BORROWED From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Guaranteed By	Secured By	Status
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee		\$75,000 balance due 1/8/85
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally		paid 5/21/84
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee		\$20,070 due 11/21/84
First Commercial Bank (Attachment 6, pp 27-28)	5/7/84	6/6/84	\$ 35,000	13%	Robinson & Committee		paid 5/17/84
Twin City Bank (Attachment 7, pp 29-35)	5/17/84	6/17/84	\$ 32,000	12 1/2%	Robinson & Committee		\$29,900 balance due on 1/1/85
Worthen Bank & Trust Co (Attachment 8, pp 36-43)	5/18/84	5/30/84	\$ 50,479	prime + 2%	Robinson & Committee		paid 5/23/84
First Jacksonville Bank	6/1/84	6/15/84	\$ 52,000	14%	Robinson Personally	2d mortgage executed on Tommy Robinson's residence, autobio- graphy rights	paid 7/12/84
Bank of Salem	6/5/84	7/10/84	\$ 50,000	14%	Robinson & Committee		\$50,000 due 1/10/85
Worthen Bank & Trust Co.	7/9/85	1/7/85	\$ 48,000	prime + 2%	Robinson & Committee		\$48,000 due 1/7/85

made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The First Jacksonville Bank loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee was evidenced by a written instrument, was subject to a due date and bore the usual and customary interest rate of the lending institution. The only issue in this matter is whether the loan was made on a basis which assures repayment.

In determining whether a loan was made on a basis which assures repayment, the Commission has considered the type and sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by a borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR 1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts (MUR

382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment.

In MUR 215/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of political contributions provides a basis of assuring repayment of a loan if the guarantor can provide a sufficient alternate source of repayment.^{1/}

The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The committee also expected

^{1/} When the alternative source is a personal guarantee the Commission has determined the sufficiency of the alternative source by considering: a) the credit-worthiness of the guarantor and b) the personal assets and earning capacity of the guarantor (MUR 216/239).

Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concert were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195 (80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assures repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000) June 2, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

In conclusion, the Commission has considered a loan collateralized by future expectations (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment, the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

The progress of the loan obtained by Tommy Robinson and the Tommy Robinson for Congress Committee from the First Jacksonville Bank follows.

FIRST JACKSONVILLE BANK

A \$52,000 loan was advanced to Tommy Robinson by the First Jacksonville Bank on June 1, 1984, with a due date of June 15,

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee treasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating the bank as beneficiary.

1984. The Bank had a loan history with Robinson, making 15 loans to him over nine years. According to Larry Wilson, President of the Bank, Robinson had never been 30 days late on a loan payment. For collateral, the Bank obtained a second mortgage on Robinson's home and the assignment of rights in an autobiography. According to information provided by Worthen Bank and Trust Company, which had previously secured a second mortgage on Robinson's home for a loan repaid on May 23, 1984, Robinson's equity in the house amounted to \$38,900.

At the time of the loan, Robinson was obligated to repay \$201,970 in outstanding loans, and the Committee was jointly obligated to repay \$149,970.

The loan was fully repaid on July 12, 1984.

Because the loan was not fully collateralized with tangible assets, the Commission must determine whether the loans contained risk reducing features to assure repayment of the balance. One factor is that Robinson had a successful credit history with the First Jacksonville Bank. The present loan, however, is significantly greater than the previous loans given Robinson, which were presumably made when Robinson was not significantly in debt.

A second risk reducing factor is that Robinson had received the highest number of votes in the Democratic Primary on May 29 1984, two days prior to the loan. Larry T. Wilson, president of the First Jacksonville Bank, stated this election "indicated to us the strong probability of his winning the primary runoff election and the General Election in November." Although the

loan to John Anderson in AO 1980-108 was also collateralized with the expected receipt of federal funding, the proven ability to generate public support as of the date of the loan, and therefore the probability of generating public contributions in the future, is a risk reducing feature to the loan.

A third risk reducing feature is that the loan was collateralized by a second mortgage (See Note 5), and future autobiography rights.^{4/}

The First Jacksonville Bank was repaid in full on July 12, 1984, apparently from the second loan made by the Worthen Bank and Trust, Company. Despite the risk reducing features previously discussed, Robinson and the Committee were devoid of assets or means to meet this obligation except by receiving an additional loan. Without additional evidence showing that similar collateral has been used by the First Jacksonville Bank to assure repayment of other loans of this size, the Office of General Counsel recommends the Commission find probable cause to believe the First Jacksonville Bank violated 2 U.S.C. § 441b(a).

^{4/} According to Larry T. Wilson, president of the First Jacksonville Bank, the loan document was destroyed shortly after the loan was repaid. The Bank's response indicated the collateral for the loan included an assignment of the cash value on a life insurance policy. Further investigation, however, clarified that a life insurance policy was taken on Tommy Robinson, but that no assignment of a cash value was ever instituted.

III. Recommendation

The Office of General Counsel recommends that the
Commission:

1. Find probable cause to believe that the First Jacksonville Bank violated 2 U.S.C. § 441b(a).

Date

3/29/85

Charles N. Steele
General Counsel

Charles N. Steele

8004050000



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 1, 1985

Larry C. Wallace
House, Wallace & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
Tommy Robinson Campaign
Committee and its treasurer,
George M. Felkins and Tommy
Robinson

Dear Mr. Wallace:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

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Sincerely,

Enclosure
Brief



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 1, 1985

W. Russell Meeks, III
1151 First Commercial Building
Little Rock, Arkansas 72201

RE: MUR 1721
Stephens Security Bank
Bank of Salem

Dear Mr. Meeks:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your clients the Commission determined on September 5, 1984, and December 6, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that violations have occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

W. Russell Meeks, III
Page 2

Should you have any questions, please contact Andrew
Maikovich the at (202) 523-4000.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

Enclosure
Brief

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 1, 1985

H. Maurice Mitchell
100 Savers Federal Building
Little Rock, Arkansas 72201

RE: MUR 1721
First American Bank

Dear Mr. Mitchell:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your clients the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

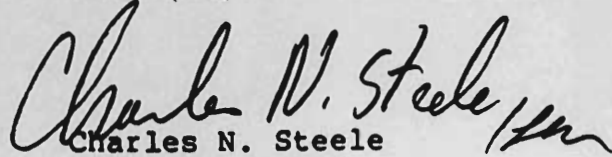
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A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

H. Maurice Mitchell
Page 2

Should you have any questions, please contact Andrew
Maikovich the at (202) 523-4000.

Sincerely,


Charles N. Steele
General Counsel

Enclosure
Brief

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 1, 1985

Rita W. Gruber
Gruber Law Office
1700 First Commercial Building
Little Rock, Arkansas 72201

RE: MUR 1721
First State Bank

Dear Ms. Gruber:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.]

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Rita W. Gruber
Page 2

Should you have any questions, please contact Andrew
Maikovich the at (202) 523-4000.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

Enclosure
Brief

80040305042



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 1, 1985

First Commercial Bank
B. Finley Vinson, Chairman
Capitol and Broadway Streets
Little Rock, Arkansas 72201

RE: MUR 1721
First Commercial Bank

Dear Mr. Vinson:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your clients the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

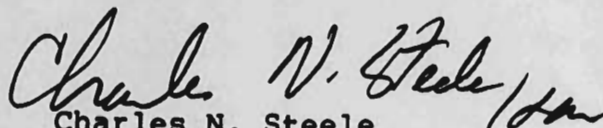
If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

B. Finley Vinson, Chairman
Page 2

Should you have any questions, please contact Andrew
Maikovich the at (202) 523-4000.

Sincerely,


Charles N. Steele
General Counsel

Enclosure
Brief

86040305044



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 1, 1985

Twin City Bank
Terrace Renaud, Chairman
One Riverfront Place
North Little Rock, Arkansas 72114

RE: MUR 1721
Twin City Bank

Dear Mr. Renaud:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

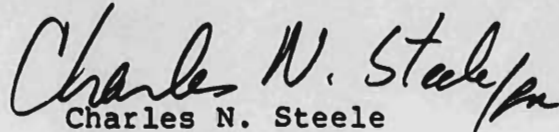
If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Terrance Renaud, Chairman,
Page 2

Should you have any questions, please contact Andrew
Maikovich the at (202) 523-4000.

Sincerely,


Charles N. Steele
General Counsel

Enclosure
Brief

80040306040



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 1, 1985

C.J. Giroir, Jr.
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas

RE: MUR 1721
Worthen Bank & Trust Co.

Dear Mr. Giroir:

Based on a complaint filed with the Commission on June 4, 1984, and information supplied by your client the Commission determined on September 5, 1984, that there was reason to believe that your client had violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter.]

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

C.J. Giroir, Jr.
Page 2

Should you have any questions, please contact Andrew
Maikovich the at (202) 523-4000.

Sincerely,

Charles N. Steele, Jr.
Charles N. Steele
General Counsel

Enclosure
Brief

200505040



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 1, 1985

Larry T. Wilson, President
First Jacksonville Bank
600 West Main Street
P.O. Box 827
Jacksonville, Arkansas 72076

RE: MUR 1721
First Jacksonville Bank

Dear Mr. Wilson:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, and information supplied by you the Federal Election Commission, on December 6, 1984, found reason to believe that you had violated 2 U.S.C. § 441b(a), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

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A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement.

Larry T. Wilson, President
Page 2

Should you have any questions, please contact Andrew
Maikovich at (202) 523-4000.

Sincerely,

Charles N. Steele

Charles N. Steele
General Counsel

Enclosure
Brief

860403050

Trust Company (Attachment 6), First Jacksonville Bank (Attachment 7), Bank of Salem (Attachment 8) and Tommy Robinson and the Committee (Attachment 9).

The Office of General Counsel is presently preparing a report for the Commission analyzing the legal and factual issues of the case.

Charles N. Steele
General Counsel

February 8, 1985
Date

Kenneth A. Gross
By: Kenneth A. Gross
Associate General Counsel

Attachments

1. Response from Stephens Security Bank
2. Response from First American Bank
3. Response from First State Bank
4. Response from First Commercial Bank
5. Response from Twin City Bank
6. Response from Worthen Bank & Trust
7. Response from First Jacksonville Bank
8. Response from Bank of Salem
9. Response from Tommy Robinson and the Tommy Robinson for Congress Committee

860405052

Attachment 1
W. RUSSELL MEEKS, III
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-376-4668

RECEIVED AT THE FEC
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W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

December 31, 1984

Mr. Andrew Maikovich
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Stephens Security Bank

Dear Mr. Maikovich:

Our position remains the same as indicated in earlier correspondence, and as expressed to you in our telephone conversations. We would be happy to discuss some guidelines for future loans, of this type, there being no such guidelines or regulations in place at the present time to guide lending institutions with respect to the making of these types of loans. As we discussed, we might well agree to some type of conciliation or settlement agreement, but would indicate the absence of any specific guidelines on these types of loans, and would set forth guidelines to be utilized in the future.

I am assuming that with the election process now completed, and with the more urgent violations having now been handled by your office, we might be able to conclude this particular matter. It is in the interest of the lending institutions involved, and specifically of interest to my clients, that the matter be resolved so that we can go on with our normal business operations.

We will look forward to hearing from you at your convenience. Let me also note, however, that in line with my earlier communication to you, this office is retained as counsel for Bank of Salem, Salem, Arkansas, which is also an affiliate of Smith Associated Banking Corporation. We will therefore be entering an

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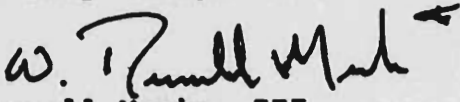
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Mr. Andy Maikovich
December 31, 1984
Page 2

appearance on behalf of Bank of Salem and you will be receiving our reply under separate cover. Our communications with respect to one bank, however, will also be applicable to the other, unless we subsequently determine through contact with your office that they need to be treated differently.

We have appreciated your courtesy and we look forward to working with you to conclude the matter.

Yours very truly,


W. Russell Meeks, III

WRM:bj

cc: Richard T. Smith
Chairman of the Board
Smith Associated Banking Corporation

86040385054

(2)

Attachment 2

Markovich

LAW OFFICES

MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER

H. MAURICE MITCHELL
RICHARD A. WILLIAMS
JOHN S. SELIG
JOSEPH W. GELINE
W. CHRISTOPHER BARRIER
JERRY D. JACKSON
JIM GUY TUCKER
EUGENE O. SAYRE
BYRON FREELAND
KENT FOSTER
ALLAN GATES
PAT MORAN
W. H. L. WOODYARD, III
MICHAEL C. O'MALLEY
JOHN C. LESSEL
BEVERLY BASSETT
JEAN D. STOCKBURGER

1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE 501-378-3151

DEBRA K. BROWN
SUSAN GUNTER
ANNE RITCHIE
CRAIG WESTBROOK
JAMES E. SMITH, JR.
W. KIRBY LOCKHART
DOAK FOSTER
JOYCE KINKAD
DOUGLAS B. WARD
MARCY TAYLOR

September 26, 1984

OF COUNSEL
HENRY E. SPITZBERG

First American

FEDERAL EXPRESS

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Suite 7
Washington, D.C. 20463

Re: MUR 1721

Dear Ms. Elliott:

In response to your letter of September 14, 1984, which we received on September 17, 1984, we are enclosing a supplementary affidavit from Leonard K. Dunn in connection with the above referenced matter.

Yours very truly,

MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER

By

H. Maurice Mitchell

HMM:lc
Enclosure

cc - Mr. Leonard K. Dunn

85040:05055

(31)

STATE OF ARKANSAS)

) ss:
COUNTY OF SALINE)

AFFIDAVIT

Comes Leonard K. Dunn who, after being duly sworn,
states on oath that:

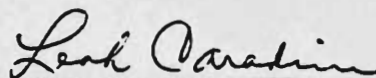
1. This affidavit is supplementary to the affidavit made by the affiant on July 6, 1984.

2. The loan which the affiant made on behalf of First American Bank of Hot Springs, N.A. ("First American") to Tommy F. Robinson ("Robinson") on April 24, 1984, was made at the request of officers of one of First American's upstream correspondents, Worthen Bank & Trust Company, N.A. ("Worthen") of Little Rock, Arkansas. Officers of Worthen assured affiant that ample proceeds would be available from a loan to be made to Robinson by Worthen to repay the First American loan, including interest, in full.

3. The affiant and First American do customarily make loans at the request of an upstream correspondent when the loan is to be repaid from the proceeds of a loan to be made to the borrower by the upstream correspondent.


Leonard K. Dunn

SUBSCRIBED AND SWORN to before me, a Notary Public, on this 26th day of September, 1984.


Notary Public

My commission expires:

October 1, 1990

(S E A L)

Attachment 3
GRUBER LAW OFFICE
ATTORNEYS AT LAW

1700 First Commercial Building
Little Rock, Arkansas 72201
(501) 375-5061

American Home Life Building
1900 Main - Second Floor
North Little Rock, Arkansas 72114
(501) 758-8115

September 27, 1984

Wayne A. Gruber

Rito W. Gruber

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Ms. Lee Ann Elliott, Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721; First State Bank of Sherwood

Dear Ms. Elliott:

This letter is in response to correspondence which First State Bank of Sherwood received on September 18, 1984. In that letter, you stated that there was reason to believe that First State Bank had violated 2 U.S.C. Section 441b(a), a provision of the Federal Election Campaign Act of 1971. It further stated that it appeared that First State Bank had contributed \$20,070.65 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business.

First State Bank of Sherwood and its President, Al Harkins, specifically deny that a contribution in the amount set forth above was made to Tommy Robinson or to his campaign committee as you have alleged. This transaction clearly does not fall within the definition of "contribution" as defined by the Act, but rather falls within the definition of what a contribution is not which is found in 2 U.S.C. Section 431(8)(B)(vii).

This transaction was clearly a loan and evidenced all the requirements to be considered a loan under the requirements of the Act referred to herein above as well as in the normal banking sense.

First, Tommy Robinson was required to sign a promissory note, a copy of which has already been provided to your office. It was signed personally by Tommy Robinson as well as being co-signed by Darrell Glasscock. Second, the loan was made to Tommy Robinson at the highest legal rate normally charged on personal loans under applicable Arkansas law. Third, the loan had a definite due date.

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Ms. Lee Ann Elliott
September 27, 1984

Page Two

There were further agreements that if the loan was not paid within the initial 90-day period, further collateral would be required of Mr. Robinson. This was, in fact, accomplished and a mortgage to his personal residence was obtained and a copy of said mortgage is attached hereto as Exhibit "A". The underlying note is due prior to the November general election and has a demand clause, which has been exercised.

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In regard to the questions which you apparently have regarding whether the loan of money was made in the ordinary course of business, the answer is an emphatic yes. I am attaching as Exhibit "B" a summary of recent loans which were made to individuals, originally as unsecured, and later were collateralized. Pursuant to the herein above referenced Act, all information regarding this matter as well as the loan information which is attached hereto shall remain confidential. This list does not include those persons who originally were given an unsecured loan and paid off the balance prior to the Bank requesting collateral.

In summary, this transaction is not a contribution as envisioned by the Federal Election Campaign Act of 1971, as amended. It falls within that exception which allows a state bank, whose deposits or accounts are insured by the Federal Deposit Insurance Corporation, to loan money to political candidates when the politician, and any endorser or guarantor, is legally responsible for repayment of said loan; the loan is made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date; and bears the usual and customary interest rate of the lending institution. In the case at hand, the transaction with Tommy Robinson and his campaign committee falls within this description of a loan. This loan can be collected just like any other loan which the Bank may make to another individual or organization. As you know, banking is not a science but is a business which provides services to individuals, as well as to business organizations of whatever nature, and seeks to make a profit from its services. The transaction at hand represents a business decision on the part of a small state bank hoping to make a profit from the loan. The loan is backed up with a mortgage and subject to being foreclosed if payment is not received as required by the promissory note between the parties.

(6)

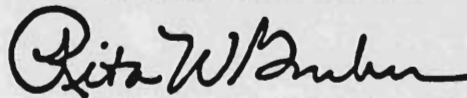
Ms. Lee Ann Elliott
September 27, 1984

Page Three

Based upon this argument, First State Bank of Sherwood respectfully submits that this Commission should find that a loan was made to Tommy Robinson and his campaign committee in accordance with applicable banking laws and regulations and in the ordinary course of business; and that it bears all the requirements of an exception to the definition of "contribution" as found in the Act.

Sincerely,

GRUBER LAW OFFICE



Rita W. Gruber

RWG:ras
Enclosures

cc: ✓ Andrew Maikovich, Attorney
Federal Election Commission
Mr. Al Harkins, President
First State Bank of Sherwood

86040785059

7

This Instrument Prepared By
First State Bank
Sherwood, Arkansas

MORTGAGE

REALTY - MARRIED

54 56088

KNOW ALL MEN BY THESE PRESENTS:

362

That the undersigned Tommy Robinson
and Carolyn Robinson his wife,
hereinafter referred to as Mortgagors, for and in consideration of the sum of One and no/100 Dollars (\$1.00), together
with other good and valuable considerations, cash in hand paid by First State Bank of Sherwood, Sherwood, Arkan-
sas, the receipt of which considerations is hereby acknowledged, do hereby grant, bargain, sell and convey unto the
said First State Bank of Sherwood, Sherwood, Arkansas, and unto its successors and assigns forever, the following
properties, situated in the County of Pulaski State of Arkansas, to-wit:

Lot 37, Phase II, Jackson Heights Addition, to the City of Jacksonville,
County of Pulaski, State of Arkansas.

FILED & RECORDED

SEP 12 PM 12:35

JACQUETTA ALEXANDER
PULASKI CO. CLERK

To have and to hold the same unto the said First State Bank of Sherwood, Sherwood, Arkansas, hereinafter re-
ferred to as Mortgagee, and unto its successors and assigns forever, with all the appurtenances thereto belonging;
and Mortgagors hereby covenant by and with the said Mortgagee that Mortgagors will forever warrant and defend
the title to said properties against any and all claims of any nature or kind whatsoever.

And the undersigned mortgagors

Tommy Robinson and Carolyn Robinson, for and in
consideration of the considerations heretofore recited, do hereby relinquish and release unto the said Mortgagee all our
right of dower, homestead and courtesy that we now have or may have in and to the said properties.

This sale is on the condition that whereas Mortgagors are jointly indebted unto the said Mortgagee in the sum of
Twenty Thousand One Hundred Forty One and 55/100 Dollars (\$ 20,141.55),
together with interest thereon from date until maturity or default at the rate of _____ per cent
(_____ %) per annum, and thereafter at the rate of ten per cent (10%) per annum, due and payable as follows:
Demand, If No Demand, Then On or Before November 21, 1984.

In addition to securing the payment of the indebtedness heretofore mentioned, this instrument shall secure
the payment of the following amounts now owed by Mortgagors to Mortgagee, to-wit:

This instrument shall also secure the payment of any and all renewals of said indebtedness, or any portion thereof,
together with any and all additional amounts that the Mortgagors now owe or may owe the Mortgagee, either direct
or by endorsement, at any time between this date and the satisfaction of record of the lien of this instrument, in-
cluding any and all future advances and/or loans that may by the Mortgagee be made to the Mortgagors, jointly
and/or severally, either direct or by endorsement.

The Mortgagors hereby agree, covenant and obligate the Mortgagee to pay any and all taxes, both general and
special, as same may be assessed and become due and payable, and also keep the buildings located upon said premises
insured against loss or damage with fire, tornado and extended coverage insurance, in a company and an amount
acceptable to the Mortgagee, with standard mortgage clause in favor of Mortgagee as its interest appears, and pay
the premiums thereon. If in this Mortgagee shall fail, then the Mortgagee, payee or the holders of said indebted-
ness shall have the right to pay said taxes and/or insurance premiums, and the amount so paid shall constitute a
charge against the Mortgagors, bear interest from date of payment at the rate of ten per cent (10%) per annum, and
the lien of this instrument shall also secure the payment thereof.

In addition to pledging the properties as heretofore mentioned, Mortgagors also hereby pledge any and all
profits, rents and income accruing in connection with said properties. However, right is reserved to the Mortgagee
to collect the profits, rents and/or income as same mature and become due and payable, but in the event of default
as to any of the covenants herein contained, then at the option of the Mortgagee, its assigns, or the holders of said
indebtedness, if or they are hereby given the right of taking over said properties, managing same, renting same and
collecting the rents thereon, and the net income so collected shall be credited upon the indebtedness and/or cove-
nants in connection herewith.

If the Mortgagors should fail or refuse to make any of the payments heretofore recited, either principal, inter-
est, taxes or insurance premiums, as same mature and become due and payable, then at the option of the Mortgagee,
payee or the holder of the indebtedness, without notice, all the remaining unpaid portion thereof shall become due
and payable, and the lien of this instrument subject to foreclosure by suit filed in the Chancery Court of the County
in which the above described property is situated. The failure to exercise the option herein granted to declare the
entire unpaid balance due and payable upon any default shall not be a waiver to exercise the option at any subse-
quent default. Mortgagors hereby waive any and all rights of sale, appraisal and/or redemption accorded
under the laws of the State of Arkansas now in force or hereafter enacted.

But if the undersigned shall pay all of the indebtedness secured by this mortgage, at the time and in the man-
ner set out above, and shall fully do and perform all of the other obligations herein assumed by the undersigned,
the above conveyance shall be null and void; otherwise, to remain in full force and effect.

In construing this instrument the gender and number of words may be changed to meet the context.

IN TESTIMONY WHEREOF, the signatures of Mortgagors are herunto affixed this, the 23rd day
of AUGUST, 1984

Tommy Robinson

Carolyn Robinson

8

STATE OF ARKANSAS
COUNTY OF Pulaski

ACKNOWLEDGMENT

363

BE IT REMEMBERED, That on this day came before the undersigned, a Notary Public within and for the state and county aforesaid, duly commissioned and acting Tommy Robinson and Carolyn Robinson to me well known as the Mortgagors in the foregoing instrument and acknowledged that they had executed the same for the considerations, uses and purposes therein mentioned and set forth.

And on the same day Mortgagors voluntarily appeared before me, the said Carolyn Robinson and Tommy Robinson

to me well known, and declared that they had, of their own free will, executed the foregoing instrument, and signed and sealed the relinquishment of dower, curtesy and of homestead therein for the considerations, uses and purposes therein contained and set forth, without compulsion or undue influence.

WITNESS my hand and seal as such Notary Public on this 23rd day of August 19 84

My commission expires on the 12 day of March 19 84 Notary Public

MORTGAGE
REALTY - MARRIED

TO THE

FIRST STATE BANK OF SHERWOOD
SHERWOOD, ARKANSAS

Filed for record this _____ day of _____

at _____

City _____

D. C. _____

Record and return to First State Bank of Sherwood, Sherwood, Ark. as soon as possible.

CERTIFICATE OF RECORD

STATE OF ARKANSAS
COUNTY OF _____

I, _____, Circuit Clerk and Ex-Officio Recorder in and for the County of _____, do hereby certify that the foregoing instrument of writing was filed for record in my office on the _____ day of _____, A. D. 19____ at _____ o'clock _____ M., and the same is now duly recorded, with the acknowledgment and certificate thereon, in Record Book _____ on page _____.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office this _____ day of _____ 19____.

By _____ D. C.

Clerk and Ex-Officio Recorder.

9

86040585062

maikovich

GRUBER LAW OFFICE

ATTORNEYS AT LAW

1700 First Commercial Building

Little Rock, Arkansas 72201

(501) 375-5061

American Home Life Building

1900 Main - Second Floor

North Little Rock, Arkansas 72114

(501) 758-8115

Wayne A. Gruber

Rita W. Gruber

October 5, 1984

Ms. Lee Ann Elliott
Chairman, Federal Election Commission
Washington, DC 20463

RE: MUR1721 First State Bank of Sherwood

Dear Ms. Elliott:

This letter is to follow up my letter to you dated September 27th, 1984, regarding the referenced matter. On page two of that letter I referred to a renewal loan secured by mortgage on Mr. Robinson's personal reference. I noted that this note had a demand clause. I would like to clarify that paragraph to reflect that the demand clause has not been exercised.

If you have any questions, please let me know.

Sincerely,

Rita W. Gruber
Gruber Law Office
Rita W. Gruber

CC: Al Harkins, President
First State Bank of Sherwood

Andrew Maikovich, Attorney
Federal Election Commission

14 OCT 10 AM 1:16

86040335063

(11)

Attachment 4

Maikouche



FIRST COMMERCIAL BANK_{NA}

RECEIVED
OFFICE OF THE FEC
COMM. SECRETARY
GCC # 4897
24 SEP 28 AIO: 34

September 27, 1984

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

RE: MUR 1721; Tommy Robinson Campaign Committee

Dear Ms. Elliott:

It was with surprise that I received your letter of September 14 stating that the Commission found reason to believe that First Commercial Bank violated 2 U.S.C. §441b(a) in its loan to the Tommy Robinson for Congress Committee. The purpose of this letter is to respond, once again, to this charge.

First Commercial Bank has not altered its position with respect to this matter since our original response to you in June. We disagree that a loan to a candidate must be illegal merely because it is unsecured. As you are aware, collateral is merely one of the many factors to which a loan officer must look when considering an application for a loan. First Commercial Bank's loan to the Campaign Committee fully complied with sound banking practices.

The loan was for a short term, it bore interest at the usual rate, and it was evidenced by our standard promissory note form. All of the usual documentation and application channels were followed by the Committee. Further, the loan was not endorsed or guaranteed, even implicitly, by an individual. No favors were rendered or expected. Mr. Robinson has no special relationship with either the Bank or the loan officer who made the loan. The simple fact is that the loan officer believed that, based upon all of the relevant consideration, the loan would be safely repaid quickly and that it would be a good transaction for the Bank. Mr. Robinson was, and is, an extremely popular candidate, and at the time the loan was made, it was more than extremely likely that he would receive substantial contributions due to his strong popularity.

Finally, the loan itself was in fact quickly repaid. First Commercial Bank's confidence in the Committee's ability to repay the loan was obviously justified.

86040505064

4 SEP 28 P 2: 03

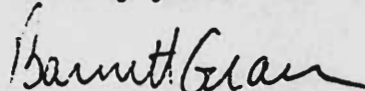
Ms. Lee Ann Elliott

-2-

September 27, 1984

Again, I sincerely hope that this response is helpful, and that you will view the loan in the spirit in which it was made: as a sound business transaction, and nothing more or less. Again, I must ask that you keep this information confidential. Mr. Vinson is currently on vacation. If I may be of any further assistance, please do not hesitate to call me.

Sincerely yours,



Barnett Grace
President

BG:cca
D4/X

86040385065

13



The Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

T.E. RENAUD
Chairman of the Board &
Chief Executive Officer

September 21, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Dear Ms. Elliott:

On this date, I have received your letter of September 14, 1984. I understand that your commission "determined that there is reason to believe that the Twin City Bank violated U.S.C. 441 b(a)" regarding our loan of \$32,000 to the Tommy Robinson for Congress Committee and that you have requested information concerning this matter.

My personal position relative to this loan and that of the Twin City Bank have been stated in detail and included appropriate documentation in my letter of June 26, 1984 to Mr. Kenneth A. Gross, Associate General Counsel of your office. This statement contains our full and complete position relative to this matter. I can only assume that your office has neglected to inform the Commission of this detailed statement or that we are under a gross misconception of what constitutes "a loan made in the ordinary course of our business." In either case, we must stand on our earlier statement.

Very truly yours,

T.E. Renaud

TER/dc

Attachment 6

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION
ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

U. M. ROSE
1834-1913

October 10, 1984

RECEIVED AT THE FEC
HAND DELIVERED
34 OCT 11 9 48

J. GASTON WILLIAMSON
PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
ALLEN W. BIRD II
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
WILLIAM M. KENNEDY, III
KENNETH R. SHERIN
DAVID A. KNIGHT

RONALD M. CLARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CAROL S. ARNOLD
JACKSON FARROW JR.
LES R. SALEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LASSITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN K. THOMAS
SUSAN RALSTON McLEAN
RICHARD M. MASSEY
CHARLES W. BAKER
OF COUNSEL

Mr. Andrew Maikovich
Federal Election Commission
1325 "K"
Washington, D.C. 20463

RE: MUR 1721, Worthen Bank & Trust Company, N.A.

Dear Mr. Maikovich:

The purpose of this letter is to provide you with certain supplemental information for consideration by the Federal Election Commission in connection with the above referenced matter.

As indicated in our meeting in your office, I intend to provide you with the history of Worthen Bank in respect to second mortgage loans and other loans previously made to Tommy Robinson, and to other Worthen customers, as well as information concerning the appraised value and the resulting equity which existed in Mr. Robinson's home at the time of the loan. I was able to obtain information concerning the history of loans to Mr. Robinson and concerning the equity in the home. I will require an additional two weeks to obtain meaningful information concerning Worthen's history in the second mortgage loan business.

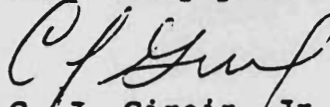
Over the past nine years, Worthen Bank has made unsecured loans to Mr. Robinson ranging from \$775.20 to \$47,000 which have been paid in accordance with their terms. In addition, on May 5, 1980, a second mortgage loan in the amount of \$15,000 was made by Worthen to Tommy Robinson, paid by Mr. Robinson when due. The subject loan in the amount of \$50,479.45 was made on May 18, 1984, and paid when due. The loan was secured by a second mortgage on Mr. Robinson's home. I am enclosing herewith an appraisal of Mr. Robinson's home made at the time

15

of origination of Mr. Robinson's loan. You will note that the appraisal reflects a fair market value of \$88,900. There was an outstanding first mortgage loan in the amount of approximately \$50,000, reflecting a net equity in the home of approximately \$38,900. Accordingly, Worthen loan officers concluded that the subject loan could be made in compliance with Worthen loan policy and Worthen's credit history with Mr. Robinson.

Information concerning Worthen's history in making second mortgage loans to customers will be provided within two weeks. If you require additional information, please advise.

Very truly yours,


C. J. Giroir, Jr.

CJGjr/lb
Enc.

86040535068

APPRAISAL REPORT FOR WORTHEN BANK & TRUST COMPANY, N.A.

BORROWER: Tommy Robinson
 ADDRESS 717 Adams
Jacksonville, Arkansas
 PROPERTY ADDRESS 717 Adams
Jacksonville, Arkansas

CERTIFICATE

We hereby certify that we have personally inspected this property and that all statements and information given in this appraisal report are true to the best of our knowledge and belief and that we have no interest whatsoever in the property, owner, or as a creditor of the borrower.

DATE APPRAISED

May 18, 1984

VALUE LAND \$15,000
 VALUE IMPS. 73,900
 TOTAL VALUE \$88,900

APPRAISED BY:

Tom L. Wray
 Tom L. Wray

DATE RE-APPRAISED

VALUE LAND _____
 VALUE IMPS. _____
 TOTAL VALUE _____

APPRAISED BY:

DATE

VALU

APPR

DATE

APPRAISED BY:

APPRAISED BY:

HEATING AND AIR CONDITIONED AREA	<u>1,980</u> SQ. FT. X \$30.00	\$59,400
GARAGE AND STORAGE AREA	<u>750</u> SQ. FT. X \$12.00	9,000
CARPORT AREA	_____ SQ. FT.	1,000
KITCHEN EQUIPMENT	_____	2,500
FIREPLACE	_____	2,000
WALKWAYS, DRIVEWAYS, LANDSCAPING, FENCING	XXXXXXXX	

OTHER:

TOTAL VALUE IMPROVEMENTS \$73,900

NEIGHBORHOOD INFORMATION

NEIGHBORHOOD TREND: IMPROVING XX STATIC DECLINING
 TYPE OF NEIGHBORHOOD Residential homes in \$85,000 to \$95,000 range

LOT INFORMATION

LOT NO. 37 Phase II SUBDIVISION Jackson Heights
 BLOCK NO. AREA West of/ Jacksonville LANDSCAPING Yes
 SIZE X SHAPE Rectangle TOPOGRAPHICAL FEATURES Level
 STREET Blacktop ALLEY No SIDEWALKS Yes DRIVES Yes
 WATER Public GAS Public ELECTRIC Public SEWER Public

BUILDING INFORMATION

DESCRIPTION OF IMPROVEMENTS One-level brick ranch style residence

EXTERIOR DETAIL

ROOF Comp. Shingles
 GUTTERS No
 EXTERIOR WALLS Brick
 PORCHES Concrete
 WINDOWS Aluminum Framed
 FOUNDATION Slab on Grade

MECHANICAL DETAIL

ELECTRICAL Good Quality
 HEATING Central
 AIR CONDITIONING Central
 PLUMBING Good Quality
 SPECIAL EQUIPMENT Fireplace, Dishwasher, Electric Range

INTERIOR DETAILS

	TRIM	FLOORS	WALLS	CEILINGS	DOORS
LIVING	Good	Carpets	Sheetrock	Sheetrock	Solid
DINING	Good	Carpets	Sheetrock	Sheetrock	Solid
BEDROOMS (3)	Good	Carpets	Sheetrock	Sheetrock	Solid
FAMILY ROOM	Good	Carpets	Paneling	Sheetrock	Solid
KITCHEN	Good	Vinyl	Paper	Sheetrock	Solid
BATH (2)	Good	Carpets	Paper/tile	Sheetrock	Solid
UTILITY	Good	Concrete	Sheetrock	Sheetrock	Solid
HALLS	Good	Carpets	Sheetrock	Sheetrock	Solid
SEWING ROOM	None				
STUDY	None				
CARPORT - GARAGE	2-Car Good	Concrete	Sheetrock	Sheetrock	2-Overhead Good
AGE OF IMPROVEMENT	6 Years				OVERALL CONDITION
IMMEDIATE REPAIRS NEEDED <u> </u>					

OTHER INFORMATION: Directions to Subject Property:

Go to Jacksonville, Arkansas; exit Main Street Exit; turn left back under freeway and go about two miles west toward Gravel Ridge to Harris Road; turn right to General Samuels Road; turn left to Second Street on right (Adams Street); turn right to third house on left.

64-5371
HAND DELIVERED

OCT 26 1984 09:09

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET

LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 378-9131

TELECOPIER (501) 378-1309

U. M. ROSE
1834-1913

October 25, 1984

J. GASTON WILLIAMSON
PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
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ALLEN W. BIRD II
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RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN K. THOMAS
SUSAN RALSTON McLEAN
RICHARD N. MASSEY
CHARLES W. BAKER
OF COUNSEL

Mr. Andrew Maikovich
Federal Election Commission
1325 "K"
Washington, D.C. 20463

RE: MUR 1721, Worthen Bank & Trust Company, N.A.

Dear Mr. Maikovich:

This is to supplement the previous information I provided you concerning Worthen Bank & Trust Company in respect to the making of second mortgage loans.

I have determined that as of October 25, 1984, Worthen Bank and Trust Company has 1,377 second mortgage loans on its books, having a total principal balance of \$23,475,316. These loans range in amount from \$2,100 up.

Please let me know if you require any additional information.

Very truly yours,

C. J. Giroir, Jr.
C. J. Giroir, Jr.

CJG/lis

1984 OCT 26 AM 10:26

19

Attachment 7
FIRST JACKSONVILLE BANK

CO

662762076
Andy

LARRY T. WILSON
PRESIDENT

85 JAN 2 P2:30

December 28, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 1721

Dear Ms. Elliott:

This letter is in response to your letter dated December 12, 1984 which we received on December 17, 1984.

In order for you to thoroughly understand the basis for our making the loan to the Tommy Robinson for Congress Committee, we offer the following information:

1. Mr. Robinson and his wife have lived in our community since 1975, over nine years.
2. The Robinsons have had a deposit relationship with our bank since August of 1975.
3. Mr. Robinson served as Chief of Police for the City of Jacksonville for four years (1975-1979). In this position, he had many occasions to work with us and we have found him to be a man of good character.
4. We have had a loan history with the Robinson's since 1976. During that time we have made him fifteen (15) loans. Six of those loans have been on an unsecured basis. The secured loans range from automobile loans to loans backed by Certificate of Deposit. He has never been thirty (30) days late on a loan payment.
5. The loan made to the Tommy Robinson for Congress Committee involved the following:
 - a. Amount: \$52,000.00
 - b. Date of Note: June 6, 1984
 - c. Maturity Date: June 15, 1984
 - d. Date Paid in Full: July 12, 1984
 - e. Interest Rate: 14.0%

R 5 0 4 0 5 8 5 0 7 2

f. Collateral:

1. A Real Estate Mortgage on the equity in his home.
2. An assignment of the cash value of a life insurance policy.
3. The assignment of rights in an autobiography.

g. The primary source of repayment for the loan was campaign contributions.

h. The secondary source of repayment for the loan was the conversion of collateral (foreclosure, etc.)

6. Mr. Robinson enjoys a good personal reputation and his strong showing in the Democratic Primary on May 29, 1984 indicated to us the strong probability of his winning the primary runoff election and the General Election in November. Obviously, a winning candidate enjoys a much better chance to raise money after an election than a losing candidate.

7. After reviewing the request for a loan by Mr. Robinson, the loan officer determined that the risk involved in making the loan was within the risk factors of other loans made in the normal course of business.

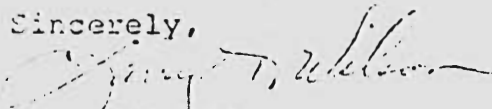
8. Because First Jacksonville Bank had never before been approached by a political candidate for a loan similar to this (no other bank customer of ours has ever run for Congress from our District) we had no previous experience to draw from. We simply exercised our best judgement as to the risks involved and made a decision to make the loan.

9. The fact that the loan was repaid in full on July 12, 1984 is further evidence that our judgement was sound.

In summary, we can assure you that there were no special favors involved in this loan, no requests of Mr. Robinson to vote in any particular way if elected and that the loan was handled just as any other loan in our bank.

Ms. Elliott, our bank has established a reputation for professionalism in its 35 years of existence - we are not about to jeopardize this reputation for the sake of any political candidate. We appreciate your concern and your job as chairman of the Federal Election Commission. If you need any additional information or would like to discuss this matter further, we stand ready to assist you at any time.

Sincerely,


Larry T. Wilson
President

LTW/sv

86040585073

December 28, 1984

page three

State of Arkansas
County of Pulaski

Subscribed and sworn before me this 28th day of December, 1984.


Notary Public

My commission expires: Oct. 31, 1991

86040385074

22

Attachment 8
W. RUSSELL MEEKS, III
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-276-6660

RECEIVED AT THE FEC
GCC#6321
85 JAN 7 P 4:38

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

December 31, 1984

Mr. Andrew Maikovich
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Bank of Salem

Dear Mr. Maikovich:

We are the attorneys for the respondent bank, Bank of Salem, Salem, Arkansas. Please note that we are also presently the attorneys for Stephens Security Bank, Stephens, Arkansas. Both banks are subsidiaries of Smith Associated Banking Corporation.

Please note our representation as attorneys of record for both institutions, and for the parent holding company, Smith Associated Banking Corporation. We will be forwarding to you a statement of designation of counsel executed by Mr. Frank Burge, President, Bank of Salem. You presently have the designation of counsel for Stephens Security Bank, and for Smith Associated Banking Corporation.

It is our position that there have not been sufficient allegations made, through any newspaper articles, nor through the information we believe to have been submitted to the Office of General Counsel, that give rise to any substantial belief that there has been any violation of 11 C.F.R. 100.7 (a)(1)(i)(C), or 11 C.F.R. 100.7 (b)(11), or of 11 C.F.R. 104.3 (a)(4)(iv). Instead, it is our belief that what has been presented does not appear to be substantial enough to require any additional investigation.

There has been no violation of any state or federal banking regulation, nor has there been any violation of any federal election commission regulation, nor has there been any other violation of any kind or nature. It is our feeling that there has certainly been no "clear violation" of 2 U.S.C. 431 (8)(A)(1) or of 2 U.S.C. 431 (8)(B)(vii). There has been no violation.

(23)

Mr. Andy Maikovich
December 31, 1984
Page 2

Instead, we assert that the loans from Bank of Salem, Salem, Arkansas, are appropriate loans made in the ordinary course of business by a state chartered lending institution. The loans are made in full compliance with all appropriate federal and state banking regulations and laws, and any and all regulations of the appropriate state and federal regulatory bodies. We note your findings set forth in the general counsel's factual and legal analysis, in the second sentence of page 2, which states that there is no evidence that the loan was made on a basis which assures repayment. We controvert the finding, in its entirety, and further state that the loan was made in the ordinary course of business, and based upon applicable and acceptable loan criteria.

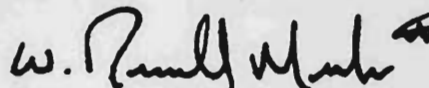
Due to the length of time that this matter referenced MUR 1721 has been under review by the Federal Election Commission, and in view of the recent involvement of Bank of Salem, we would request an additional fourteen (14) days from your date of receipt of this letter, to conduct an additional investigation with respect to the loan of Bank of Salem, and to visit with you concerning other materials that have been submitted to your office, at any time, by any of the lending institutions involved in MUR 1721. We would also visit with you, at that point, about the possibility of conciliation prior to a finding of probable cause.

860405076

(24)

Mr. Andrew Maikovich
December 31, 1984
Page 3

yours very truly,



W. Russell Meeks, III

WRM:bj

cc: Richard T. Smith
Smith Associated Banking Corporation

Frank Burge
Bank of Salem

86040365077

(ES)

Attachment 9 GCC#5201
HOUSE, WALLACE & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Larry C. Wallace

TELEX-TELECOPIER
(501) 375-6484

84 OCT 18 A10:38

October 12, 1984

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: MUR 1721; Tommy Robinson Campaign Committee

Dear Ms. Elliott:

I am writing in response to your letter of September 14, 1984 in which you stated that the Federal Election Commission has determined that there is reason to believe that my clients, The Tommy Robinson Campaign Committee and Tommy Robinson, have violated 2 U.S.C., §441b(a) of the Federal Election Campaign Act of 1971 by accepting illegal contributions from Stephens Security Bank, First American Bank, First State Bank, First Commercial Bank, Twin City Bank and Worthen Bank and Trust Company. This response is being tendered on October 13, 1984, the Commission having generously given us an extension until October 15th in which to respond.

It is our position that the Commission's stance that all loans to political campaigns that are not fully secured must ipso facto violate the Act is unreasonable and not in keeping with either the intent of the Act or normal banking practices. Certainly, with regard to the loans made to Mr. Robinson's Campaign Committee, both the letter and spirit of the Act were followed; by the same token, each and every loan to his Campaign Committee was based upon sound business principles having absolutely nothing to do with the "evils" at which the Act is directed. It is possible that some unsecured political campaign loans may well indeed violate the Act; however, such loans do not violate the Act merely because they are unsecured, especially in view of the other factors which must be considered. It is my goal in this response to illustrate the manner in which the loans at issue comply with the Act, and to persuade the Commission to reconsider its position. For if there ever were a situation in which such unsecured loans were in keeping with the law, this is surely it.

1. Statement of Facts

Tommy Robinson is the Sheriff of Pulaski County, Arkansas. Included within the State's most populous county is

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Little Rock, the State Capital. Prior to being elected to this position in 1980, Mr. Robinson had achieved an outstanding career in law enforcement. He had previously served as the assistant director of the public safety department at the University of Arkansas; with the U.S. Marshal's Service; with the Arkansas State Police; with the North Little Rock, Arkansas Police Department; as the police chief in Jacksonville, Arkansas; and as Governor Bill Clinton's director of the State Public Safety Department.

After successfully running for the office of Sheriff of Pulaski County in 1980, Mr. Robinson steadily achieved recognition not only among those in the field of law enforcement, but among the populace of Pulaski County. Before long, the original, assertive, and articulate style with which he approached his job caught the eyes and ears of the media in Little Rock, making his name a "household word" throughout most of Arkansas. People throughout the State started listening to his opinions - all of which are guaranteed to engender strong reactions, either way, and watching the way he handled the many problems of his job. And they liked what they saw.

As stated in the Arkansas Gazette, September 30, 1984, "Robinson has become the dominant figure in Arkansas politics - the one that everybody talks about. No other local official has ever achieved such statewide celebrity." In fact, it is not an exaggeration to state that no political figure in Arkansas has received the kind of attention and support as that generated toward Tommy Robinson since 1980. (See Attachment 1).

It was within this context that Mr. Robinson chose to run for the Democratic nomination to the Second Congressional District in the spring of 1984. Mr. Robinson had not previously been planning on running for a long time, as had most of the other candidates (such as Paul Riviere). He had no established campaign committee with overfilled coffers and months of campaigning behind him. In fact, Mr. Robinson did not file as a candidate in the primary election until the very last day possible. What assets he did have at that time were infinitely more bankable than anything possessed by his opponents: he had the broad-based support of both the business community and the general population. Mr. Robinson did not have any rich supporters guaranteeing him a seat in Congress through the bankrolling of his campaign. Instead, he had the support and admiration of the "men on the street" - the type of people who do not buy and sell candidates; they simply get out and vote for him. As recognized in the Arkansas Gazette, supra, Mr. Robinson's "strongest support, as has remained true throughout his career, came from the masses - the sort of people whose only political activity is voting." And they do give political contributions to their candidates. Their contributions may not individually be anywhere near \$1000.00 apiece, but in sufficient number, they add up. In essence, Mr. Robinson had the support of people much like himself and his family origins: blue collar

and/or working people. His own father was a fireman in North Little Rock; he was raised in the Rose City neighborhood (which anyone from Pulaski County could tell you is not a well-heeled area).

Going into the Democratic primary, Mr. Robinson had the strongest chance of all of the candidates, since he was far and away the most popular candidate. However, he also had a pressing need for the money necessary to finance a campaign in 1984. Since he had entered the race late, he had not had time to already establish a substantial campaign fund. But he did have a compelling likelihood of being able to do so in the very near future. He is not a man of great personal wealth; but he is a candidate of strong popularity and sterling integrity, as well as a good personal reputation and credit history. In fact, he is the very sort of candidate for which such bank loans were made possible by the amendments to the FECA: the poor man, without vast personal wealth or ties to such wealth, who would like to go to Congress.

The loans which were made to his Campaign Committee by the several banks listed above were entirely reasonable and in keeping with sound banking practices. It is not unusual for any of these banks to make unsecured short term business loans to those which the banks determine to be good risks. The banks make money on these loans, and both parties are satisfied.

Using the loan from First Commercial Bank as an example, each and every loan conformed with sound banking practice, which is the issue in this matter. The First Commercial Bank loan was for a short term, and it bore interest at the usual rate. It was evidenced by the Bank's standard promissory note form (see Attachment 2). The Committee did not go through special channels to obtain the loan - only the routine application and documentation process was followed. There were no favors promised or rendered by either side. The loan was not implicitly guaranteed by any silent backer. Based upon all of the relevant considerations, the loan officer, to the best of his business judgment, considered the loan to be a safe and profitable one for the bank. Because of the strong popularity of the candidate, it was a foregone conclusion that substantial contributions would be made to Mr. Robinson's campaign in the very near future, and that the loan would be easily repaid. All these things are true for each and every one of the loans involved.

It is hardly relevant that Mr. Robinson did not have substantial campaign funds to pledge at the time the loans were made, because he had entered the race at the eleventh hour; certainly he should not be penalized for not having vast personal assets to pledge. What Mr. Robinson did have to offer was his strong likelihood of receiving future contributions, and of winning the primary election, which he did. That the banks were to look toward future campaign contributions and/or Mr. Robinson

is hardly unusual or imprudent. Not only is this done every day among the banking community, but it has been approved of by this Commission in prior determinations.

2. Argument

A. The Federal Election Campaign Act does not forbid such loans.

A review of the relevant portions of the FECA, as well as the Commission's regulations promulgated thereunder, reveals that in no way is hard collateral required to render loans to political campaigns legal under the Act. 2 U.S.C. §441b(a) of the Act provides as follows:

§ 441b. Contributions or expenditures by national banks, corporations, or labor organizations

(a) It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization, to make a contribution or expenditure in connection with any election at which presidential and vice presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to, Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section, or any officer or any director of any corporation or any national bank or any officer of any labor organization to consent to any contribution or expenditure by the corporation, national bank, or labor organization, as the case may be, prohibited by this section.

Within the definitions section of the Act, the term "contribution" at 2 U.S.C. §431(8)(B)(vii) is defined as not including:

any loan of money by a State bank, a federally chartered depository institution, or a depository institution the deposits or accounts of which are insured by the Federal

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Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration, other than any overdraft made with respect to a checking or savings account, made in accordance with applicable law and in the ordinary course of business, but such loan -

(I) shall be considered a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors;

(II) shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and

(III) shall bear the usual and customary interest rate of the lending institution.

By the clear wording of the Act, loans to political campaigns are perfectly legal if they:

- (1) are made in accordance with applicable law, and
- (2) in the ordinary course.

Such loans are considered to be in the ordinary course of business if they are:

- (1) made on a basis which assures repayment,
- (2) evidenced by a written instrument,
- (3) subject to a due date or amortization schedule, and
- (4) bear the usual and customary interest rate of the lending institution.

Certainly, the issue at hand is whether the loans to Tommy Robinson and his Campaign Committee were "made on a basis which assures repayment," for it cannot be disputed that the other requirements of the Act were met. However, the Act does not at all state that all loans, to be "made on a basis which assures repayment" must be secured by collateral. Quite the contrary - the Act, as it should, leaves that determination within the business judgment of the lending institution. The Commission is reading into the law what simply is not there in absolutely requiring collateral.

The Commission's regulation covering this issue is set forth at 11 C.F.R. §100.7(11). It does not support the Commission's posture in this matter, either, and provides:

A loan of money by a State bank, a federally chartered depository institution (including a national bank) or a depository institution whose deposits and accounts are insured by

the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration is not a contribution by the lending institution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule. Such loans shall be reported by the political committee in accordance with 11 CFR 104.3(a). Each endorser or guarantor shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement, except that, in the event of a signature by the candidate's spouse, the provisions of 11 CFR 100.7(a)(1)(i)(D) shall apply. Any reduction in the unpaid balance of the loan shall reduce proportionately the amount endorsed or guaranteed by each endorser or guarantor in such written agreement. In the event that such agreement does not stipulate the portion of the loan for which each endorser or guarantor is liable, the loan shall be considered a contribution by each endorser or guarantor in the same proportion to the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors. For purposes of 11 CFR 100.7(b)(11), an overdraft made on a checking or savings account shall be considered a contribution by the bank or institution unless: the overdraft is made on an account which is subject to automatic overdraft protection; the overdraft is subject to a definite interest rate which is usual and customary; and there is a definite repayment schedule.

One cannot help but wonder from what source the FEC has taken support for its position regarding collateral regardless of the circumstances, for it is not to be found within the Act or its regulations.

B. The Legislative history of the Act and its Amendments do not support the Commission.

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In order to locate the source of the FEC's position regarding collateral securing political loans, I have extensively researched the legislative history of the FECA and its amendments. Again, I have instead found support for our position that the presence or absence of collateral is not a controlling issue, but is merely one of the factors by which such loans are considered. Since the passage of the Tillman Act in 1907, national banks have been prohibited from making political contributions. This prohibition continued with the passage of the Federal Corrupt Practices Act of 1925, amended in 1940 and 1948, which defined the term "contribution" to include loans. This statute was amended by Congress in 1972 to exclude "a loan of money by a National or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business." The purpose behind this fashioning of an exception to the rule is set forth in Senate Report Number 92-229, 2 U.S. Code Cong. & Adm. News, pp. 1825-26 (1972):

Testimony received from witnesses was unanimously in favor of the granting of loans by National or State banks if such loans were made pursuant to applicable banking rules and regulations. This means that a bank should exercise sound business judgment in extending loan privileges to a political candidate or committee in the ordinary course of business and where necessary, certain security or collateral in order to support a reasonable expectation of payment in due course. This amendment was approved unanimously. (emphasis supplied)

The supplemental views of Messrs. Prouty, Cooper and Scott at page 1858 are especially illustrative:

First, in section 201 the definition of contribution and expenditure was modified so as to permit for Federal office to obtain bona fide bank loans. Under the present law a bank is prohibited from making a contribution or expenditure to a political candidate. In the future, banks will continue to be prohibited from making contributions or expenditures to political candidates. However, the committee clarified the law so that ordinary bank loans could be obtained. The reason for this change is obvious. No one wants a Federal election law which, in effect, says that only the very wealthy can run for elective office. As a practical matter, it is often necessary for a candidate to borrow money in order to defray immediate and pressing campaign expenses. Under the present law, there was a real danger in permitting even bona fide loans to political candidates because in the absence of an effective disclosure law it would be very easy for a bank making a loan never to collect it. S. 382, as

amended, has rigid and effective disclosure requirements. All bona fide loans made to political candidates must be reported. The candidate must continue to report his loan until it is fully repaid.

Senator Cannon similarly added his views of such loans on the floor of the Senate (see 117 Congressional Record, p. 28797):

It is clear that while a bank may not use its depositors' funds to make political contributions on its own, the fact that bank does make bona fide loans to individuals who may use the money so received for political purposes, does not constitute a bank contribution, nor may such bona fide loans be barred.

As stated in the Senate Report, collateral is only required "where necessary." The direct corollary to this statement must be that collateral is not always required - and in fact may not be required where all other considerations demonstrate the lack of need for it. The very reason for this amendment was to enable poor candidates, like Tommy Robinson, to run for office. Again, this takes elections out of the hands of only the very wealthy. If substantial collateral were required from every candidate, the very purposes of the Act would be totally thwarted.

In 1976, these statutes were recodified within the Federal Election Campaign Act of 1971, 2 U.S.C. §§ 431, et seq. The Act was amended in 1979 to establish standards by which such loans are to be deemed within the "ordinary course of business". These standards are found within 2 U.S.C. § 431 8(B)(vii), and are set forth above. As discussed above, these standards in no way necessarily require collateral. A review of the legislative history for these amendments also reveals no support for the Commission's posture. In fact, the legislative history never even mentions what is meant by the words "on a basis which assures repayment."

The following is all that is said upon the matter, in House Report Number 96-422, U.S. Cong. & Adm. News, p. 2868 (1979):

(vii) Loans. The current exemption which excludes loans made by National or State banks in the ordinary course of business has been extended to other financial institutions. An overdraft is to be considered a contribution subject to the prohibitions and limitations of the Act. Automatic overdraft protection which is subject to definite interest and repayment is

for the purposes of this section, a loan exempted from the definition of contributions.

The bill also establishes guidelines for determining when a loan is made in the ordinary course of business. To be exempted, a loan must be evidenced by a written instrument, subject to a due date or amortization schedule, and bear the usual and customary interest rate of the lending institution. If a loan does not meet all of these criteria, it will be considered a contribution by the lending institution.

The Congressional Record contains no record of floor debate regarding these particular amendments.

Another telling point is the sparse attention given these amendments by the Federal Election Commission in its own publication, the "Record," in March of 1980:

The amendments extend the contribution exemption for bank loans to include loans made by federally chartered depository institutions which are required by the FDIC, the Federal Savings and Loan Insurance Corporation or the National Credit Union Administration - in addition to the currently exempted loans from State and National banks.

Again, the legislative history surrounding the Act and all of its amendments does not provide any support for the Commission's approach to the issue of collateral. Instead, it is obvious that collateral is a relevant factor, among others, which should be considered, but that it is not necessarily required where all of the other considerations demonstrate that the loan in question was made on a basis which assures repayment. Any banker will tell you that all loans do not require collateral in order to be considered good risks; some loans are safely assured of repayment without collateral, based upon the likelihood of repayment in light of other considerations (discussed more fully below). Clearly, it is relevant and necessary to look into the practices of the banking community, since neither the Act nor its legislative history place narrow limits upon which loans are "made on a basis which assures repayment." The Commission's attempted substitution of its judgment for the best business judgment of the loan officers involved herein in unwarranted.

C. Prior determinations of the Federal Election Commission do not support its position herein.

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Again, after reviewing prior determinations of the Federal Election Commission in matters under review involving this question, one is left with a firm conviction that the Commission must have recently rotated 180 degrees in order to find reason to believe that the loans to Tommy Robinson and his Campaign Committee were illegal. It is an understatement to say, that the Commission is clearly being inconsistent in its approach to this issue. When the facts of this matter are viewed in light of the Federal Election Commission's prior determinations, the conclusion is inescapable that the loans to Tommy Robinson and his Campaign Committee were legal under the Federal Election Campaign Act.

(1) In the matter of Druie Douglas Barnard, Jr.; MUR 218 (76)

In this matter, the Commission found reasonable cause to believe that the respondent, Georgia Railroad Bank and Trust Company, may have violated 2 U.S.C. §441b(a) in having loaned \$10,000 to Mr. Barnard's campaign committee. This \$10,000 loan was unsecured, and had no guarantors. A conciliation agreement was subsequently entered into with the Commission. The loan made to Mr. Barnard's Campaign Committee (in a race for Congress) is wholly distinguishable from the loans made to Mr. Robinson and his Campaign Committee. First, the interest rate for the loan to Mr. Barnard's campaign committee was at an unusually low rate; while the rate was set at 7.6%, the standard rate for such loans at that time was 8 3/4%. Second, the bank had no recourse for repayment other than the funds of the campaign committee (the candidate did not personally guarantee the loan). Third, the candidate had entered the race in February, before the May primary, and had demonstrated a total inability to raise adequate funds for the primary before the loan in question was made. In fact, it was his admitted inability to raise funds which prompted the loan in the first place. Fourth, the candidate was an executive vice president of the bank, and routinely took part in the determination of major bank policy. It was evident that the only real reason for the loan was Mr. Barnard's position with the bank. Fifth, the usual application channels were not followed by Mr. Barnard's campaign committee. It was apparent that a deliberate favor was rendered to his campaign committee. Based upon these facts, it is not at all surprising that the Commission did find reason to believe that 2 U.S.C. §441b(a) had been violated.

On the other hand, the loans to Tommy Robinson and his Campaign Committee were made at the usual rate of interest, were guaranteed by Mr. Robinson personally, and resulted from the pursuit of normal application and documentation channels. Additionally, Mr. Robinson is not an executive officer of any of the banks in question, nor was he rendered any favors by such banks. Finally, at the time that the loans to Mr. Robinson and his Campaign Committee were made, Mr. Robinson was a very popular candidate who had merely entered the race late. He had certainly

not demonstrated any inability to raise adequate funds to repay the loans. In fact, if Mr. Robinsion had entered the race as early as some of his opponents, it is likely that most, if not all, of the loans would not have even been necessary.

(2) Senator James R. Sasser; MUR 216 (76)

The Commission's determination in the matter of James R. Sasser is especially illuminating. In 1976, the Commission found no probable cause to believe that Senator Sasser had violated the Act in spite of the fact that he had received \$125,000 in unsecured loans for his campaign, which were to be repaid entirely from future fund-raising efforts. This determination was made in spite of the following facts: (1) the loans were unsecured; (2) the loans were for indefinite terms; (3) the loans did not have definite repayment schedules; (4) the amounts were very large compared to Senator Sasser's net worth; (5) the bank officers making the loans knew Senator Sasser on a personal basis; (6) one of the officers involved was an executive in three of the four banks involved in the making of the loans; and (7) there were interlocking directorships among the banks making the loans. However, the interest rates were in line with the prevailing rates for ordinary business customers at that time.

In his report to the Commission, the General Counsel looked to banking regulatory processes, and noted that the Comptroller of the Currency does not question loans that have been repaid, as had the loans to Senator Sasser's campaign. Further, the General Counsel looked to corporate law to the effect that as a general rule, a decision to extend credit or cancel debts cannot be challenged unless there is some evidence that the action was done by an officer in bad faith or outside of corporate purposes. Further, the General Counsel admitted on page 18 that "[w]hat is sufficient to remove such actions from the business judgment rule varies somewhat from state to state." The General Counsel listed several criteria by which such loans should be examined, and admitted that there is no single controlling standard. Accordingly, the relevant questions are as follows:

(1) Does the loan comply with federal banking laws and regulations? In other words, has all necessary paperwork been completed in the bank's credit files? Are the loans not in excess of the bank's legal lending limit?

(2) What are the terms of the loan? In other words, the amount, length of term, interest rate, presence or absence of collateral, presence or absence of consignors and guarantors are all relevant. However, the General Counsel admitted on page 21 that "[1] lack of collateral may be a factor depending upon the credit worthiness of the borrower. None of these factors is alone dispositive." (emphasis supplied)

(3) How was the loan obtained? Were the normal channels for application and documentation observed?

(4) What is the relationship between the authorizing officer and the borrower? In other words, the closer the relationship, the more likelihood that a favor has been granted. .

(5) Was there sufficient evidence to support the judgment of the loan officer at the time that the loan was made? Did the borrower have sufficient assets or earning capacity to justify the extension of credit? The General Counsel admitted on page 22 that a very positive factor can definitely outweigh a negative factor in this regard.

(6) Did the bank expect to be repaid? Was this expectation reasonable? To that end, the loan officer may consider the personal assets and earning capacity of the borrower, as well as his fund-raising capacity.

(7) Does the bank make loans of a similar nature?

(8) What is the relationship between the banks making the loans?

Making his recommendation to the Commission that the loans did not violate the Act, the General Counsel noted that the interest rates for the loans were in line with the prevailing rates for ordinary customers at that time, and stated that the loans appeared to have been made within the area of judgment reserved to banks in making loans, based on Senator Sasser's net worth and earnings, as well as his chances for success and general reputation. As the General Counsel stated:

The basic decisions to make the loans seemed readily defensible as within the area of judgment reserved to banks in the making of loans on the basis of Mr. Sasser's present worth and earnings, his prospective earnings whether or not successful in his candidacy and his general reputation. Absence of specific security for the loan, though a factor in judging the risk taken by the bank, is not in itself a reason for concluding that the loan was unwarranted. (emphasis supplied) In short, nothing suggests that the loans were unacceptable from the point of view of the banking authorities.

The General Counsel admitted on page 29 that the Congress believed that the law was not to be construed narrowly to "hinder candidates from obtaining loans." Additionally, the discussion of the issue of collateral on page 29 is highly illustrative, and bears repetition:

As an initial matter, it would seem that presence or absence of security from the candidate might well be a factor under FECA in assessing the merits of a loan. The Act itself in 2 U.S.C. §451, mentions security and explicitly directs other agencies responsible for regulating enterprises likely to extend credit to candidates to set forth rules which regulate any unsecured credit. Parts of the legislative history, noted above, emphasize security as a factor of importance. Without more, however, the words of the Act do not seem to establish anything nearly so specific as a requirement for security, especially in light of the underlying purpose of the amendment to remove ordinary bank loans from the definition of contribution.

Although the Sasser determination was rendered prior to the 1979 amendments to the Act, it cannot be argued that the current requirements of the Act are more stringent than those standards by which Senator Sasser's loans were judged. As stated above, the General Counsel not only looked to the terms of the loan, but also the absence or presence of collateral. The General Counsel also considered whether the banks had considered repayment of the loans, and whether this expectation was reasonable. The present state of the law is no more stringent than the standards by which Senator Sasser's loans were judged. The candidate's capacity for fund-raising was relevant in 1976 as to whether the bank's expectation of repayment was reasonable, and it is relevant today.

When the loans made to Tommy Robinson and his Campaign Committee are considered in light of the factors listed by the General Counsel in the Sasser determination, it is obvious that they must pass muster under the Act. First, the loans to Tommy Robinson and his Campaign Committee complied with all banking laws and regulations. All of the necessary paperwork was completed, and the bank's legal lending limits were not exceeded. Second, the terms of the loan were those routinely given to similar customers. The loans were for a short term; they were at the usual and customary interest rates for similar customers, and Mr. Robinson personally guaranteed the loans. Third, normal application and documentation channels were observed in every instance. Fourth, Mr. Robinson had no close relationship with the authorizing officers. Certainly, the banks did not render or expect any favors. Fifth, Mr. Robinson's demonstrated capacity as a fund-raiser, as well as his outstanding and unusual personal reputation and popular support, provided a sound basis to support the banks' decisions to loan him the money at the time and to support their expectations of repayment. Sixth, the banks were in the business of making similar unsecured, short term business loans. Finally, there are no interlocking directorships among

the banks involved herein, unlike the situation found in the Sasser case.

Again, the only factor at issue herein is whether the loans were made on a basis assuring repayment, because there was no collateral pledged to the loans. However, by the admission of the General Counsel to the FEC, the presence or absence of collateral is merely one factor, and is not solely dispositive of the issue. In light of all of the other, positive facts surrounding the making of the loans to Mr. Robinson and his Campaign Committee, it cannot be said that such loans were unsound or not in the ordinary course of business. On the contrary, the banks were all following sound banking practices when they decided to loan the money to Tommy Robinson and his Campaign Committee. It was within the business judgement of the loan officers to consider his strong popularity and his great chances of receiving political contributions in the near future in their decisions to make the loans.

(3) Brown for President Committee; MUR 382 (77)

In his report to the Commission, the General Counsel concluded that seven loans totaling \$375,000 from four California banks to California Governor Jerry Brown's Presidential Primary Campaign Committee did not violate 2 U.S.C. §431(e)(5)(G). Although no collateral whatever was pledged for the loans, the Committee informally pledged receipts expected from future benefit fund-raising concerts, and anticipated Federal Matching Fund payments. All of the loans were short term "cash flow" loans, and bore interest rates between 9% and 10%. Without much discussion, the General Counsel stated:

Although no collateral was furnished by the Committee, the lending banks were informed at the time of the loan applications of a continuing series of successful fund-raising concerts and a sizeable amount of Federal Matching Funds the committee expected to receive. We believe the lending banks made the loans "in the ordinary course of business" in view of the expected receipt of funds from the fund-raising concerts and Federal Matching payments.

It is hard to understand why the Commission would summarily decide that it was acceptable to consider future fund-raising efforts and Federal Matching Fund payments in place of collateral in Jerry Brown's campaign, but not to consider such sources of repayment in Tommy Robinson's campaign. The FEC has taken a totally inconsistent approach by disregarding them in the instant matter.

(4) Advisory Opinion 1980-108: National Unity
Campaign for John Anderson

Upon request, the FEC gave an advisory opinion to counsel for John Anderson to the effect that certain bank loans that were to be repaid from post election Federal Funding would not necessarily be violative of the requirement that bank loans be "made on a basis which assures repayment," although no other collateral would be posted for the loans, and it was not certain that John Anderson would even receive the funding. On page 10 of its opinion, the Commission stated:

While the risk of nonrepayment may be higher in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient post-election financing than it is in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient primary Matching Funds, the Commission concludes that the existence of such risk does not, standing alone, take a loan secured by an expectancy in post-election public funds outside the scope of the "ordinary course of business" for the purpose of 2 U.S.C. §431(8)(B)(vii).

According to the Commission, the candidate's performance in the most recent polls was highly relevant to the lenders in arriving at their decision to make the loans. In its opinion, the Commission quoted the United States Supreme Court in Buckley vs. Valeo, 424 U.S. 1, 102 (1976), wherein it was stated:

But in the nature of things the willingness of lenders to make loans will depend upon the pre-election probability that the candidate and his party will attract 5% or more of the voters. When a reasonable prospect of such support appears, the party and candidate may be an acceptable loan risk since the prospect of post-election participation and public funding will be good.

One cannot help but wonder why it is acceptable for the FEC to decide that unsecured loans to political campaigns are perfectly acceptable in the matters discussed above, but that they are necessarily illegal in the case of those made to Tommy Robinson and his Campaign Committee. Such inconsistency on the part of the Commission leaves candidates and their Committees with no firm ground upon which to stand. In fact, Tommy Robinson and his Campaign Committee read the Jerry Brown for President Committee report before it even approached the banks about the loans involved herein. Although it is understood that each situation must be reviewed on an individual basis, and that no single factor is dispositive, candidates must be able to depend

upon the decisions of the very agency charged with upholding the FECA. If the Commission were to adopt such an inconsistent approach to the interpretation of the Act, nothing but chaos and confusion would ensue. Any action taken by a candidate or his campaign committee would be in peril of being deemed illegal by the Commission, regardless of the candidate's attempts to comply with the terms of the law. Surely such a result cannot be the intent of the Commission, for it was certainly not the intent of Congress when the FECA was passed.

3. CONCLUSION

Tommy Robinson is the essence of the type of candidate for which bank loans were exempted from the prohibitions of the FECA: a relatively poor man, with great public support from all sides (especially from the working class), who wants to go to Congress. Without wealth of his own, and without close ties to riches, he needed substantial bank loans in order to finance his campaign. The banks which loaned him the money exercised good business judgment in deciding that he would likely be successful in his efforts, and able to repay the loans from future campaign contributions. Their belief in his ability to win was justified: he handily beat his opponent in the Democratic Primary runoff.

As discussed above, the 1972 amendments to the Act were passed so that poor people could afford to run for public office. In fact, one of the overriding reasons for the passage of the Act itself was to remove elective office from the realm of only the very wealthy, and to restore the power to successfully run for office to people of limited means. As Representative Staggers stated at page 42063 of volume 117 of the Congressional Record:

When reduced to its simplest terms, this legislation as I see it, would eliminate money as the principal determining factor of who is elected to Federal Office, or for that matter, who can run for Federal elective office which in some cases is just as important....each election it becomes more and more difficult for honest men of limited means to run and get elected to Federal Office.

At page 42068, Representative Conte added his views:

Unless we take decisive action we will soon end up with a Congress that is little more than a club for millionaires and those beholden to wealthy interests. This was not the intent or the desire of our Founding Fathers, nor is it the desire of the people we represent.

Senator Muskie is quoted at page 29321 as having the same concerns:

But as our practices of equality in voting have grown, our opportunities for equality in seeking office have shrunk. Once again, wealth is a barrier to democratic practice. Today, it is not state statutes, but the extraordinary cost of running a campaign that keeps all but those who can raise vast amounts of money from seeking office. If we do not drastically alter our campaign practices, only those who are wealthy, or who are chosen by the wealthy, will be able to compete for elective office. This is an outrage in a democratic Nation.

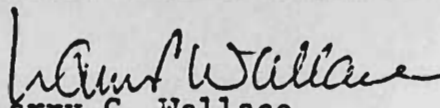
Because Tommy Robinson entered the race for the Democratic nomination to the Second Congressional District only shortly before the primary, he had not had an opportunity to build up large amounts of contributions prior to his applications for the bank loans. The absence of substantial amounts of contributions to his campaign was therefore merely the result of his late entry into the race; it had absolutely nothing whatever to do with his ability to raise such funds. To the contrary; he is and was a very popular public figure, and a man capable of engendering phenomenal popular support. Nevertheless, this Commission, in its inconsistent and unswerving demand for collateral for such loans, would come to a result totally at odds with the intent of the Act. In essence, the Commission would require that Tommy Robinson be able to pledge vast amounts of personal assets as collateral for these loans, since he did not already have an amount of campaign contributions equal to the amounts of the loans. One can only deduce from the Commission's position in this regard that since Mr. Robinson entered the race for Congress late, and since he is not a wealthy man, he should not run at all. Surely such a result is not in keeping with the intent of Congress, nor is it in keeping with the prior decisions of this very agency which is charged with the enforcement of the FECA.

I sincerely hope that the Commission will reverse its stance in this matter, for the loans violate neither the letter nor the spirit of the law. Again, I must request that you keep this

information confidential. If I may be of further assistance,
please do not hesitate to contact me.

Very truly yours,

HOUSE, WALLACE & JEWELL, P.A.


Larry C. Wallace

LCW/kr

cc: Tommy Robinson Campaign Committee
Tommy Robinson

86040365095

(J)
(J)

'Tommy' Has Celebrity Status

By DOUG SMITH
Gazette Staff

It's hard to believe that Tommy Robinson made his first race for political office only four years ago, and a little hard to believe that the office he won that year and still holds is "only" sheriff of Pulaski County. It seems like he's been around for years, and in high places.

In a way, Robinson has become the dominant figure in Arkansas politics — the one that everybody talks about. No other local official has ever



— Staff Photo

TOMMY ROBINSON

achieved such statewide celebrity. Last spring, a reporter covering the Democratic primary in the Second Congressional District remarked on the Robinson phenomenon:

"Not only does everybody know who he is, they all call him by his first name."

Robinson, 42, was reared in the Rose City neighborhood of North Little Rock, the son of a fireman. After serving in the Navy, he embarked on a career in law enforcement. He was assistant director of the public safety department at the University of Arkansas at Fayetteville for one year and was with the United States Marshals Service three years, the State Police two years and the North Little Rock Police Department six years. Along the way, he earned a bachelor's degree in criminal justice from the University of Arkansas at Little Rock. (Higher education helps account for Robinson being one of the most articulate law-enforcement officers that reporters ever meet, and therefore one of the most quotable. The rest of it is a natural glibness and a willingness to express strong opinions.)

He was police chief at Jacksonville for 3½ years, and this was when he first began to attract the attention of the news media. He was an aggressive chief with new ideas, one of them being that police officers should spend less time giving speeding tickets and more time catching real criminals. He was also, it became clear, recklessly outspoken. He made political enemies — because he was doing his job too well, he said. Because he

Robinson's Tenure as Sheriff Marked by Controversy, Lawsuits

Continued from Page 1A.

spent too little time doing his job and too much time practicing city politics, they said, noting that he had also formed political alliances. But his strongest support, as has remained true throughout his career, came from the masses — the sort of people whose only political activity is voting.

It was at Jacksonville also that he first began to collect lawsuits, a habit that has stayed with him. (One thing that Robinson has proved during his career is that he can't be intimidated by litigation, or the threat of it. He now suggests that being sued is the inevitable consequence of doing what's right. He is not popular with lawyers, and vice versa.)

Catches Clinton's Eye

He caught the eye of Bill Clinton, then serving his first term as governor. Mr. Clinton appointed him director of the state Public Safety Department, a position that had been — until Robinson's appointment — less imposing than it sounded. The Public Safety director was intended to be a sort of co-ordinator and administrative overseer for a number of important state agencies — including the State Police, the National Guard and the Alcoholic Beverage Control Division — without involving himself in the day-to-day operations of the agencies. That concept proved too confining for Robinson, especially in regard to the State Police. (And it was probably a bad idea

to begin with. The position was abolished in 1981, after Robinson had left.) He began traveling the state, taking an active part in the work of the agencies under him. He created a new "white-collar crime" unit of the State Police that worked directly under his supervision, and he tried to acquire personal supervision of the governor's security officers. These efforts and others put him in conflict with the State Police Commission and the State Police director. He was, as he'd been at Jacksonville, remarkably accessible to reporters, and as a high-ranking state official he was receiving more statewide exposure than ever.

He resigned the Public Safety director's job in 1980 to run for sheriff of Pulaski County. He said he was basically a crime-fighter, not an administrator. He defeated the incumbent — who was, Robinson said, a politician and not a crime-fighter. He was not yet the bane of liberal-to-moderate voters that he would later become. Despite his conservative-sounding talk about getting tough on crime, it was thought that he might be progressive in some areas, such as civil rights. Besides, Bill Clinton had appointed him, he was a professional lawman (many sheriffs aren't) and he seemed presentable. (One of the secrets of Robinson's political success is that he can captivate the media with outrageous statements, and actions, assuring himself of the widest possible coverage, then in his next public appearance pass himself off to the au-

dience as the most quietly reasonable, least radical, most thoroughly misunderstood and mistreated man in politics.)

Says He's More Used

People who thought they knew Tommy Robinson learned after he was elected sheriff that they hadn't seen anything yet. Finally Robinson had a job that combined high visibility and a relatively broad jurisdiction (qualities that the Jacksonville chief's job had lacked) with real muscle (which the Public Safety job had lacked). Pulaski County is the largest urban area of the state, and because the state's news media are concentrated there, it seems even larger in the press and on the airwaves. Politically, old friendships and reciprocal relationships are less important than skillful handling of the media. Nobody had ever seen a media-manipulator like Robinson. Robinson insists that he is more used than user in his relationship with the media, but reporters and editors have found it virtually impossible to cut down on Tommy Robinson coverage even when they wanted to.

Some highlights from Robinson's first term in office:

- ★ He engaged in a bitter fight with County Judge William E. Beaumont and members of the Quorum Court over funding for the sheriff's office. At one point, he arrested Beaumont and County Comptroller Jo Growcock because of difficulty in getting some money for his office. (Beaumont didn't run for re-election, and it was generally believed that his problems with Robinson were a big reason why. Robinson in his second term seems to have gotten on reasonably well with Beaumont's successor, County Judge Don Venhaus.)

- ★ Contending that the state Cor-

Election
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rection Department wasn't taking prisoners from the County Jail quickly enough, Robinson hauled 14 prisoners to the Correction Department office outside Pine Bluff, chained them to a guard tower and left them there. When an inaccurate rumor circulated that the State Police were bringing the prisoners back to the County Jail, Robinson posted a cordon of deputies around the Jail and appeared ready to engage the State Police in armed combat.

- ★ Relations between the sheriff's office and the Little Rock Police Department dropped to their lowest level ever. Robinson has said that the Little Rock Police do a poor job, and he and Police Chief Walter E. (Sonny) Simpson have accused each other of unprofessional conduct. Two high-ranking officers from the two departments once got in a fistfight at the Police Station.

- ★ Robinson stopped a car and pulled his gun on the driver after the driver made an obscene gesture at him. The driver said that Robinson was "tail-gating." Each man asked that a warrant be issued against the other. No warrants were issued by Prosecuting Attorney Wilbur C. (Dub) Bentley, another public official with whom Robinson maintains unfriendly relations.

- ★ While talking with reporters after a federal court hearing on County Jail operations, Robinson repeatedly referred to federal Judge George Howard Jr., the state's only black federal judge, as

a "token judge." In an interview the same day, he said "Law enforcement is still my number one priority before I'll coddle those little darlings [inmates] to make sure they have fried chicken and watermelon to eat every day." He denied charges that these statements were racist.

- ★ On Judge Howard's orders, Robinson was jailed for two nights at Memphis for ignoring a court order concerning the operation of the Pulaski County Jail.

- ★ Robinson initiated a highly publicized anti-robbery campaign in which shotgun-carrying deputies hide in convenience and liquor stores waiting for robbers. Stores participating in the program post large warning placards. The program seems to have had some success, and it further enhanced Robinson's image as a tough cop.

- ★ In the sensational Alice McArthur murder case, Robinson arrested Mrs. McArthur's husband, William C. McArthur, and charged him with conspiracy to commit murder, although Prosecutor Bentley had said there was insufficient evidence to support the charge. Eventually, three other persons were convicted in the McArthur case, and a Grand Jury agreed with Bentley about the lack of evidence against William McArthur. McArthur filed a false-arrest suit against Robinson. An undisclosed settlement was reached.

Elected Easily

Robinson was elected to a second term easily. His second term has been somewhat quieter, partly because he hasn't been engaged in daily warfare with the county judge's office since Venhaus replaced Beaumont. And partly, maybe, because his attention was diverted to thoughts of higher office. He has made numerous speak-

ing engagements around the state, and there was speculation that he would run for governor. Instead, he chose to seek the Second Congressional District seat being vacated by Representative Ed Bethune.

Firmly ensconced as the Buford Pusser of Arkansas politics, Robinson could afford to run a relatively quiet, non-controversial campaign in the Democratic primary, and that's what he did. Uncharacteristically, he even put some distance between himself and the press. In fact, there were charges that his campaign manager, Darrell Glascock, was rationing and editing the candidate's public utterances, to avoid statements that might offend or frighten voters. Robinson won the nomination fairly easily, as expected, though he financed his campaign with huge bank loans.

Contradictory Ideology

Like his personality, which can be either charming or abusive, Robinson's political ideology is somewhat contradictory. As sheriff, he seemed to move farther to the right than ever before, and became the darling of the conservative law-and-order faction. He frequently espouses a kind of George Wallace populism that appeals to blue-collar voters, while he retains the support of some of Little Rock's leading businessmen. As a congressional candidate, he has taken moderate — sometimes even liberal — positions on certain issues, such as the Equal Rights Amendment, which he supports and his conservative Republican opponent, Judy Petty, is against. Political analysts theorize that Robinson believes no one can win his right-wing supporters away, and that he needs to appeal to the moderate and liberal Democratic voters who might otherwise sit out the election or vote for the independent candidate, Jim Tucker.

1. First Commercial Bank, N.A.

11.

LISTED NEXT ARE May 7 1984

COMMERCIAL NATIONAL BANK

DOLLARS

425 W. Broadway, Suite K

North Little Rock, Ark 72114

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[Signature]

HOUSE, WALLACE, NELSON & JEWELL, P.A.

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January 9, 1985

All: 12

MUR 1721
mpilovichMs. Lee Ann Elliott, Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463FEDERAL EXPRESS

Re: MUR 1721; Tommy Robinson Campaign Committee

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Nevertheless, the statement on page three of the General Counsel's analysis belies a real, one might even say zealous, eagerness to do so: "Immediately prior to the issuance of the loans Tommy Robinson earned \$31,900 per year as a local sheriff. Except for a house which was mortgaged, Robinson had little or no assets." In response to this statement, one might ask whether only rich men can run for public office without arousing the suspicions of the FEC? Apparently this is so, a result which is totally at odds with the stated purpose of the Act.

As for the loan from the Bank of Salem, the arguments made with respect to the other loans in question in our letter/brief to you dated October 12, 1984 still apply. Although this loan was unsecured, it was fully in keeping with all relevant banking laws and regulations; all of the necessary paperwork was completed; the bank's legal lending limits were not exceeded; the terms given were those routinely given for similar customers, and interest was at the usual and customary rate (14%). The loan was personally guaranteed by Mr. Robinson, and all of the normal application and documentation channels were observed. No favors were rendered or expected. As was true for the loans discussed in my October 12, 1984 letter, Mr. Robinson's outstanding personal and political reputation, as well as his great chances of success in the general election, provided a sound basis for the bank's decision to loan the money and to expect prompt repayment.


In view of this Commission's past decisions in MUR Numbers 218(76), MUR 216(76), and MUR 382(77), its Advisory Opinion 1980-108, as well as the total dearth of statutory and regulatory language interpreting the phrase "on a basis which assures repayment" as mandating full, hard collateral for every campaign loan, the Bank was fully justified in making, and my clients were fully justified in accepting, the loan. When all of these loans were made, how could any of the parties involved have known that the Commission would take such an inconsistent position with regard to their legality? Every effort was made to comply with the Act, as explained in the regulations, and as enforced by this Commission.

I assure you that like the other loans in question, neither of these loans were intended to be, nor did they amount to, illegal campaign contributions. The simple facts are that Mr. Robinson, a poor but exceedingly popular public official, decided to enter the race for the Second Congressional District at the last minute. He had no overfilled campaign coffers, nor great personal wealth and power to fund the campaigns. These loans

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I urge the Commission to change its position, and to find no probable cause to believe that a violation has occurred. I would also appreciate your continuing to keep this information confidential. If I may be of further assistance, please let me know.

Very truly yours,


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LCW/cra

cc: Andrew Maikovich
Richard T. Smith
Larry T. Wilson
W. Russell Meeks, III
Darrell Glascock
Mike Felkins
Tommy Robinson

86040305101

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Larry C. Wallace

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(501) 375-6484

MUR 1721
Markovich

January 9, 1985

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

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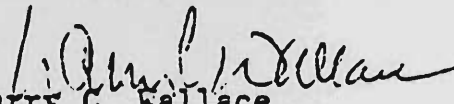
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HOUSE, WALLACE, NELSON & JEWELL, P.A.

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LCW/cra

cc: Andrew Maikovich
Richard T. Smith
Larry T. Wilson
W. Russell Meeks, III
Darrell Glascock
Mike Felkins
Tommy Robinson

86040105104



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM *JCR*

DATE: FEBRUARY 12, 1985

SUBJECT: MUR 1721 - Comprehensive Investigative
Report #2 signed February 8, 1985

The above-captioned matter was circulated to the Commission on a 24 hour no-objection basis at 11:00, February 11, 1985.

There were no objections to the Comprehensive Investigative Report at the time of the deadline.

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85 JAN 14 9:44

TELEX-TELECOPIER:

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Larry C. Wallace

January 9, 1985

MUR 1721
Maikovich

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Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

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Mike Felkins
Tommy Robinson

86040365108

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Mr. Andrew Maikovich
Attorney at Law
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

14
AG: 44

GCC # 6346

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Larry C. Wallace

January 9, 1985

ALL: 12

MUR 1721
Maidovich

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It must initially be pointed out that the loan from the First Jacksonville Bank was in fact secured: Mr. Robinson pledged a mortgage on his home, an assignment of the cash value of a life insurance policy, and an assignment of rights in an autobiography as security for this loan. Additionally, other relevant factors make it crystal clear that this loan was not out of the ordinary course of business, and was demonstrably made on a basis which assures repayment. Mr. Robinson and his wife had been regular customers of the bank since 1975, and had successfully and timely paid off fifteen loans since 1976. Six of these loans had been unsecured.

As is true with all of the bank loans in question, Mr. Robinson's excellent personal reputation and strong likelihood of winning the election were well known to the bank officer who approved the loan. Further, the loan was for a short term, at the customary interest rate for similar loans, and evidenced by a

written instrument; no "special channels" were used to obtain the loan. In view of the above facts, it is amazing that the Commission is willing at this point to substitute its judgement for that of the bank officer who approved the loan, and conclude that it must have been an illegal contribution. The fact that the loan was fully paid on July 12, 1984 also cannot be ignored.

Nevertheless, the statement on page three of the General Counsel's analysis belies a real, one might even say zealous, eagerness to do so: "Immediately prior to the issuance of the loans Tommy Robinson earned \$31,900 per year as a local sheriff. Except for a house which was mortgaged, Robinson had little or no assets." In response to this statement, one might ask whether only rich men can run for public office without arousing the suspicions of the FEC? Apparently this is so, a result which is totally at odds with the stated purpose of the Act.

As for the loan from the Bank of Salem, the arguments made with respect to the other loans in question in our letter/brief to you dated October 12, 1984 still apply. Although this loan was unsecured, it was fully in keeping with all relevant banking laws and regulations; all of the necessary paperwork was completed; the bank's legal lending limits were not exceeded; the terms given were those routinely given for similar customers, and interest was at the usual and customary rate (14%). The loan was personally guaranteed by Mr. Robinson, and all of the normal application and documentation channels were observed. No favors were rendered or expected. As was true for the loans discussed in my October 12, 1984 letter, Mr. Robinson's outstanding personal and political reputation, as well as his great chances of success in the general election, provided a sound basis for the bank's decision to loan the money and to expect prompt repayment.

In view of this Commission's past decisions in MUR Numbers 218(76), MUR 216(76), and MUR 382(77), its Advisory Opinion 1980-108, as well as the total dearth of statutory and regulatory language interpreting the phrase "on a basis which assures repayment" as mandating full, hard collateral for every campaign loan, the Bank was fully justified in making, and my clients were fully justified in accepting, the loan. When all of these loans were made, how could any of the parties involved have known that the Commission would take such an inconsistent position with regard to their legality? Every effort was made to comply with the Act, as explained in the regulations, and as enforced by this Commission.

I assure you that like the other loans in question, neither of these loans were intended to be, nor did they amount to, illegal campaign contributions. The simple facts are that Mr. Robinson, a poor but exceedingly popular public official, decided to enter the race for the Second Congressional District at the last minute. He had no overfilled campaign coffers, nor great personal wealth and power to fund the campaigns. These loans

HOUSE, WALLACE, NELSON & JEWELL, P.A.

were the only possible way in which a reasonably adequate race could be financed in 1984.

I urge the Commission to change its position, and to find no probable cause to believe that a violation has occurred. I would also appreciate your continuing to keep this information confidential. If I may be of further assistance, please let me know.

Very truly yours,


Larry C. Wallace

LCW/cra

cc: Andrew Maikovich
Richard T. Smith
Larry T. Wilson
W. Russell Meeks, III
Darrell Glascock
Mike Felkins
Tommy Robinson

0 6 0 4 0 5 0 5 1 1 2



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 4, 1985

Larry C. Wallace
House Wallace & Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

Re: MUR 1721

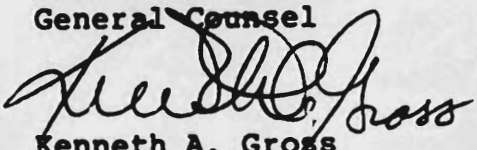
Dear Mr. Wallace:

This is in reference to your letter dated December 21, 1984, requesting an extension of 10 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on January 10, 1985.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

35040505113

W. RUSSELL MEEKS, III
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-376-4660

RECEIVED AT THE FEC
GCC# 6324
85 JAN 7 P 4: 38

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

January 2, 1985

Mr. Andrew Maikovich
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Bank of Salem

Dear Mr. Maikovich:

This confirms our telephone conversation of Wednesday, January 2, 1985, concerning the captioned matter. As we discussed, I had forwarded to you a December 31, 1984 letter advising of my representation of Bank of Salem, as I had earlier advised of my representation of Stephens Security Bank. These two institutions are subsidiaries of Smith Associated Banking Corporation.

This is to specifically confirm your agreement to an extension of time for us to submit additional information and documentation by way of a response to the allegations against Bank of Salem. We will submit this information on or before January 12, 1985. We appreciate this ten (10) day extension.

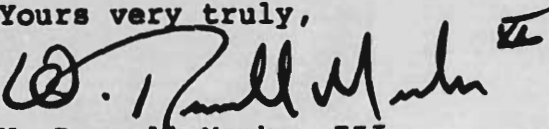
As we discussed, the letter and documentation from the Federal Election Commission was received by the officials at Bank of Salem on Saturday, December 22, 1984. They were reviewed on Monday, December 24, 1984. We provided you with our response, immediately upon our receipt of the documentation, on December 31, 1984. The holidays during the Christmas and New Year period have necessitated our request for this additional extension. Vacations and travel by the appropriate bank officials, together with my travel, have necessitated the request for the response. We thank you for this consideration.

This also confirms that upon your receipt of my letters of December 31, 1984, and upon your receipt of this letter, you will either correspond with me or await my telephone call to you either Monday or Tuesday of next week.

Mr. Andrew Maikovich
January 2, 1985
Page 2

Let me again thank you for your courtesy and for your general discussion of this entire matter.

Yours very truly,


W. Russell Meeks, III

WRM:bj

cc: Richard T. Smith
w/encl.

Frank Burge
w/encl.

86040305115

W. RUSSELL MEEKS, III

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING

LITTLE ROCK, ARKANSAS 72201

Mr. Andrew Maikovich
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

A

W. RUSSELL MEEKS, III
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-376-4660

RECEIVED AT THE FEC
GCC #6322
85 JAN 7 P 4: 38

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

December 31, 1984

Mr. Andrew Maikovich
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Stephens Security Bank

Dear Mr. Maikovich:

Our position remains the same as indicated in earlier correspondence, and as expressed to you in our telephone conversations. We would be happy to discuss some guidelines for future loans, of this type, there being no such guidelines or regulations in place at the present time to guide lending institutions with respect to the making of these types of loans. As we discussed, we might well agree to some type of conciliation or settlement agreement, but would indicate the absence of any specific guidelines on these types of loans, and would set forth guidelines to be utilized in the future.

I am assuming that with the election process now completed, and with the more urgent violations having now been handled by your office, we might be able to conclude this particular matter. It is in the interest of the lending institutions involved, and specifically of interest to my clients, that the matter be resolved so that we can go on with our normal business operations.

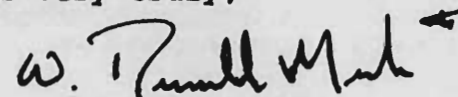
We will look forward to hearing from you at your convenience. Let me also note, however, that in line with my earlier communication to you, this office is retained as counsel for Bank of Salem, Salem, Arkansas, which is also an affiliate of Smith Associated Banking Corporation. We will therefore be entering an

Mr. Andy Maikovich
December 31, 1984
Page 2

appearance on behalf of Bank of Salem and you will be receiving our reply under separate cover. Our communications with respect to one bank, however, will also be applicable to the other, unless we subsequently determine through contact with your office that they need to be treated differently.

We have appreciated your courtesy and we look forward to working with you to conclude the matter.

Yours very truly,


W. Russell Meeks, III

WRM:bj

cc: Richard T. Smith
Chairman of the Board
Smith Associated Banking Corporation

36040565118

V. RUSSELL MEEKS, III

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING

LITTLE ROCK, ARKANSAS 72201

Mr. Andrew Maikovich
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

RECEIVED AT THE FEC
GCC#6321

85 JAN 7 P 4: 38

W. RUSSELL MEEKS, III
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-376-4660

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

December 31, 1984

Mr. Andrew Maikovich
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721
Bank of Salem

Dear Mr. Maikovich:

We are the attorneys for the respondent bank, Bank of Salem, Salem, Arkansas. Please note that we are also presently the attorneys for Stephens Security Bank, Stephens, Arkansas. Both banks are subsidiaries of Smith Associated Banking Corporation.

Please note our representation as attorneys of record for both institutions, and for the parent holding company, Smith Associated Banking Corporation. We will be forwarding to you a statement of designation of counsel executed by Mr. Frank Burge, President, Bank of Salem. You presently have the designation of counsel for Stephens Security Bank, and for Smith Associated Banking Corporation.

It is our position that there have not been sufficient allegations made, through any newspaper articles, nor through the information we believe to have been submitted to the Office of General Counsel, that give rise to any substantial belief that there has been any violation of 11 C.F.R. 100.7 (a)(1)(i)(C), or 11 C.F.R. 100.7 (b)(11), or of 11 C.F.R. 104.3 (a)(4)(iv). Instead, it is our belief that what has been presented does not appear to be substantial enough to require any additional investigation.

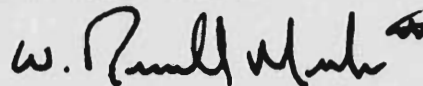
There has been no violation of any state or federal banking regulation, nor has there been any violation of any federal election commission regulation, nor has there been any other violation of any kind or nature. It is our feeling that there has certainly been no "clear violation" of 2 U.S.C. 431 (8)(A)(1) or of 2 U.S.C. 431 (8)(B)(vii). There has been no violation.

501-376-4660
A11:57

0 2 1 5 3 5 0 4 0 9 8

Mr. Andrew Maikovich
December 31, 1984
Page 2

Yours very truly,



W. Russell Meeks, III

WRM:bj

cc: Richard T. Smith
Smith Associated Banking Corporation

Frank Burge
Bank of Salem

86040505122

W. RUSSELL MEEKS, III

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING

LITTLE ROCK, ARKANSAS 72201

Mr. Andrew Maikovich
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

7A FIRST JACKSONVILLE BANK

LARRY T. WILSON
PRESIDENT

December 28, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 1721

Dear Ms. Elliott:

This letter is in response to your letter dated December 12, 1984 which we received on December 17, 1984.

In order for you to thoroughly understand the basis for our making the loan to the Tommy Robinson for Congress Committee, we offer the following information:

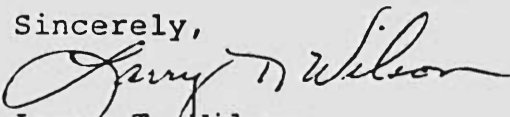
1. Mr. Robinson and his wife have lived in our community since 1975, over nine years.
2. The Robinsons have had a deposit relationship with our bank since August of 1975.
3. Mr. Robinson served as Chief of Police for the City of Jacksonville for four years (1975-1979). In this position, he had many occasions to work with us and we have found him to be a man of good character.
4. We have had a loan history with the Robinson's since 1976. During that time we have made him fifteen (15) loans. Six of those loans have been on an unsecured basis. The secured loans range from automobile loans to loans backed by Certificate of Deposit. He has never been thirty (30) days late on a loan payment.
5. The loan made to the Tommy Robinson for Congress Committee involved the following:
 - a. Amount: \$52,000.00
 - b. Date of Note: June 6, 1984
 - c. Maturity Date: June 15, 1984
 - d. Date Paid in Full: July 12, 1984
 - e. Interest Rate: 14.0%

- f. Collateral:
1. A Real Estate Mortgage on the equity in his home.
 2. An assignment of the cash value of a life insurance policy.
 3. The assignment of rights in an autobiography.
- g. The primary source of repayment for the loan was campaign contributions.
- h. The secondary source of repayment for the loan was the conversion of collateral (foreclosure, etc.)
6. Mr. Robinson enjoys a good personal reputation and his strong showing in the Democratic Primary on May 29, 1984 indicated to us the strong probability of his winning the primary runoff election and the General Election in November. Obviously, a winning candidate enjoys a much better chance to raise money after an election than a losing candidate.
7. After reviewing the request for a loan by Mr. Robinson, the loan officer determined that the risk involved in making the loan was within the risk factors of other loans made in the normal course of business.
8. Because First Jacksonville Bank had never before been approached by a political candidate for a loan similar to this (no other bank customer of ours has ever run for Congress from our District) we had no previous experience to draw from. We simply exercised our best judgement as to the risks involved and made a decision to make the loan.
9. The fact that the loan was repaid in full on July 12, 1984 is further evidence that our judgement was sound.

In summary, we can assure you that there were no special favors involved in this loan, no requests of Mr. Robinson to vote in any particular way if elected and that the loan was handled just as any other loan in our bank.

Ms. Elliott, our bank has established a reputation for professionalism in its 35 years of existence - we are not about to jeopardize this reputation for the sake of any political candidate. We appreciate your concern and your job as chairman of the Federal Election Commission. If you need any additional information or would like to discuss this matter further, we stand ready to assist you at any time.

Sincerely,


Larry T. Wilson
President

LTW/sv

December 28, 1984

page three

State of Arkansas
County of Pulaski

Subscribed and sworn before me this 28th day of December, 1984.


Notary Public

My commission expires: Oct. 31, 1991

86040305120

7A FIRST JACKSONVILLE BANK

LARRY T. WILSON
PRESIDENT

December 28, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 172i

Dear Ms. Elliott:

This letter is in response to your letter dated December 12, 1984 which we received on December 17, 1984.

In order for you to thoroughly understand the basis for our making the loan to the Tommy Robinson for Congress Committee, we offer the following information:

1. Mr. Robinson and his wife have lived in our community since 1975, over nine years.
2. The Robinsons have had a deposit relationship with our bank since August of 1975.
3. Mr. Robinson served as Chief of Police for the City of Jacksonville for four years (1975-1979). In this position, he had many occasions to work with us and we have found him to be a man of good character.
4. We have had a loan history with the Robinson's since 1976. During that time we have made him fifteen (15) loans. Six of those loans have been on an unsecured basis. The secured loans range from automobile loans to loans backed by Certificate of Deposit. He has never been thirty (30) days late on a loan payment.
5. The loan made to the Tommy Robinson for Congress Committee involved the following:
 - a. Amount: \$52,000.00
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 - c. Maturity Date: June 15, 1984
 - d. Date Paid in Full: July 12, 1984
 - e. Interest Rate: 14.0%

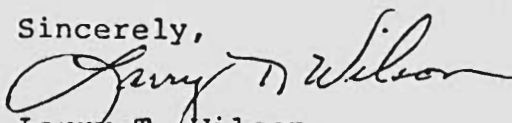


- f. Collateral:
1. A Real Estate Mortgage on the equity in his home.
 2. An assignment of the cash value of a life insurance policy.
 3. The assignment of rights in an autobiography.
- g. The primary source of repayment for the loan was campaign contributions.
- h. The secondary source of repayment for the loan was the conversion of collateral (foreclosure, etc.)
6. Mr. Robinson enjoys a good personal reputation and his strong showing in the Democratic Primary on May 29, 1984 indicated to us the strong probability of his winning the primary runoff election and the General Election in November. Obviously, a winning candidate enjoys a much better chance to raise money after an election than a losing candidate.
7. After reviewing the request for a loan by Mr. Robinson, the loan officer determined that the risk involved in making the loan was within the risk factors of other loans made in the normal course of business.
8. Because First Jacksonville Bank had never before been approached by a political candidate for a loan similar to this (no other bank customer of ours has ever run for Congress from our District) we had no previous experience to draw from. We simply exercised our best judgement as to the risks involved and made a decision to make the loan.
9. The fact that the loan was repaid in full on July 12, 1984 is further evidence that our judgement was sound.

In summary, we can assure you that there were no special favors involved in this loan, no requests of Mr. Robinson to vote in any particular way if elected and that the loan was handled just as any other loan in our bank.

Ms. Elliott, our bank has established a reputation for professionalism in its 35 years of existence - we are not about to jeopardize this reputation for the sake of any political candidate. We appreciate your concern and your job as chairman of the Federal Election Commission. If you need any additional information or would like to discuss this matter further, we stand ready to assist you at any time.

Sincerely,


Larry T. Wilson
President

LTW/sv

December 28, 1984

page three

State of Arkansas
County of Pulaski

Subscribed and sworn before me this 28th day of December, 1984.


Notary Public

My commission expires: Oct. 31, 1991

86040305129

6CC# 6206

FIRST JACKSONVILLE BANK

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARY

LARRY T. WILSON
PRESIDENT

85 JAN 2 P2:30

December 28, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 1721

Dear Ms. Elliott:

This letter is in response to your letter dated December 12, 1984 which we received on December 17, 1984.

In order for you to thoroughly understand the basis for our making the loan to the Tommy Robinson for Congress Committee, we offer the following information:

1. Mr. Robinson and his wife have lived in our community since 1975, over nine years.
2. The Robinsons have had a deposit relationship with our bank since August of 1975.
3. Mr. Robinson served as Chief of Police for the City of Jacksonville for four years (1975-1979). In this position, he had many occasions to work with us and we have found him to be a man of good character.
4. We have had a loan history with the Robinson's since 1976. During that time we have made him fifteen (15) loans. Six of those loans have been on an unsecured basis. The secured loans range from automobile loans to loans backed by Certificate of Deposit. He has never been thirty (30) days late on a loan payment.
5. The loan made to the Tommy Robinson for Congress Committee involved the following:
 - a. Amount: \$52,000.00
 - b. Date of Note: June 6, 1984
 - c. Maturity Date: June 15, 1984
 - d. Date Paid in Full: July 12, 1984
 - e. Interest Rate: 14.0%

600 West Main Street | P.O. Box 827 | Jacksonville, Arkansas 72076 | (501) 982-4511

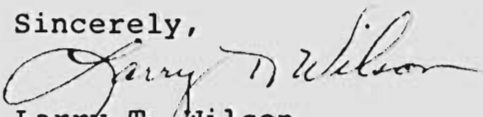


- f. Collateral:
 - 1. A Real Estate Mortgage on the equity in his home.
 - 2. An assignment of the cash value of a life insurance policy.
 - 3. The assignment of rights in an autobiography.
 - g. The primary source of repayment for the loan was campaign contributions.
 - h. The secondary source of repayment for the loan was the conversion of collateral (foreclosure, etc.)
6. Mr. Robinson enjoys a good personal reputation and his strong showing in the Democratic Primary on May 29, 1984 indicated to us the strong probability of his winning the primary runoff election and the General Election in November. Obviously, a winning candidate enjoys a much better chance to raise money after an election than a losing candidate.
7. After reviewing the request for a loan by Mr. Robinson, the loan officer determined that the risk involved in making the loan was within the risk factors of other loans made in the normal course of business.
8. Because First Jacksonville Bank had never before been approached by a political candidate for a loan similar to this (no other bank customer of ours has ever run for Congress from our District) we had no previous experience to draw from. We simply exercised our best judgement as to the risks involved and made a decision to make the loan.
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In summary, we can assure you that there were no special favors involved in this loan, no requests of Mr. Robinson to vote in any particular way if elected and that the loan was handled just as any other loan in our bank.

Ms. Elliott, our bank has established a reputation for professionalism in its 35 years of existence - we are not about to jeopardize this reputation for the sake of any political candidate. We appreciate your concern and your job as chairman of the Federal Election Commission. If you need any additional information or would like to discuss this matter further, we stand ready to assist you at any time.

Sincerely,


Larry T. Wilson
President

LTW/sv

December 28, 1984

page three

State of Arkansas
County of Pulaski

Subscribed and sworn before me this 28th day of December, 1984.


Notary Public

My commission expires: Oct. 31, 1991

00040505132

First Jacksonville Bank

O. Box 827 Jacksonville, Arkansas 72076

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N. W.
Washington, D. C. 20463

RTIFIED MAIL

P 452 060 827

05 JAN 2 41:52

HOUSE, WALLACE & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Larry C. Wallace

December 21, 1984

RECEIVED AT THE FEC
GCLT#6123
84 DEC 31 A8:14
TELEX-TELECOPIER
(501) 375-8484
40:08

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: M.U.R. 1721; Tommy Robinson Campaign
Committee and its Treasurer, George M.
Felkins, and Tommy Robinson

Dear Ms. Elliott:

CERTIFIED MAIL

I am writing to request a ten (10) day extension, until January 10, 1985, within which to respond to your letter of December 12, 1984, in which you informed us that the Commission has determined that there is reason to believe that our clients have violated 2 U.S.C. §441b (a). We received your letter today, December 21, 1984, and must respond to it on or before the 31st of December in order to meet the 10 day deadline.

Because of the upcoming holidays and the amount of documentation which must be assembled from both of the banks involved in this matter, it will be very, very difficult to meet this 10 day deadline. Therefore, I am hereby requesting that we be granted a 10 day extension within which to respond to your letter. I want to assure you that we are not making this request dilatorily. In fact, it is due to our commitment to make as thorough and complete a response to your letter as possible that has necessitated an extension within which to reply.

Any consideration which you might grant us in this matter will be greatly appreciated. I remain,

Very truly yours,

HOUSE, WALLACE & JEWELL, P.A.

Larry C. Wallace
Larry C. Wallace

LCW:naj

cc: Andrew Maikovich
Richard T. Smith
Larry T. Wilson

HOUBE, WALLACE & JEWELL, P.A.

ATTORNEYS AT LAW
LITTLE ROCK, ARKANSAS

DEC 31 1963 14

Mr. Andrew Maikovich
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

HOUSE, WALLACE & JEWELL, P.A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

Larry C. Wallace

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

TELEX-TELECOPIER:

(501) 375-6484

6CC#6099

December 21, 1984

84 DEC 26 P2:39

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: M.U.R. 1721; Tommy Robinson Campaign
Committee and its Treasurer, George M.
Felkins, and Tommy Robinson

Dear Ms. Elliott:

CERTIFIED MAIL

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Any consideration which you might grant us in this matter will be greatly appreciated. I remain,

Very truly yours,

HOUSE, WALLACE & JEWELL, P.A.

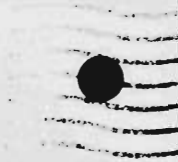

Larry C. Wallace

LCW:naj

cc: Andrew Maikovich
Richard T. Smith
Larry T. Wilson
Darrell Glascock
Tommy Robinson

HOUSE, WALLACE & JEWELL, P.A.

1800 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201



0585

CERTIFIED

MAIL

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

101033 MAY 1971

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE FEC
SECRETARY

In the Matter of)

84 NOV 5 P12:12

The Tommy Robinson for Congress)
Committee and its treasurer)

George Michael Felkins)

MUR 1721

First State Bank)

Stephen's Security Bank)

Worthen Bank and Trust Co.)

Twin City Bank)

COMPREHENSIVE INVESTIGATIVE REPORT #1

On September 10, 1984, the Commission found reason to believe that the Stephens Security Bank, First American Bank, First State Bank, First Commercial Bank, Twin City Bank and Worthen Bank & Trust Company violated 2 U.S.C. § 441b(a) in making a corporate contribution in the form of unsecured loans to the Tommy Robinson for Congress Committee ("Committee"). The Commission also found reason to believe that Tommy Robinson and the Committee violated 2 U.S.C. § 441b(a) for accepting said contributions.

Respondents requested extensions to reply to the reason to believe notification. First State Bank, which was granted a 10 day extension, replied on October 10. Worthen Bank, which was granted a 20 day extension, responded on October 11, with a supplement due this week. Tommy Robinson and the Committee, which was granted an 18 day extension, responded on October 18. Additional responses were received from First American Bank on September 27 and the Twin City Bank on September 25.

Once the responses have been analyzed a General Counsel's
Report will be circulated to the Commission.

Charles N. Steele
General Counsel

Nov. 2, 1964
Date

Kenneth A. Gross
By: Kenneth A. Gross
Associate General Counsel

66040305139



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM *JCR*

DATE: NOVEMBER 7, 1984

SUBJECT: MUR 1721 - Comprehensive Investigative
Report #1 signed November 2, 1984

The above-captioned matter was circulated to the Commission on a 24 hour no-objection basis at 4:00, November 5, 1984.

There were no objections to the Comprehensive Investigative Report at the time of the deadline.

86040305140

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE FEC
CLERK

In the Matter of)
The Tommy Robinson for Congress)
Committee and its treasurer)
George Michael Felkins)
Stephens Security Bank)
First American Bank)
First State Bank)
First Commercial Bank)
Twin City Bank)
Worthen Bank and Trust Company)
First Jacksonville Bank)
Bank of Salem)

DEC 3

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AIO: 06

MUR 1721

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On September 5, 1984, the Commission determined that there is reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee violated 2 U.S.C. § 441b(a) by accepting contributions in the form of bank loans.

The Commission also found reason to believe that the Stephens Security Bank, First American Bank, First State Bank, First Commercial Bank, Twin City Bank, and the Worthen Bank and Trust Company violated 2 U.S.C. § 441b(a) by making contributions to Tommy Robinson and the Tommy Robinson for Congress Committee in the form of loans.

An analysis of reports filed by the Tommy Robinson for Congress Committee after the reason to believe finding against the preceding banks discloses three additional loans.

The First Jacksonville Bank reportedly loaned Robinson \$52,000 on June 1, 1984, with a due date of June 15, 1984. This loan reportedly had a 14 percent interest rate and was later paid in full. It is unknown if the loan was secured by collateral.

The Robinson Committee reported a loan for \$50,000 from the Bank of Salem on June 5, 1984. The original due date was reported as July 10, 1984, but a subsequent report disclosed a rescheduled date of January 10, 1985. This loan has a 14 percent interest rate. It is unknown if the loan is secured by collateral.

The third loan was made by a previous respondent, the Worthen Bank and Trust Company on July 9, 1984. Worthen's attorney clarified that this \$48,000 loan carried identical terms as its first loan to Robinson: an interest rate of prime plus two percent, guaranteed by Robinson and the Committee and secured by a second mortgage on Robinson's home.

II. LEGAL AND FACTUAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) state a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

A review of the Robinson Committee reports discloses that three additional loans were made to the Committee. These loans were made by the First Jacksonville Bank, the Bank of Salem and

the Worthen Bank and Trust Company. The Worthen Bank and Trust Company is already a respondent in this matter as the Commission previously found reason to believe that it violated 2 U.S.C. § 441b(a).

With regard to the loans made by First Jacksonville Bank and the Bank of Salem, it appears that the loans were evidenced by written instruments, were subject to due dates and bore a usual and customary interest rate. However, as with all the loans which are the subject of this case, there is no evidence that the loans were made on a basis which assures repayment. It is unknown what security, if any, was given by Robinson or the Robinson Committee for the loans made by the First Jacksonville Bank and Bank of Salem. Analysis of the previous loans, however, indicates that neither Robinson nor the Robinson Committee had sufficient resources to collateralize loans of \$52,000 or \$50,000. Immediately prior to the issuance of the loans Tommy Robinson earned \$31,900 per year as a local sheriff. Except for a house which was mortgaged, Robinson had little or no assets.

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that the First Jacksonville Bank and the Bank of Salem each violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee. Further, the Office of General Counsel recommends that the Commission find reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting contributions in the form of loans from the First Jacksonville Bank and the Bank of Salem.

III. RECOMMENDATIONS

The Office of General Counsel recommends that the Commission:

1. find reason to believe that First Jacksonville Bank violated 2 U.S.C. § 441b(a) in making a \$52,000 contribution in the form of a loan to the Tommy Robinson for Congress Committee;
2. find reason to believe that the Bank of Salem violated 2 U.S.C. § 441b(a) in making a \$50,000 contribution in the form of a loan to the Tommy Robinson for Congress Committee;
3. find reason to believe that that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) in accepting contributions in the form of loans from the First Jacksonville Bank and the Bank of Salem;
4. approve and authorize sending the attached letters and General Counsel's Factual and Legal Analysis.

Charles N. Steele
General Counsel

Nov 30, 1984
Date

Kenneth A. Gross
By: Kenneth A. Gross
Associate General Counsel

Attachments

1. Letters to Respondents
2. General Counsel's Legal and Factual Analysis



FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

Larry C. Wallace
House, Wallace & Jewell, P.A.
1500 Tower Building
Little, Arkansas 72076

RE: MUR 1721
Tommy Robinson Campaign
Committee

Dear Mr. Wallace:

On , 1984, the Federal Election Commission determined that there is reason to believe your client violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by accepting from the First Jacksonville Bank and the Bank of Salem contributions in the form of bank loans. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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

In the absence of any additional information which demonstrates that no further action should be taken against your client, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

Larry C. Wallace
Page 2

2

The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Enclosures
General Counsel's Factual and Legal Analysis
Procedures

86040308145



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

3

Larry Wilson, President
First Jacksonville Bank
P.O. Box 827
Jacksonville, Arkansas 72076

RE: MUR 1721

Dear Mr. Wilson:

On , 1984, the Federal Election Commission determined that there is reason to believe the First Jacksonville Bank violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution in the form of a loan to the Tommy Robinson for Congress Committee. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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

In the absence of any additional information which demonstrates that no further action should be taken against your bank, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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Larry Wilson, President
Page 2

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The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Enclosures

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

86040305148



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

5

Frank Burge, President
Bank of Salem
Box 338
Salem, Arkansas 72576

RE: MUR 1721
Bank of Salem

Dear Mr. Burge:

On , 1984, the Federal Election Commission determined that there is reason to believe the Bank of Salem violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution in the form of bank loans to the Tommy Robinson for Congress Committee. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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

In the absence of any additional information which demonstrates that no further action should be taken against the Bank of Salem, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

Frank Burge, President
Page 2

(6)

The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Enclosures

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

000040305150

MUR NO. 1721

RESPONDENT Tommy Robinson
The Tommy Robinson for Congress Committee and its
treasurer, George Michael Felkins

SUMMARY OF ALLEGATIONS

It is alleged that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting contributions in the form of bank loans from the First Jacksonville Bank and the Bank of Salem.

On September 5, 1984, the Commission found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee violated 2 U.S.C. § 441b(a) by accepting contributions in the form of loans from the Stephens Security Bank, First American Bank, First State Bank, First Commercial Bank, Twin City Bank, and the Worthen Bank and Trust Company.

An analysis of reports filed by the Tommy Robinson for Congress Committee after the reason to believe finding discloses three additional loans.

The First Jacksonville Bank reportedly loaned Robinson \$52,000 on June 1, 1984, with a due date of June 15, 1984. This loans reportedly had a 14 percent interest rate and was later paid in full. It is unknown if the loan was secured by collateral.

The Robinson Committee reported a loan for \$50,000 from the Bank of Salem on June 5, 1984. The original due date was reported as July 10, 1984, but a subsequent report disclosed a

rescheduled date of January 10, 1985. This loan has a 14 percent interest rate. It is unknown if the loan is secured by collateral.

The third loan was made by a previous respondent, the Worthen Bank and Trust Company on July 9, 1984. Worthen's attorney clarified that this \$48,000 loan carried identical terms as its first loan to Robinson: an interest rate of prime plus two percent, guaranteed by Robinson and the Committee and secured by a second mortgage on Robinson's home.

FACTUAL BASIS AND LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) state a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

A review of the Robinson Committee reports discloses that three additional loans were made to the Committee. These loans were made by the First Jacksonville Bank, the Bank of Salem and

the Worthen Bank and Trust Company. The Worthen Bank and Trust Company is already a respondent in this matter.

With regard to the loans made by First Jacksonville Bank and the Bank of Salem, it appears that the loans were evidenced by written instruments, were subject to due dates and bore a usual and customary interest rate. However, as with all the loans which are the subject of this case, there is no evidence that the loans were made on a basis which assures repayment. It is unknown what security, if any, was given by Robinson or the Robinson Committee for the loans made by the First Jacksonville Bank and Bank of Salem. Analysis of the previous loans, however, indicates that neither Robinson nor the Robinson Committee had sufficient resources to collateralize loans of \$52,000 or \$50,000. Immediately prior to the issuance of the loans Tommy Robinson earned \$31,900 per year as a local sheriff. Except for a house which was mortgaged, Robinson had little or no assets.

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting contributions in the form of loans from the First Jacksonville Bank and the Bank of Salem.

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 1721

RESPONDENT First Jacksonville Bank

SUMMARY OF ALLEGATIONS

It is alleged that the First Jacksonville Bank violated 2 U.S.C. § 441b(a) by making contributions in the form of a loan to the Tommy Robinson for Congress Committee. An analysis of reports filed by the Tommy Robinson for Congress Committee discloses a loan from the First Jacksonville Bank. The First Jacksonville Bank reportedly loaned Robinson \$52,000 on June 1, 1984, with a due date of June 15, 1984. This loan reportedly had a 14 percent interest rate and was later paid in full. It is unknown if the loan was secured by collateral.

FACTUAL BASIS AND LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) state a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

(11)

With regard to the loan made by First Jacksonville Bank, it appears that the loan was evidenced by a written instrument, was subject to a due date and bore a usual and customary interest rate. However, there is no evidence that the loan was made on a basis which assures repayment. It is unknown what security, if any, was given by Robinson or the Robinson Committee for the loan made by the First Jacksonville Bank. It appears, however, that neither Robinson nor the Robinson Committee had sufficient resources to collateralize a loan of \$52,000. Immediately prior to the issuance of the loan, Tommy Robinson earned \$31,900 per year as a local sheriff. Except for a house which was mortgaged, Robinson had little or no assets.

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that the First Jacksonville Bank violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a loan.

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 1721

RESPONDENT Bank of Salem

SUMMARY OF ALLEGATIONS

It is alleged that the Bank of Salem violated 2 U.S.C. § 441b(a) by making contributions in the form of a loan to the Tommy Robinson for Congress Committee.

An analysis of reports filed by the Tommy Robinson for Congress Committee discloses a loan from the Bank of Salem. The Robinson Committee reported a loan for \$50,000 from the Bank of Salem on June 5, 1984. The original due date was reported as July 10, 1984, but a subsequent report disclosed a rescheduled date of January 10, 1985. This loan has a 14 percent interest rate. It is unknown if the loan is secured by collateral.

FACTUAL BASIS AND LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) state a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

With regard to the loan made by the Bank of Salem, it appears that the loan was evidenced by a written instrument, was subject to a due date and bore a usual and customary interest rate. However, there is no evidence that the loan was made on a basis which assures repayment. It is unknown what security, if any, was given by Robinson or the Robinson Committee for the loan made by the Bank of Salem. It appears, however, that neither Robinson nor the Robinson Committee had sufficient resources to collateralize a loan of \$50,000. Immediately prior to the issuance of the loan, Tommy Robinson earned \$31,900 per year as a local sheriff. Except for a house which was mortgaged, Robinson had little or no assets.

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe the Bank of Salem violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a loan.

86040385157

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1721
The Tommy Robinson for Congress)
Committee and its treasurer,)
George Michael Felkins,)
et. al.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 6, 1984, the Commission decided by a vote of 4-1 to take the following actions in MUR 1721:

1. Find reason to believe that First Jacksonville Bank violated 2 U.S.C. § 441b(a) in making a \$52,000 contribution in the form of a loan to the Tommy Robinson for Congress Committee.
2. Find reason to believe that the Bank of Salem violated 2 U.S.C. § 441b(a) in making a \$50,000 contribution in the form of a loan to the Tommy Robinson for Congress Committee.
3. Find reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) in accepting contributions in the form of loans from the First Jacksonville Bank and the Bank of Salem.

(Continued)

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4. Approve and authorize sending the letters and General Counsel's Factual and Legal Analysis attached to the General Counsel's Report signed November 30, 1984.

Commissioners Aikens, Harris, McDonald and McGarry voted affirmatively in this matter; Commissioner Elliott dissented and Commissioner Reiche did not cast a vote.

Attest:

12-6-84

Date

Jeddy C. Ranson

for Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary:
Circulated on 48 hour tally basis:

12-3-84, 10:06
12-3-84, 4:00

00040505159



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 12, 1984

Larry C. Wallace
House, Wallace & Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72076

RE: MUR 1721
Tommy Robinson Campaign
Committee and Tommy Robinson

Dear Mr. Wallace:

On December 6, 1984, the Federal Election Commission determined that there is reason to believe your client violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by accepting from the First Jacksonville Bank and the Bank of Salem contributions in the form of bank loans. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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

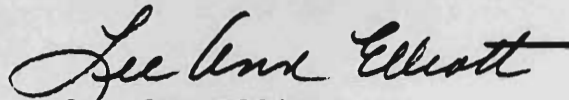
In the absence of any additional information which demonstrates that no further action should be taken against your client, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

Larry C. Wallace
Page 2

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,



Lee Ann Elliott
Chairman

Enclosures

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

00040505161

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 1721

RESPONDENT Tommy Robinson
The Tommy Robinson for Congress Committee and its
treasurer, George Michael Felkins

SUMMARY OF ALLEGATIONS

It is alleged that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, violated 2 U.S.C. § 441b(a) by accepting contributions in the form of bank loans from the First Jacksonville Bank and the Bank of Salem.

On September 5, 1984, the Commission found reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee violated 2 U.S.C. § 441b(a) by accepting contributions in the form of loans from the Stephens Security Bank, First American Bank, First State Bank, First Commercial Bank, Twin City Bank, and the Worthen Bank and Trust Company.

An analysis of reports filed by the Tommy Robinson for Congress Committee after the reason to believe finding discloses three additional loans.

The First Jacksonville Bank reportedly loaned Robinson \$52,000 on June 1, 1984, with a due date of June 15, 1984. This loans reportedly had a 14 percent interest rate and was later paid in full. It is unknown if the loan was secured by collateral.

The Robinson Committee reported a loan for \$50,000 from the Bank of Salem on June 5, 1984. The original due date was reported as July 10, 1984, but a subsequent report disclosed a

rescheduled date of January 10, 1985. This loan has a 14 percent interest rate. It is unknown if the loan is secured by collateral.

The third loan was made by a previous respondent, the Worthen Bank and Trust Company on July 9, 1984. Worthen's attorney clarified that this \$48,000 loan carried identical terms as its first loan to Robinson: an interest rate of prime plus two percent, guaranteed by Robinson and the Committee and secured by a second mortgage on Robinson's home.

FACTUAL BASIS AND LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) state a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

A review of the Robinson Committee reports discloses that three additional loans were made to the Committee. These loans were made by the First Jacksonville Bank, the Bank of Salem and

the Worthen Bank and Trust Company. The Worthen Bank and Trust Company is already a respondent in this matter.

With regard to the loans made by First Jacksonville Bank and the Bank of Salem, it appears that the loans were evidenced by written instruments, were subject to due dates and bore a usual and customary interest rate. However, as with all the loans which are the subject of this case, there is no evidence that the loans were made on a basis which assures repayment. It is unknown what security, if any, was given by Robinson or the Robinson Committee for the loans made by the First Jacksonville Bank and Bank of Salem. Analysis of the previous loans, however, indicates that neither Robinson nor the Robinson Committee had sufficient resources to collateralize loans of \$52,000 or \$50,000. Immediately prior to the issuance of the loans Tommy Robinson earned \$31,900 per year as a local sheriff. Except for a house which was mortgaged, Robinson had little or no assets.

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting contributions in the form of loans from the First Jacksonville Bank and the Bank of Salem.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Larry C. Wallace
House, Wallace & Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72076

RE: MUR 1721
Tommy Robinson Campaign
Committee and Tommy Robinson

Dear Mr. Wallace:

On , 1984, the Federal Election Commission determined that there is reason to believe your client violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by accepting from the First Jacksonville Bank and the Bank of Salem contributions in the form of bank loans. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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

In the absence of any additional information which demonstrates that no further action should be taken against your client, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

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Sincerely,

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

12/12



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 12, 1984

Larry Wilson, President
First Jacksonville Bank
P.O. Box 827
Jacksonville, Arkansas 72076

RE: MUR 1721

Dear Mr. Wilson:

On December 6, 1984, the Federal Election Commission determined that there is reason to believe the First Jacksonville Bank violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution in the form of a loan to the Tommy Robinson for Congress Committee. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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

In the absence of any additional information which demonstrates that no further action should be taken against your bank, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

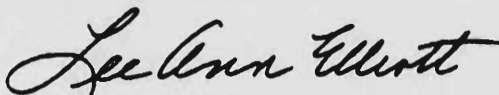
If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

Larry Wilson, President
Page 2

The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,



Lee Ann Elliott
Chairman

Enclosures

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

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 1721

RESPONDENT First Jacksonville Bank

SUMMARY OF ALLEGATIONS

It is alleged that the First Jacksonville Bank violated 2 U.S.C. § 441b(a) by making contributions in the form of a loan to the Tommy Robinson for Congress Committee. An analysis of reports filed by the Tommy Robinson for Congress Committee discloses a loan from the First Jacksonville Bank. The First Jacksonville Bank reportedly loaned Robinson \$52,000 on June 1, 1984, with a due date of June 15, 1984. This loan reportedly had a 14 percent interest rate and was later paid in full. It is unknown if the loan was secured by collateral.

FACTUAL BASIS AND LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) state a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

With regard to the loan made by First Jacksonville Bank, it appears that the loan was evidenced by a written instrument, was subject to a due date and bore a usual and customary interest rate. However, there is no evidence that the loan was made on a basis which assures repayment. It is unknown what security, if any, was given by Robinson or the Robinson Committee for the loan made by the First Jacksonville Bank. It appears, however, that neither Robinson nor the Robinson Committee had sufficient resources to collateralize a loan of \$52,000. Immediately prior to the issuance of the loan, Tommy Robinson earned \$31,900 per year as a local sheriff. Except for a house which was mortgaged, Robinson had little or no assets.

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe that the First Jacksonville Bank violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a loan.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Larry Wilson, President
First Jacksonville Bank
P.O. Box 827
Jacksonville, Arkansas 72076

RE: MUR 1721

Dear Mr. Wilson:

On , 1984, the Federal Election Commission determined that there is reason to believe the First Jacksonville Bank violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution in the form of a loan to the Tommy Robinson for Congress Committee. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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Larry Wilson, President
Page 2

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Sincerely,

Enclosures

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

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 12, 1984

Frank Burge, President
Bank of Salem
Box 338
Salem, Arkansas 72576

RE: MUR 1721
Bank of Salem

Dear Mr. Burge:

On December 6, 1984, the Federal Election Commission determined that there is reason to believe the Bank of Salem violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by making a contribution in the form of bank loans to the Tommy Robinson for Congress Committee. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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

In the absence of any additional information which demonstrates that no further action should be taken against the Bank of Salem, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

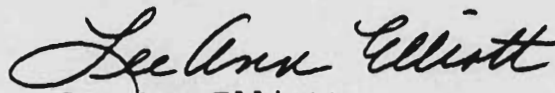
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Frank Burge, President
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Sincerely,



Lee Ann Elliott
Chairman

Enclosures

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

86040385174

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR NO. 1721

RESPONDENT Bank of Salem

SUMMARY OF ALLEGATIONS

It is alleged that the Bank of Salem violated 2 U.S.C. § 441b(a) by making contributions in the form of a loan to the Tommy Robinson for Congress Committee.

An analysis of reports filed by the Tommy Robinson for Congress Committee discloses a loan from the Bank of Salem. The Robinson Committee reported a loan for \$50,000 from the Bank of Salem on June 5, 1984. The original due date was reported as July 10, 1984, but a subsequent report disclosed a rescheduled date of January 10, 1985. This loan has a 14 percent interest rate. It is unknown if the loan is secured by collateral.

FACTUAL BASIS AND LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) state a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

With regard to the loan made by the Bank of Salem, it appears that the loan was evidenced by a written instrument, was subject to a due date and bore a usual and customary interest rate. However, there is no evidence that the loan was made on a basis which assures repayment. It is unknown what security, if any, was given by Robinson or the Robinson Committee for the loan made by the Bank of Salem. It appears, however, that neither Robinson nor the Robinson Committee had sufficient resources to collateralize a loan of \$50,000. Immediately prior to the issuance of the loan, Tommy Robinson earned \$31,900 per year as a local sheriff. Except for a house which was mortgaged, Robinson had little or no assets.

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe the Bank of Salem violated 2 U.S.C. § 441b(a) by making a contribution to the Tommy Robinson for Congress Committee in the form of a loan.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Frank Burge, President
Bank of Salem
Box 338
Salem, Arkansas 72576

RE: MUR 1721
Bank of Salem

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Frank Burge, President
Page 2

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Sincerely,

Enclosures

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

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ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

U. M. ROSE
1834-1913

October 25, 1984

J. GASTON WILLIAMSON
PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
ALLEN W. BIRD II
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH R. SHERIN
DAVID A. KNIGHT

RONALD M. CLARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CAROL S. ARNOLD
JACKSON FARROW JR.
LES R. SALEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LASSITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN K. THOMAS
SUSAN RALSTON McLEAN
RICHARD N. MASSEY
CHARLES W. BAKER
OF COUNSEL

Mr. Andrew Maikovich
Federal Election Commission
1325 "K"
Washington, D.C. 20463

RE: MUR 1721, Worthen Bank & Trust Company, N.A.

Dear Mr. Maikovich:

This is to supplement the previous information I provided you concerning Worthen Bank & Trust Company in respect to the making of second mortgage loans.

I have determined that as of October 25, 1984, Worthen Bank and Trust Company has 1,377 second mortgage loans on its books, having a total principal balance of \$23,475,316. These loans range in amount from \$2,100 up.

Please let me know if you require any additional information.

Very truly yours,

C. J. Giroir, Jr.
C. J. Giroir, Jr.

CJG/lis

1001-1000 AM: 26



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 17, 1984

C. J. Giroir, Jr.
Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

Re: MUR 1721
Worthen Bank and Trust Company

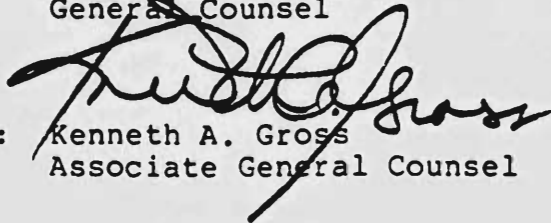
Dear Mr. Giroir:

This is in reference to your letter dated October 11, 1984, requesting an extension of 10 days to respond to the Commission's allegations. After considering the circumstances presented in your letter, we have determined to grant you your requested extension. Accordingly, your response will be due on October 22, 1984.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

GCC#5201

HOUSE, WALLACE & JEWELL, P.A. RECEIVED

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

(501) 375-9151

Larry C. Wallace

OFFICE OF THE FEC
COMPTROLLER SECRETARY (501) 375-6484

84 OCT 18 AIO: 38

October 12, 1984

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: MUR 1721; Tommy Robinson Campaign Committee

Dear Ms. Elliott:

I am writing in response to your letter of September 14, 1984 in which you stated that the Federal Election Commission has determined that there is reason to believe that my clients, The Tommy Robinson Campaign Committee and Tommy Robinson, have violated 2 U.S.C., §441b(a) of the Federal Election Campaign Act of 1971 by accepting illegal contributions from Stephens Security Bank, First American Bank, First State Bank, First Commercial Bank, Twin City Bank and Worthen Bank and Trust Company. This response is being tendered on October 13, 1984, the Commission having generously given us an extension until October 15th in which to respond.

It is our position that the Commission's stance that all loans to political campaigns that are not fully secured must ipso facto violate the Act is unreasonable and not in keeping with either the intent of the Act or normal banking practices. Certainly, with regard to the loans made to Mr. Robinson's Campaign Committee, both the letter and spirit of the Act were followed; by the same token, each and every loan to his Campaign Committee was based upon sound business principles having absolutely nothing to do with the "evils" at which the Act is directed. It is possible that some unsecured political campaign loans may well indeed violate the Act; however, such loans do not violate the Act merely because they are unsecured, especially in view of the other factors which must be considered. It is my goal in this response to illustrate the manner in which the loans at issue comply with the Act, and to persuade the Commission to reconsider its position. For if there ever were a situation in which such unsecured loans were in keeping with the law, this is surely it.

1. Statement of Facts

Tommy Robinson is the Sheriff of Pulaski County, Arkansas. Included within the State's most populous county is

Little Rock, the State Capital. Prior to being elected to this position in 1980, Mr. Robinson had achieved an outstanding career in law enforcement. He had previously served as the assistant director of the public safety department at the University of Arkansas; with the U.S. Marshal's Service; with the Arkansas State Police; with the North Little Rock, Arkansas Police Department; as the police chief in Jacksonville, Arkansas; and as Governor Bill Clinton's director of the State Public Safety Department.

After successfully running for the office of Sheriff of Pulaski County in 1980, Mr. Robinson steadily achieved recognition not only among those in the field of law enforcement, but among the populace of Pulaski County. Before long, the original, assertive, and articulate style with which he approached his job caught the eyes and ears of the media in Little Rock, making his name a "household word" throughout most of Arkansas. People throughout the State started listening to his opinions - all of which are guaranteed to engender strong reactions, either way, and watching the way he handled the many problems of his job. And they liked what they saw.

As stated in the Arkansas Gazette, September 30, 1984, "Robinson has become the dominant figure in Arkansas politics - the one that everybody talks about. No other local official has ever achieved such statewide celebrity." In fact, it is not an exaggeration to state that no political figure in Arkansas has received the kind of attention and support as that generated toward Tommy Robinson since 1980. (See Attachment 1).

It was within this context that Mr. Robinson chose to run for the Democratic nomination to the Second Congressional District in the spring of 1984. Mr. Robinson had not previously been planning on running for a long time, as had most of the other candidates (such as Paul Riviere). He had no established campaign committee with overfilled coffers and months of campaigning behind him. In fact, Mr. Robinson did not file as a candidate in the primary election until the very last day possible. What assets he did have at that time were infinitely more bankable than anything possessed by his opponents: he had the broad-based support of both the business community and the general population. Mr. Robinson did not have any rich supporters guaranteeing him a seat in Congress through the bankrolling of his campaign. Instead, he had the support and admiration of the "men on the street" - the type of people who do not buy and sell candidates; they simply get out and vote for him. As recognized in the Arkansas Gazette, supra, Mr. Robinson's "strongest support, as has remained true throughout his career, came from the masses - the sort of people whose only political activity is voting." And they do give political contributions to their candidates. Their contributions may not individually be anywhere near \$1000.00 apiece, but in sufficient number, they add up. In essence, Mr. Robinson had the support of people much like himself and his family origins: blue collar

and/or working people. His own father was a fireman in North Little Rock; he was raised in the Rose City neighborhood (which anyone from Pulaski County could tell you is not a well-heeled area).

Going into the Democratic primary, Mr. Robinson had the strongest chance of all of the candidates, since he was far and away the most popular candidate. However, he also had a pressing need for the money necessary to finance a campaign in 1984. Since he had entered the race late, he had not had time to already establish a substantial campaign fund. But he did have a compelling likelihood of being able to do so in the very near future. He is not a man of great personal wealth; but he is a candidate of strong popularity and sterling integrity, as well as a good personal reputation and credit history. In fact, he is the very sort of candidate for which such bank loans were made possible by the amendments to the FECA: the poor man, without vast personal wealth or ties to such wealth, who would like to go to Congress.

The loans which were made to his Campaign Committee by the several banks listed above were entirely reasonable and in keeping with sound banking practices. It is not unusual for any of these banks to make unsecured short term business loans to those which the banks determine to be good risks. The banks make money on these loans, and both parties are satisfied.

Using the loan from First Commercial Bank as an example, each and every loan conformed with sound banking practice, which is the issue in this matter. The First Commercial Bank loan was for a short term, and it bore interest at the usual rate. It was evidenced by the Bank's standard promissory note form (see Attachment 2). The Committee did not go through special channels to obtain the loan - only the routine application and documentation process was followed. There were no favors promised or rendered by either side. The loan was not implicitly guaranteed by any silent backer. Based upon all of the relevant considerations, the loan officer, to the best of his business judgment, considered the loan to be a safe and profitable one for the bank. Because of the strong popularity of the candidate, it was a foregone conclusion that substantial contributions would be made to Mr. Robinson's campaign in the very near future, and that the loan would be easily repaid. All these things are true for each and every one of the loans involved.

It is hardly relevant that Mr. Robinson did not have substantial campaign funds to pledge at the time the loans were made, because he had entered the race at the eleventh hour; certainly he should not be penalized for not having vast personal assets to pledge. What Mr. Robinson did have to offer was his strong likelihood of receiving future contributions, and of winning the primary election, which he did. That the banks were to look toward future campaign contributions and/or Mr. Robinson

is hardly unusual or imprudent. Not only is this done every day among the banking community, but it has been approved of by this Commission in prior determinations.

2. Argument

A. The Federal Election Campaign Act does not forbid such loans.

A review of the relevant portions of the FECA, as well as the Commission's regulations promulgated thereunder, reveals that in no way is hard collateral required to render loans to political campaigns legal under the Act. 2 U.S.C. §441b(a) of the Act provides as follows:

§ 441b. Contributions or expenditures by national banks, corporations, or labor organizations

(a) It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization, to make a contribution or expenditure in connection with any election at which presidential and vice presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to, Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section, or any officer or any director of any corporation or any national bank or any officer of any labor organization to consent to any contribution or expenditure by the corporation, national bank, or labor organization, as the case may be, prohibited by this section.

Within the definitions section of the Act, the term "contribution" at 2 U.S.C. §431(8)(B)(vii) is defined as not including:

any loan of money by a State bank, a federally chartered depository institution, or a depository institution the deposits or accounts of which are insured by the Federal

Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration, other than any overdraft made with respect to a checking or savings account, made in accordance with applicable law and in the ordinary course of business, but such loan -

(I) shall be considered a loan by each endorser or guarantor, in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors;

(II) shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and

(III) shall bear the usual and customary interest rate of the lending institution.

By the clear wording of the Act, loans to political campaigns are perfectly legal if they:

- (1) are made in accordance with applicable law; and
- (2) in the ordinary course.

Such loans are considered to be in the ordinary course of business if they are:

- (1) made on a basis which assures repayment,
- (2) evidenced by a written instrument,
- (3) subject to a due date or amortization schedule, and
- (4) bear the usual and customary interest rate of the lending institution.

Certainly, the issue at hand is whether the loans to Tommy Robinson and his Campaign Committee were "made on a basis which assures repayment," for it cannot be disputed that the other requirements of the Act were met. However, the Act does not at all state that all loans, to be "made on a basis which assures repayment" must be secured by collateral. Quite the contrary - the Act, as it should, leaves that determination within the business judgment of the lending institution. The Commission is reading into the law what simply is not there in absolutely requiring collateral.

The Commission's regulation covering this issue is set forth at 11 C.F.R. §100.7(11). It does not support the Commission's posture in this matter, either, and provides:

A loan of money by a State bank, a federally chartered depository institution (including a national bank) or a depository institution whose deposits and accounts are insured by

the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration is not a contribution by the lending institution if such loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. A loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule. Such loans shall be reported by the political committee in accordance with 11 CFR 104.3(a). Each endorser or guarantor shall be deemed to have contributed that portion of the total amount of the loan for which he or she agreed to be liable in a written agreement, except that, in the event of a signature by the candidate's spouse, the provisions of 11 CFR 100.7(a)(1)(i)(D) shall apply. Any reduction in the unpaid balance of the loan shall reduce proportionately the amount endorsed or guaranteed by each endorser or guarantor in such written agreement. In the event that such agreement does not stipulate the portion of the loan for which each endorser or guarantor is liable, the loan shall be considered a contribution by each endorser or guarantor in the same proportion to the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors. For purposes of 11 CFR 100.7(b)(11), an overdraft made on a checking or savings account shall be considered a contribution by the bank or institution unless: the overdraft is made on an account which is subject to automatic overdraft protection; the overdraft is subject to a definite interest rate which is usual and customary; and there is a definite repayment schedule.

One cannot help but wonder from what source the FEC has taken support for its position regarding collateral regardless of the circumstances, for it is not to be found within the Act or its regulations.

B. The Legislative history of the Act and its Amendments do not support the Commission.

In order to locate the source of the FEC's position regarding collateral securing political loans, I have extensively researched the legislative history of the FECA and its amendments. Again, I have instead found support for our position that the presence or absence of collateral is not a controlling issue, but is merely one of the factors by which such loans are considered. Since the passage of the Tillman Act in 10 97, national banks have been prohibited from making political contributions. This prohibition continued with the passage of the Federal Corrupt Practices Act of 1925, amended in 1940 and 1948, which defined the term "contribution" to include loans. This statute was amended by Congress in 1972 to exclude "a loan of money by a National or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business." The purpose behind this fashioning of an exception to the rule is set forth in Senate Report Number 92-229, 2 U.S. Code Cong. & Adm. News, pp. 1825-26 (1972):

Testimony received from witnesses was unanimously in favor of the granting of loans by National or State banks if such loans were made pursuant to applicable banking rules and regulations. This means that a bank should exercise sound business judgment in extending loan privileges to a political candidate or committee in the ordinary course of business and where necessary, certain security or collateral in order to support a reasonable expectation of payment in due course. This amendment was approved unanimously.
(emphasis supplied)

The supplemental views of Messrs. Prouty, Cooper and Scott at page 1858 are especially illustrative:

First, in section 201 the definition of contribution and expenditure was modified so as to permit for Federal office to obtain bona fide bank loans. Under the present law a bank is prohibited from making a contribution or expenditure to a political candidate. In the future, banks will continue to be prohibited from making contributions or expenditures to political candidates. However, the committee clarified the law so that ordinary bank loans could be obtained. The reason for this change is obvious. No one wants a Federal election law which, in effect, says that only the very wealthy can run for elective office. As a practical matter, it is often necessary for a candidate to borrow money in order to defray immediate and pressing campaign expenses. Under the present law, there was a real danger in permitting even bona fide loans to political candidates because in the absence of an effective disclosure law it would be very easy for a bank making a loan never to collect it. S. 382, as

amended, has rigid and effective disclosure requirements. All bona fide loans made to political candidates must be reported. The candidate must continue to report his loan until it is fully repaid.

Senator Cannon similarly added his views of such loans on the floor of the Senate (see 117 Congressional Record, p. 28797):

It is clear that while a bank may not use its depositors' funds to make political contributions on its own, the fact that bank does make bona fide loans to individuals who may use the money so received for political purposes, does not constitute a bank contribution, nor may such bona fide loans be barred.

As stated in the Senate Report, collateral is only required " where necessary." The direct corollary to this statement must be that collateral is not always required - and in fact may not be required where all other considerations demonstrate the lack of need for it. The very reason for this amendment was to enable poor candidates, like Tommy Robinson, to run for office. Again, this takes elections out of the hands of only the very wealthy. If substantial collateral were required from every candidate, the very purposes of the Act would be totally thwarted.

In 1976, these statutes were recodified within the Federal Election Campaign Act of 1971, 2 U.S.C. §§ 431, et seq. The Act was amended in 1979 to establish standards by which such loans are to be deemed within the "ordinary course of business". These standards are found within 2 U.S.C. § 431 8(B)(vii), and are set forth above. As discussed above, these standards in no way necessarily require collateral. A review of the legislative history for these amendments also reveals no support for the Commission's posture. In fact, the legislative history never even mentions what is meant by the words "on a basis which assures repayment."

The following is all that is said upon the matter, in House Report Number 96-422, U.S. Cong. & Adm. News, p. 2868 (1979):

(vii) Loans. The current exemption which excludes loans made by National or State banks in the ordinary course of business has been extended to other financial institutions. An overdraft is to be considered a contribution subject to the prohibitions and limitations of the Act. Automatic overdraft protection which is subject to definite interest and repayment is

for the purposes of this section, a loan exempted from the definition of contributions.

The bill also establishes guidelines for determining when a loan is made in the ordinary course of business. To be exempted, a loan must be evidenced by a written instrument, subject to a due date or amortization schedule, and bear the usual and customary interest rate of the lending institution. If a loan does not meet all of these criteria, it will be considered a contribution by the lending institution.

The Congressional Record contains no record of floor debate regarding these particular amendments.

Another telling point is the sparse attention given these amendments by the Federal Election Commission in its own publication, the "Record," in March of 1980:

The amendments extend the contribution exemption for bank loans to include loans made by federally chartered depository institutions which are required by the FDIC, the Federal Savings and Loan Insurance Corporation or the National Credit Union Administration - in addition to the currently exempted loans from State and National banks.

Again, the legislative history surrounding the Act and all of its amendments does not provide any support for the Commission's approach to the issue of collateral. Instead, it is obvious that collateral is a relevant factor, among others, which should be considered, but that it is not necessarily required where all of the other considerations demonstrate that the loan in question was made on a basis which assures repayment. Any banker will tell you that all loans do not require collateral in order to be considered good risks; some loans are safely assured of repayment without collateral, based upon the likelihood of repayment in light of other considerations (discussed more fully below). Clearly, it is relevant and necessary to look into the practices of the banking community, since neither the Act nor its legislative history place narrow limits upon which loans are "made on a basis which assures repayment." The Commission's attempted substitution of its judgment for the best business judgment of the loan officers involved herein in unwarranted.

C. Prior determinations of the Federal Election Commission do not support its position herein.

Again, after reviewing prior determinations of the Federal Election Commission in matters under review involving this question, one is left with a firm conviction that the Commission must have recently rotated 180 degrees in order to find reason to believe that the loans to Tommy Robinson and his Campaign Committee were illegal. It is an understatement to say that the Commission is clearly being inconsistent in its approach to this issue. When the facts of this matter are viewed in light of the Federal Election Commission's prior determinations, the conclusion is inescapable that the loans to Tommy Robinson and his Campaign Committee were legal under the Federal Election Campaign Act.

(1) In the matter of Druie Douglas Barnard, Jr.; MUR 218 (76)

In this matter, the Commission found reasonable cause to believe that the respondent, Georgia Railroad Bank and Trust Company, may have violated 2 U.S.C. §441b(a) in having loaned \$10,000 to Mr. Barnard's campaign committee. This \$10,000 loan was unsecured, and had no guarantors. A conciliation agreement was subsequently entered into with the Commission. The loan made to Mr. Barnard's Campaign Committee (in a race for Congress) is wholly distinguishable from the loans made to Mr. Robinson and his Campaign Committee. First, the interest rate for the loan to Mr. Barnard's campaign committee was at an unusually low rate; while the rate was set at 7.6%, the standard rate for such loans at that time was 8 3/4%. Second, the bank had no recourse for repayment other than the funds of the campaign committee (the candidate did not personally guarantee the loan). Third, the candidate had entered the race in February, before the May primary, and had demonstrated a total inability to raise adequate funds for the primary before the loan in question was made. In fact, it was his admitted inability to raise funds which prompted the loan in the first place. Fourth, the candidate was an executive vice president of the bank, and routinely took part in the determination of major bank policy. It was evident that the only real reason for the loan was Mr. Barnard's position with the bank. Fifth, the usual application channels were not followed by Mr. Barnard's campaign committee. It was apparent that a deliberate favor was rendered to his campaign committee. Based upon these facts, it is not at all surprising that the Commission did find reason to believe that 2 U.S.C. §441b(a) had been violated.

On the other hand, the loans to Tommy Robinson and his Campaign Committee were made at the usual rate of interest, were guaranteed by Mr. Robinson personally, and resulted from the pursuit of normal application and documentation channels. Additionally, Mr. Robinson is not an executive officer of any of the banks in question, nor was he rendered any favors by such banks. Finally, at the time that the loans to Mr. Robinson and his Campaign Committee were made, Mr. Robinson was a very popular candidate who had merely entered the race late. He had certainly

not demonstrated any inability to raise adequate funds to repay the loans. In fact, if Mr. Robinsion had entered the race as early as some of his opponents, it is likely that most, if not all, of the loans would not have even been necessary.

(2) Senator James R. Sasser; MUR 216 (76)

The Commission's determination in the matter of James R. Sasser is especially illuminating. In 1976, the Commission found no probable cause to believe that Senator Sasser had violated the Act in spite of the fact that he had received \$125,000 in unsecured loans for his campaign, which were to be repaid entirely from future fund-raising efforts. This determination was made in spite of the following facts: (1) the loans were unsecured; (2) the loans were for indefinite terms; (3) the loans did not have definite repayment schedules; (4) the amounts were very large compared to Senator Sasser's net worth; (5) the bank officers making the loans knew Senator Sasser on a personal basis; (6) one of the officers involved was an executive in three of the four banks involved in the making of the loans; and (7) there were interlocking directorships among the banks making the loans. However, the interest rates were in line with the prevailing rates for ordinary business customers at that time.

In his report to the Commission, the General Counsel looked to banking regulatory processes, and noted that the Comptroller of the Currency does not question loans that have been repaid, as had the loans to Senator Sasser's campaign. Further, the General Counsel looked to corporate law to the effect that as a general rule, a decision to extend credit or cancel debts cannot be challenged unless there is some evidence that the action was done by an officer in bad faith or outside of corporate purposes. Further, the General Counsel admitted on page 18 that "[w]hat is sufficient to remove such actions from the business judgment rule varies somewhat from state to state." The General Counsel listed several criteria by which such loans should be examined, and admitted that there is no single controlling standard. Accordingly, the relevant questions are as follows:

(1) Does the loan comply with federal banking laws and regulations? In other words, has all necessary paperwork been completed in the bank's credit files? Are the loans not in excess of the bank's legal lending limit?

(2) What are the terms of the loan? In other words, the amount, length of term, interest rate, presence or absence of collateral, presence or absence of consignors and guarantors are all relevant. However, the General Counsel admitted on page 21 that "[1] lack of collateral may be a factor depending upon the credit worthiness of the borrower. None of these factors is alone dispositive." (emphasis supplied)

(3) How was the loan obtained? Were the normal channels for application and documentation observed?

(4) What is the relationship between the authorizing officer and the borrower? In other words, the closer the relationship, the more likelihood that a favor has been granted.

(5) Was there sufficient evidence to support the judgment of the loan officer at the time that the loan was made? Did the borrower have sufficient assets or earning capacity to justify the extension of credit? The General Counsel admitted on page 22 that a very positive factor can definitely outweigh a negative factor in this regard.

(6) Did the bank expect to be repaid? Was this expectation reasonable? To that end, the loan officer may consider the personal assets and earning capacity of the borrower, as well as his fund-raising capacity.

(7) Does the bank make loans of a similar nature?

(8) What is the relationship between the banks making the loans?

Making his recommendation to the Commission that the loans did not violate the Act, the General Counsel noted that the interest rates for the loans were in line with the prevailing rates for ordinary customers at that time, and stated that the loans appeared to have been made within the area of judgment reserved to banks in making loans, based on Senator Sasser's net worth and earnings, as well as his chances for success and general reputation. As the General Counsel stated:

The basic decisions to make the loans seemed readily defensible as within the area of judgment reserved to banks in the making of loans on the basis of Mr. Sasser's present worth and earnings, his prospective earnings whether or not successful in his candidacy and his general reputation. Absence of specific security for the loan, though a factor in judging the risk taken by the bank, is not in itself a reason for concluding that the loan was unwarranted. (emphasis supplied) In short, nothing suggests that the loans were unacceptable from the point of view of the banking authorities.

The General Counsel admitted on page 29 that the Congress believed that the law was not to be construed narrowly to "hinder candidates from obtaining loans." Additionally, the discussion of the issue of collateral on page 29 is highly illustrative, and bears repetition:

As an initial matter, it would seem that presence or absence of security from the candidate might well be a factor under FECA in assessing the merits of a loan. The Act itself in 2 U.S.C. §451, mentions security and explicitly directs other agencies responsible for regulating enterprises likely to extend credit to candidates to set forth rules which regulate any unsecured credit. Parts of the legislative history, noted above, emphasize security as a factor of importance. Without more, however, the words of the Act do not seem to establish anything nearly so specific as a requirement for security, especially in light of the underlying purpose of the amendment to remove ordinary bank loans from the definition of contribution.

Although the Sasser determination was rendered prior to the 1979 amendments to the Act, it cannot be argued that the current requirements of the Act are more stringent than those standards by which Senator Sasser's loans were judged. As stated above, the General Counsel not only looked to the terms of the loan, but also the absence or presence of collateral. The General Counsel also considered whether the banks had considered repayment of the loans, and whether this expectation was reasonable. The present state of the law is no more stringent than the standards by which Senator Sasser's loans were judged. The candidate's capacity for fund-raising was relevant in 1976 as to whether the bank's expectation of repayment was reasonable, and it is relevant today.

When the loans made to Tommy Robinson and his Campaign Committee are considered in light of the factors listed by the General Counsel in the Sasser determination, it is obvious that they must pass muster under the Act. First, the loans to Tommy Robinson and his Campaign Committee complied with all banking laws and regulations. All of the necessary paperwork was completed, and the bank's legal lending limits were not exceeded. Second, the terms of the loan were those routinely given to similar customers. The loans were for a short term; they were at the usual and customary interest rates for similar customers, and Mr. Robinson personally guaranteed the loans. Third, normal application and documentation channels were observed in every instance. Fourth, Mr. Robinson had no close relationship with the authorizing officers. Certainly, the banks did not render or expect any favors. Fifth, Mr. Robinson's demonstrated capacity as a fund-raiser, as well as his outstanding and unusual personal reputation and popular support, provided a sound basis to support the banks' decisions to loan him the money at the time and to support their expectations of repayment. Sixth, the banks were in the business of making similar unsecured, short term business loans. Finally, there are no interlocking directorships among

the banks involved herein, unlike the situation found in the Sasser case.

Again, the only factor at issue herein is whether the loans were made on a basis assuring repayment, because there was no collateral pledged to the loans. However, by the admission of the General Counsel to the FEC, the presence or absence of collateral is merely one factor, and is not solely dispositive of the issue. In light of all of the other, positive facts surrounding the making of the loans to Mr. Robinson and his Campaign Committee, it cannot be said that such loans were unsound or not in the ordinary course of business. On the contrary, the banks were all following sound banking practices when they decided to loan the money to Tommy Robinson and his Campaign Committee. It was within the business judgement of the loan officers to consider his strong popularity and his great chances of receiving political contributions in the near future in their decisions to make the loans.

(3) Brown for President Committee; MUR 382 (77)

In his report to the Commission, the General Counsel concluded that seven loans totaling \$375,000 from four California banks to California Governor Jerry Brown's Presidential Primary Campaign Committee did not violate 2 U.S.C. §431(e)(5)(G). Although no collateral whatever was pledged for the loans, the Committee informally pledged receipts expected from future benefit fund-raising concerts, and anticipated Federal Matching Fund payments. All of the loans were short term "cash flow" loans, and bore interest rates between 9% and 10%. Without much discussion, the General Counsel stated:

Although no collateral was furnished by the Committee, the lending banks were informed at the time of the loan applications of a continuing series of successful fund-raising concerts and a sizeable amount of Federal Matching Funds the committee expected to receive. We believe the lending banks made the loans "in the ordinary course of business" in view of the expected receipt of funds from the fund-raising concerts and Federal Matching payments.

It is hard to understand why the Commission would summarily decide that it was acceptable to consider future fund-raising efforts and Federal Matching Fund payments in place of collateral in Jerry Brown's campaign, but not to consider such sources of repayment in Tommy Robinson's campaign. The FEC has taken a totally inconsistent approach by disregarding them in the instant matter.

(4) Advisory Opinion 1980-108: National Unity
Campaign for John Anderson

Upon request, the FEC gave an advisory opinion to counsel for John Anderson to the effect that certain bank loans that were to be repaid from post election Federal Funding would not necessarily be violative of the requirement that bank loans be "made on a basis which assures repayment," although no other collateral would be posted for the loans, and it was not certain that John Anderson would even receive the funding. On page 10 of its opinion, the Commission stated:

While the risk of nonrepayment may be higher in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient post-election financing than it is in the context of a loan made upon the expectation of a candidate qualifying for and receiving sufficient primary Matching Funds, the Commission concludes that the existence of such risk does not, standing alone, take a loan secured by an expectancy in post-election public funds outside the scope of the "ordinary course of business" for the purpose of 2 U.S.C. §431(8)(B)(vii).

According to the Commission, the candidate's performance in the most recent polls was highly relevant to the lenders in arriving at their decision to make the loans. In its opinion, the Commission quoted the United States Supreme Court in Buckley vs. Valeo, 424 U.S. 1, 102 (1976), wherein it was stated:

But in the nature of things the willingness of lenders to make loans will depend upon the pre-election probability that the candidate and his party will attract 5% or more of the voters. When a reasonable prospect of such support appears, the party and candidate may be an acceptable loan risk since the prospect of post-election participation and public funding will be good.

One cannot help but wonder why it is acceptable for the FEC to decide that unsecured loans to political campaigns are perfectly acceptable in the matters discussed above, but that they are necessarily illegal in the case of those made to Tommy Robinson and his Campaign Committee. Such inconsistency on the part of the Commission leaves candidates and their Committees with no firm ground upon which to stand. In fact, Tommy Robinson and his Campaign Committee read the Jerry Brown for President Committee report before it even approached the banks about the loans involved herein. Although it is understood that each situation must be reviewed on an individual basis, and that no single factor is dispositive, candidates must be able to depend

upon the decisions of the very agency charged with upholding the FECA. If the Commission were to adopt such an inconsistent approach to the interpretation of the Act, nothing but chaos and confusion would ensue. Any action taken by a candidate or his campaign committee would be in peril of being deemed illegal by the Commission, regardless of the candidate's attempts to comply with the terms of the law. Surely such a result cannot be the intent of the Commission, for it was certainly not the intent of Congress when the FECA was passed.

3. CONCLUSION

Tommy Robinson is the essence of the type of candidate for which bank loans were exempted from the prohibitions of the FECA: a relatively poor man, with great public support from all sides (especially from the working class), who wants to go to Congress. Without wealth of his own, and without close ties to riches, he needed substantial bank loans in order to finance his campaign. The banks which loaned him the money exercised good business judgment in deciding that he would likely be successful in his efforts, and able to repay the loans from future campaign contributions. Their belief in his ability to win was justified: he handily beat his opponent in the Democratic Primary runoff.

As discussed above, the 1972 amendments to the Act were passed so that poor people could afford to run for public office. In fact, one of the overriding reasons for the passage of the Act itself was to remove elective office from the realm of only the very wealthy, and to restore the power to successfully run for office to people of limited means. As Representative Staggers stated at page 42063 of volume 117 of the Congressional Record:

When reduced to its simplest terms, this legislation as I see it, would eliminate money as the principal determining factor of who is elected to Federal Office, or for that matter, who can run for Federal elective office which in some cases is just as important....each election it becomes more and more difficult for honest men of limited means to run and get elected to Federal Office.

At page 42068, Representative Conte added his views:

Unless we take decisive action we will soon end up with a Congress that is little more than a club for millionaires and those beholden to wealthy interests. This was not the intent or the desire of our Founding Fathers, nor is it the desire of the people we represent.

Senator Muskie is quoted at page 29321 as having the same concerns:

But as our practices of equality in voting have grown, our opportunities for equality in seeking office have shrunk. Once again, wealth is a barrier to democratic practice. Today, it is not state statutes, but the extraordinary cost of running a campaign that keeps all but those who can raise vast amounts of money from seeking office. If we do not drastically alter our campaign practices, only those who are wealthy, or who are chosen by the wealthy, will be able to compete for elective office. This is an outrage in a democratic Nation.

Because Tommy Robinson entered the race for the Democratic nomination to the Second Congressional District only shortly before the primary, he had not had an opportunity to build up large amounts of contributions prior to his applications for the bank loans. The absence of substantial amounts of contributions to his campaign was therefore merely the result of his late entry into the race; it had absolutely nothing whatever to do with his ability to raise such funds. To the contrary; he is and was a very popular public figure, and a man capable of engendering phenomenal popular support. Nevertheless, this Commission, in its inconsistent and unswerving demand for collateral for such loans, would come to a result totally at odds with the intent of the Act. In essence, the Commission would require that Tommy Robinson be able to pledge vast amounts of personal assets as collateral for these loans, since he did not already have an amount of campaign contributions equal to the amounts of the loans. One can only deduce from the Commission's position in this regard that since Mr. Robinson entered the race for Congress late, and since he is not a wealthy man, he should not run at all. Surely such a result is not in keeping with the intent of Congress, nor is it in keeping with the prior decisions of this very agency which is charged with the enforcement of the FECA.

I sincerely hope that the Commission will reverse its stance in this matter, for the loans violate neither the letter nor the spirit of the law. Again, I must request that you keep this

information confidential. If I may be of further assistance,
please do not hesitate to contact me.

Very truly yours,

HOUSE, WALLACE & JEWELL, P.A.


Larry C. Wallace

LCW/kr

cc: Tommy Robinson Campaign Committee
Tommy Robinson

86040505108

'Tommy' Has Celebrity Status

By DOUG SMITH

Gazette Staff

It's hard to believe that Tommy Robinson made his first race for political office only four years ago, and a little hard to believe that the office he won that year and still holds is "only" sheriff of Pulaski County. It seems like he's been around for years, and in high places.

In a way, Robinson has become the dominant figure in Arkansas politics — the one that everybody talks about. No other local official has ever achieved such statewide celebrity. Last spring, a reporter covering the Democratic primary in the Second Congressional District remarked on the Robinson phenomenon:

"Not only does everybody know who he is, they all call him by his first name."

Robinson, 42, was reared in the Rose City neighborhood of North Little Rock, the son of a fireman. After serving in the Navy, he embarked on a career in law enforcement. He was assistant director of the public safety department at the University of Arkansas at Fayetteville for one year and was with the United States Marshals Service three years, the State Police two years and the North Little Rock Police Department six years. Along the way, he earned a bachelor's degree in criminal justice from the University of Arkansas at Little Rock. (Higher education helps account for Robinson being one of the most articulate law-enforcement officers that reporters ever meet, and therefore one of the most quotable. The rest of it is a natural glibness and a willingness to express strong opinions.)

He was police chief at Jacksonville for 3½ years, and this was when he first began to attract the attention of the news media. He was an aggressive chief with new ideas, one of them being that police officers should spend less time giving speeding tickets and more time catching real criminals. He was also, it became clear, recklessly outspoken. He made political enemies — because he was doing his job too well, he said. Because he



— Staff Photo

TOMMY ROBINSON

(See ROBINSON's on Page 11A.)

Robinson's Tenure as Sheriff Marked by Controversy, Lawsuits

Continued from Page 1A.

spent too little time doing his job and too much time practicing city politics, they said, noting that he had also formed political alliances. But his strongest support, as has remained true throughout his career, came from the masses — the sort of people whose only political activity is voting.

It was at Jacksonville also that he first began to collect lawsuits, a habit that has stayed with him. (One thing that Robinson has proved during his career is that he can't be intimidated by litigation, or the threat of it. He now suggests that being sued is the inevitable consequence of doing what's right. He is not popular with lawyers, and vice versa.)

Catches Clinton's Eye

He caught the eye of Bill Clinton, then serving his first term as governor. Mr. Clinton appointed him director of the state Public Safety Department, a position that had been — until Robinson's appointment — less imposing than it sounded. The Public Safety director was intended to be a sort of co-ordinator and administrative overseer for a number of important state agencies — including the State Police, the National Guard and the Alcoholic Beverage Control Division — without involving himself in the day-to-day operations of the agencies. That concept proved too confining for Robinson, especially in regard to the State Police. (And it was probably a bad idea

to begin with. The position was abolished in 1981, after Robinson had left.) He began traveling the state, taking an active part in the work of the agencies under him. He created a new "white-collar crime" unit of the State Police that worked directly under his supervision, and he tried to acquire personal supervision of the governor's security officers. These efforts and others put him in conflict with the State Police Commission and the State Police director. He was, as he'd been at Jacksonville, remarkably accessible to reporters, and as a high-ranking state official he was receiving more statewide exposure than ever.

He resigned the Public Safety director's job in 1980 to run for sheriff of Pulaski County. He said he was basically a crime-fighter, not an administrator. He defeated the incumbent — who was, Robinson said, a politician and not a crime-fighter. He was not yet the bane of liberal-to-moderate voters that he would later become. Despite his conservative-sounding talk about getting tough on crime, it was thought that he might be progressive in some areas, such as civil rights. Besides, Bill Clinton had appointed him, he was a professional lawman (many sheriffs aren't) and he seemed presentable. (One of the secrets of Robinson's political success is that he can captivate the media with outrageous statements, and actions, assuring himself of the widest possible coverage, then in his next public appearance pass himself off to the au-

dience as the most quietly reasonable, least radical, most thoroughly misunderstood and mistreated man in politics.)

Says He's More Used

People who thought they knew Tommy Robinson learned after he was elected sheriff that they hadn't seen anything yet. Finally Robinson had a job that combined high visibility and a relatively broad jurisdiction (qualities that the Jacksonville chief's job had lacked) with real muscle (which the Public Safety job had lacked). Pulaski County is the largest urban area of the state, and because the state's news media are concentrated there, it seems even larger in the press and on the airwaves. Politically, old friendships and reciprocal relationships are less important than skillful handling of the media. Nobody had ever seen a media-manipulator like Robinson. Robinson insists that he is more used than user in his relationship with the media, but reporters and editors have found it virtually impossible to cut down on Tommy Robinson coverage even when they wanted to.

Some highlights from Robinson's first term in office:

- ★ He engaged in a bitter fight with County Judge William E. Beaumont and members of the Quorum Court over funding for the sheriff's office. At one point, he arrested Beaumont and County Comptroller Jo Growcock because of difficulty in getting some money for his office. (Beaumont didn't run for re-election, and it was generally believed that his problems with Robinson were a big reason why. Robinson in his second term seems to have gotten on reasonably well with Beaumont's successor, County Judge Don Venhaus.)

- ★ Contending that the state Cor-

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rection Department wasn't taking prisoners from the County Jail quickly enough, Robinson hauled 14 prisoners to the Correction Department office outside Pine Bluff, chained them to a guard tower and left them there. When an inaccurate rumor circulated that the State Police were bringing the prisoners back to the County Jail, Robinson posted a cordon of deputies around the Jail and appeared ready to engage the State Police in armed combat.

- ★ Relations between the sheriff's office and the Little Rock Police Department dropped to their lowest level ever. Robinson has said that the Little Rock Police do a poor job, and he and Police Chief Walter E. (Sonny) Simpson have accused each other of unprofessional conduct. Two high-ranking officers from the two departments once got in a fistfight at the Police Station.

- ★ Robinson stopped a car and pulled his gun on the driver after the driver made an obscene gesture at him. The driver said that Robinson was "tail-gating." Each man asked that a warrant be issued against the other. No warrants were issued by Prosecuting Attorney Wilbur C. (Dub) Bentley, another public official with whom Robinson maintains unfriendly relations.

- ★ While talking with reporters after a federal court hearing on County Jail operations, Robinson repeatedly referred to federal Judge George Howard Jr., the state's only black federal judge, as

a "token judge." In an interview the same day, he said "Law enforcement is still my number one priority before I'll coddle those little darlings [inmates] to make sure they have fried chicken and watermelon to eat every day." He denied charges that these statements were racist.

- ★ On Judge Howard's orders, Robinson was jailed for two nights at Memphis for ignoring a court order concerning the operation of the Pulaski County Jail.

- ★ Robinson initiated a highly publicized anti-robbery campaign in which shotgun-carrying deputies hide in convenience and liquor stores waiting for robbers. Stores participating in the program post large warning placards. The program seems to have had some success, and it further enhanced Robinson's image as a tough cop.

- ★ In the sensational Alice McArthur murder case, Robinson arrested Mrs. McArthur's husband, William C. McArthur, and charged him with conspiracy to commit murder, although Prosecutor Bentley had said there was insufficient evidence to support the charge. Eventually, three other persons were convicted in the McArthur case, and a Grand Jury agreed with Bentley about the lack of evidence against William McArthur. McArthur filed a false-arrest suit against Robinson. An undisclosed settlement was reached.

Elected Easily

Robinson was elected to a second term easily. His second term has been somewhat quieter, partly because he hasn't been engaged in daily warfare with the county judge's office since Venhaus replaced Beaumont. And partly, maybe, because his attention was diverted to thoughts of higher office. He has made numerous speak-

ing engagements around the state and there was speculation that he would run for governor. Instead, he chose to seek the Second Congressional District seat being vacated by Representative Ed Bethune.

Firmly ensconced as the Buford Pusser of Arkansas politics, Robinson could afford to run a relatively quiet, noncontroversial campaign in the Democratic primary, and that's what he did. Uncharacteristically, he even put some distance between himself and the press. In fact, there were charges that his campaign manager, Darrell Glascock, was rationing and editing the candidate's public utterances, to avoid statements that might offend or frighten voters. Robinson won the nomination fairly easily, as expected, though he financed his campaign with huge bank loans.

Contradictory Ideology

Like his personality, which can be either charming or abusive, Robinson's political ideology is somewhat contradictory. As sheriff, he seemed to move farther to the right than ever before, and became the darling of the conservative law-and-order faction. He frequently espouses a kind of George Wallace populism that appeals to blue-collar voters, while he retains the support of some of Little Rock's leading businessmen. As a congressional candidate, he has taken moderate — sometimes even liberal — positions on certain issues, such as the Equal Rights Amendment, which he supports and his conservative Republican opponent, Judy Petty, is against. Political analysts theorize that Robinson believes no one can win his right-wing supporters away, and that he needs to appeal to moderate and liberal Democratic voters who might otherwise sit out the election or vote for the independent candidate, Jim Taylor.

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MARTIN K. THOMAS
SUSAN RALSTON MCLEAN
RICHARD N. MASSEY
CHARLES W. BAKER
OF COUNSEL

Mr. Andrew Maikovich
Federal Election Commission
1325 "K"
Washington, D.C. 20463

RE: MUR 1721, Worthen Bank & Trust Company, N.A.

Dear Mr. Maikovich:

The purpose of this letter is to provide you with certain supplemental information for consideration by the Federal Election Commission in connection with the above referenced matter.

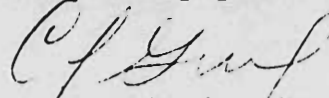
As indicated in our meeting in your office, I intend to provide you with the history of Worthen Bank in respect to second mortgage loans and other loans previously made to Tommy Robinson, and to other Worthen customers, as well as information concerning the appraised value and the resulting equity which existed in Mr. Robinson's home at the time of the loan. I was able to obtain information concerning the history of loans to Mr. Robinson and concerning the equity in the home. I will require an additional two weeks to obtain meaningful information concerning Worthen's history in the second mortgage loan business.

Over the past nine years, Worthen Bank has made unsecured loans to Mr. Robinson ranging from \$775.20 to \$47,000 which have been paid in accordance with their terms. In addition, on May 5, 1980, a second mortgage loan in the amount of \$15,000 was made by Worthen to Tommy Robinson, paid by Mr. Robinson when due. The subject loan in the amount of \$50,479.45 was made on May 18, 1984, and paid when due. The loan was secured by a second mortgage on Mr. Robinson's home. I am enclosing herewith an appraisal of Mr. Robinson's home made at the time

of origination of Mr. Robinson's loan. You will note that the appraisal reflects a fair market value of \$88,900. There was an outstanding first mortgage loan in the amount of approximately \$50,000, reflecting a net equity in the home of approximately \$38,900. Accordingly, Worthen loan officers concluded that the subject loan could be made in compliance with Worthen loan policy and Worthen's credit history with Mr. Robinson.

Information concerning Worthen's history in making second mortgage loans to customers will be provided within two weeks. If you require additional information, please advise.

Very truly yours,


C. J. Giroir, Jr.

CJGjr/ljs
Enc.

APPRAISAL REPORT FOR WORTHEN BANK & TRUST COMPANY, N.A.

BORROWER: Tommy Robinson

ADDRESS 717 Adams
Jacksonville, Arkansas

PROPERTY ADDRESS 717 Adams
Jacksonville, Arkansas

CERTIFICATE

We hereby certify that we have personally inspected this property and that all statements and information given in this appraisal report are true to the best of our knowledge and belief and that we have no interest whatsoever in the property, owner, or as a creditor of the borrower.

DATE APPRAISED

May 18, 1984

VALUE LAND \$15,000

VALUE IMPS. 73,900

TOTAL VALUE \$88,900

APPRAISED BY:

Tom L. Wray
Tom L. Wray

DATE RE-APPRAISED

VALUE LAND _____

VALUE IMPS. _____

TOTAL VALUE _____

APPRAISED BY:

DATE _____

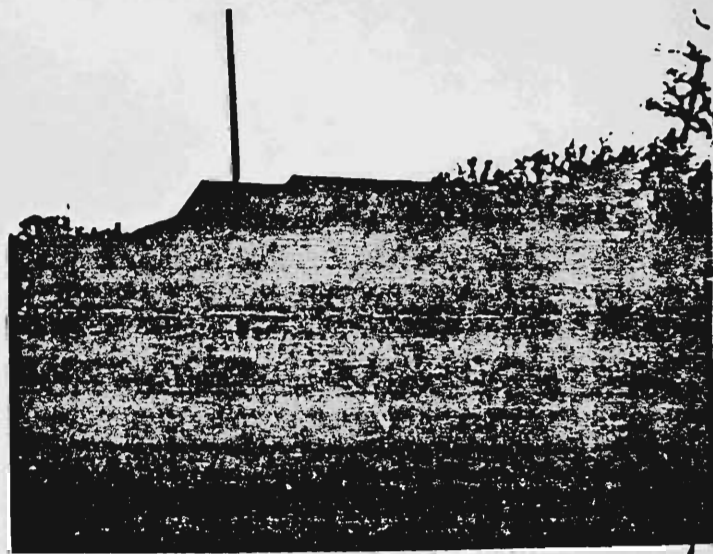
VALU _____

APPR _____

DATE _____

APPRAISED BY:

APPRAISED BY:



HEATING AND AIR CONDITIONED AREA <u>1,980</u> SQ. FT. X \$30.00	\$59,400
GARAGE AND STORAGE AREA <u>750</u> SQ. FT. X \$12.00	9,000
CARPORT AREA _____ SQ. FT.	1,000
KITCHEN EQUIPMENT _____	2,500
FIREPLACE _____	2,000
WALKWAYS, DRIVEWAYS, LANDSCAPING, FENCING <u>XXXXXXXX</u>	_____
OTHER: _____	_____

TOTAL VALUE IMPROVEMENTS \$73,900

NEIGHBORHOOD INFORMATION

NEIGHBORHOOD TREND: IMPROVING XX STATIC _____ DECLINING _____
TYPE OF NEIGHBORHOOD Residential homes in \$85,000 to \$95,000 range

LOT INFORMATION

LOT NO. 37 Phase II BLOCK NO. 11 SUBDIVISION Jackson Heights
SIZE X SHAPE Rectangle AREA West of Jacksonville LANDSCAPING Yes
TOPOGRAPHICAL FEATURES Level
STREET Blacktop ALLEY No SIDEWALKS Yes DRIVES Yes
WATER Public GAS Public ELECTRIC Public SEWER Public

BUILDING INFORMATION

DESCRIPTION OF IMPROVEMENTS One-level brick ranch style residence

EXTERIOR DETAIL

ROOF Comp. Shingles
GUTTERS No
EXTERIOR WALLS Brick
PORCHES Concrete
WINDOWS Aluminum Framed
FOUNDATION Slab on Grade

MECHANICAL DETAIL

ELECTRICAL Good Quality
HEATING Central
AIR CONDITIONING Central
PLUMBING Good Quality
SPECIAL EQUIPMENT Fireplace, Dishwasher, Electric Range

INTERIOR DETAILS

	TRIM	FLOORS	WALLS	CEILINGS	DOORS
LIVING	Good	Carpets	Sheetrock	Sheetrock	Solid
DINING	Good	Carpets	Sheetrock	Sheetrock	Solid
BEDROOMS <u>(3)</u>	Good	Carpets	Sheetrock	Sheetrock	Solid
FAMILY ROOM	Good	Carpets	Paneling	Sheetrock	Solid
KITCHEN	Good	Vinyl	Paper	Sheetrock	Solid
BATH <u>(2)</u>	Good	Carpets	Paper/tile	Sheetrock	Solid
UTILITY	Good	Concrete	Sheetrock	Sheetrock	Solid
HALLS	Good	Carpets	Sheetrock	Sheetrock	Solid
SEWING ROOM	<u>None</u>				
STUDY	<u>None</u>				
CARPORT - GARAGE <u>2-Car</u>	<u>Good</u>	<u>Concrete</u>	<u>Sheetrock</u>	<u>Sheetrock</u>	<u>2-Overhead</u>
AGE OF IMPROVEMENT <u>6 Years</u>					<u>Good</u>
IMMEDIATE REPAIRS NEEDED					

OTHER INFORMATION: Directions to Subject Property:

Go to Jacksonville, Arkansas; exit Main Street Exit; turn left back under freeway and go about two miles west toward Gravel Ridge to Harris Road; turn right to General Samuels Road; turn left to Second Street on right (Adams Street); turn right to third house on left.

GCC # SD89
RECEIVED AT THE FEC
HAND DELIVERED
84 OCT 11 9:48

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET

LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131

TELECOPIER (501) 375-1309

U. M. ROSE
1834-1813

October 10, 1984

RONALD M. CLARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CAROL S. ARNOLD
JACKSON FARROW JR.
LES R. BALEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LASSITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN K. THOMAS
SUSAN RALSTON McLEAN
RICHARD N. MASSEY
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OF COUNSEL

J. GASTON WILLIAMSON
PHILLIP CARROLL
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C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
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ALLEN W. BIRD II
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH R. SHERIN
DAVID A. KNIGHT

Mr. Andrew Maikovich
Federal Election Commission
1325 "K"
Washington, D.C. 20463

RE: MUR 1721, Worthen Bank & Trust Company, N.A.

Dear Mr. Maikovich:

The purpose of this letter is to provide you with certain supplemental information for consideration by the Federal Election Commission in connection with the above referenced matter.

As indicated in our meeting in your office, I intend to provide you with the history of Worthen Bank in respect to second mortgage loans and other loans previously made to Tommy Robinson, and to other Worthen customers, as well as information concerning the appraised value and the resulting equity which existed in Mr. Robinson's home at the time of the loan. I was able to obtain information concerning the history of loans to Mr. Robinson and concerning the equity in the home. I will require an additional two weeks to obtain meaningful information concerning Worthen's history in the second mortgage loan business.

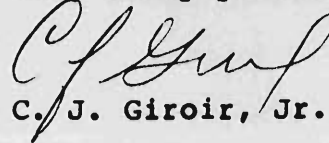
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8504055206

of origination of Mr. Robinson's loan. You will note that the appraisal reflects a fair market value of \$88,900. There was an outstanding first mortgage loan in the amount of approximately \$50,000, reflecting a net equity in the home of approximately \$38,900. Accordingly, Worthen loan officers concluded that the subject loan could be made in compliance with Worthen loan policy and Worthen's credit history with Mr. Robinson.

Information concerning Worthen's history in making second mortgage loans to customers will be provided within two weeks. If you require additional information, please advise.

Very truly yours,


C. J. Giroir, Jr.

CJGjr/lb
Enc.

86040365207

APPRAISAL REPORT FOR WORTHEN BANK & TRUST COMPANY, N.A.

BORROWER: Tommy Robinson
ADDRESS 717 Adams
Jacksonville, Arkansas
PROPERTY ADDRESS 717 Adams
Jacksonville, Arkansas

CERTIFICATE

We hereby certify that we have personally inspected this property and that all statements and information given in this appraisal report are true to the best of our knowledge and belief and that we have no interest whatsoever in the property, owner, or as a creditor of the borrower.

DATE APPRAISED

May 18, 1984

VALUE LAND \$15,000
VALUE IMPS. 73,900
TOTAL VALUE \$88,900

APPRAISED BY:

Tom L. Wray
Tom L. Wray

DATE RE-APPRAISED

VALUE LAND _____
VALUE IMPS. _____
TOTAL VALUE _____
APPRAISED BY: _____

DATE _____

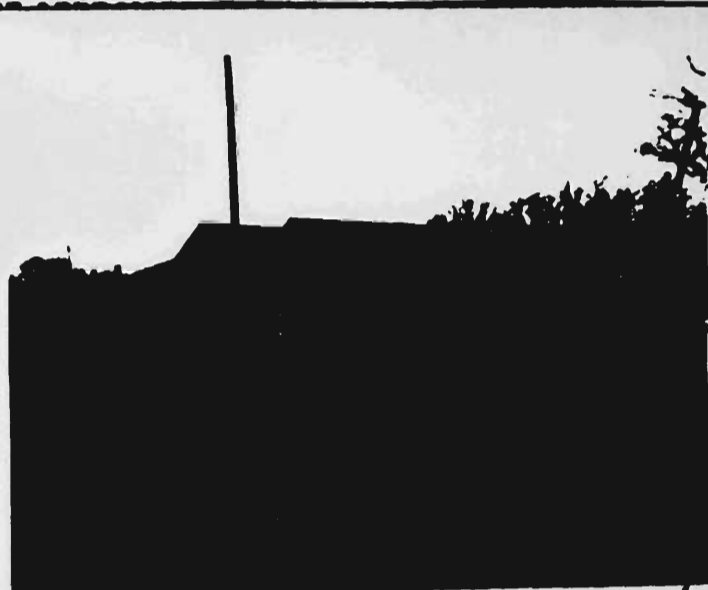
VALUE _____

APPRAISED BY: _____

DATE _____

APPRAISED BY: _____

APPRAISED BY: _____



HEATING AND AIR CONDITIONED AREA <u>1,980</u> SQ. FT. X \$30.00	\$59,400
GARAGE AND STORAGE AREA <u>750</u> SQ. FT. X \$12.00	9,000
CARPORT AREA _____ SQ. FT.	1,000
KITCHEN EQUIPMENT _____	2,500
FIREPLACE _____	2,000
WALKWAYS, DRIVEWAYS, LANDSCAPING, FENCING <u>XXXXXXX</u>	
OTHER: _____	

TOTAL VALUE IMPROVEMENTS \$73,900

NEIGHBORHOOD INFORMATION

NEIGHBORHOOD TREND: IMPROVING XX STATIC DECLINING
 TYPE OF NEIGHBORHOOD Residential homes in \$85,000 to \$95,000 range

LOT INFORMATION

LOT NO. 37 Phase II BLOCK NO. SUBDIVISION Jackson Heights
Jacksonville
 SIZE X SHAPE Rectangle AREA West of/ LANDSCAPING Yes
 TOPOGRAPHICAL FEATURES Level
 STREET Blacktop ALLEY No SIDEWALKS Yes DRIVES Yes
 WATER Public GAS Public ELECTRIC Public SEWER Public

BUILDING INFORMATION

DESCRIPTION OF IMPROVEMENTS One-level brick ranch style residence

EXTERIOR DETAIL

ROOF Comp. Shingles
 GUTTERS No
 EXTERIOR WALLS Brick
 PORCHES Concrete
 WINDOWS Aluminum Framed
 FOUNDATION Slab on Grade

MECHANICAL DETAIL

ELECTRICAL Good Quality
 HEATING Central
 AIR CONDITIONING Central
 PLUMBING Good Quality
 SPECIAL EQUIPMENT Fireplace, Dishwasher,
Electric Range

INTERIOR DETAILS

	TRIM	FLOORS	WALLS	CEILINGS	DOORS	
LIVING	Good	Carpets	Sheetrock	Sheetrock	Solid	
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KITCHEN	Good	Vinyl	Paper	Sheetrock	Solid	
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HALLS	Good	Carpets	Sheetrock	Sheetrock	Solid	
SEWING ROOM	None					
STUDY	None					
CARPORT - GARAGE	2-Car	Good	Concrete	Sheetrock	Sheetrock	2-Overhead
AGE OF IMPROVEMENT	6 Years					Good
IMMEDIATE REPAIRS NEEDED <u> </u>						

OTHER INFORMATION: Directions to Subject Property:

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GRUBER LAW OFFICE

ATTORNEYS AT LAW

1700 First Commercial Building
Little Rock, Arkansas 72201
(501) 375-5061

American Home Life Building
1900 Main - Second Floor
North Little Rock, Arkansas 72114
(501) 758-8115

Wayne A. Gruber

Rita W. Gruber

RECEIVED AT THE FEC
GCC#5054
84 OCT 8 P2: 42

October 5, 1984

Ms. Lee Ann Elliott
Chairman, Federal Election Commission
Washington, DC 20463

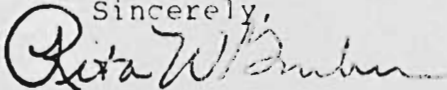
RE: MUR1721 First State Bank of Sherwood

Dear Ms. Elliott:

This letter is to follow up my letter to you dated September 27th, 1984, regarding the referenced matter. On page two of that letter I referred to a renewal loan secured by mortgage on Mr. Robinson's personal reference. I noted that this note had a demand clause. I would like to clarify that paragraph to reflect that the demand clause has not been exercised.

If you have any questions, please let me know.

Sincerely,



Gruber Law Office
Rita W. Gruber

CC: Al Harkins, President
First State Bank of Sherwood

✓ Andrew Maikovich, Attorney
Federal Election Commission

36040565210

4 OCT 10 11:43

RUBER LAW OFFICE

ATTORNEYS AT LAW

1700 ~~1700~~ ~~1700~~ ~~1700~~ Building
Little Rock, Arkansas 72201

American Home Life Building
1900 ~~1900~~ ~~1900~~ ~~1900~~ Building
Little Rock, Arkansas 72204

Andrew Markovich, Attorney
Federal Election Commission
Washington, DC 20463

840010 P2:42

GCG#5067
markovich

GRUBER LAW OFFICE
ATTORNEYS AT LAW

1700 First Commercial Building
Little Rock, Arkansas 72201
(501) 375-5061

American Home Life Building
1900 Main - Second Floor
North Little Rock, Arkansas 72114
(501) 758-8115

RECEIVED
OFFICE OF THE REC
COMM. SECRETARY

84 OCT 9 P 5:38

Wayne A. Gruber

Rita W. Gruber

October 5, 1984

Ms. Lee Ann Elliott
Chairman, Federal Election Commission
Washington, DC 20463

RE: MUR1721 First State Bank of Sherwood

Dear Ms. Elliott:

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If you have any questions, please let me know.

Sincerely,

Rita W. Gruber
Gruber Law Office
Rita W. Gruber

CC: Al Harkins, President
First State Bank of Sherwood

Andrew Maikovich, Attorney
Federal Election Commission

34 OCT 10 11:16

CRUBER LAW OFFICE

ATTORNEYS AT LAW

1700 West Commercial Building

Little Rock, Arkansas 72201

American National Bank Building

1900 Main - Suite 1800

Little Rock, Arkansas 72201

84 OCT 9 P 1:35

Mr. Benjamin D. Elliot
Chairman, Federal Election Commission
Washington, DC 20463



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 3, 1984

Larry C. Wallace
House, Wallace & Jewell
1500 Tower Building
Little Rock, Arkansas 72201

Re: MUR 1721
Tommy Robinson Campaign Committee
and its treasurer, George Felkins,
and Tommy Robinson

Dear Mr. Wallace:

This is in reference to your letter dated September 24, 1984, requesting an extension of 18 days to respond to the Commission's reason to believe finding. After considering the circumstances presented in your letter, the Commission has determined to grant you your requested extension. Accordingly, your response will be due on October 15, 1984.

If you have any questions, please contact Andrew Maikovich the staff member assigned to this matter at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

A large, stylized handwritten signature in dark ink is written over the typed name "Kenneth A. Gross". The signature appears to be "Kenneth A. Gross" written in a cursive, flowing style.

86040585214

J. GASTON WILLIAMSON
PHILLIP CARROLL
W. DANE CLAY
C. JOSEPH GIROIR, JR.
GEORGE E. CAMPBELL
HERBERT C. RULE, III
STANLEY E. PRICE
H. WATT GREGORY, III
W. WILSON JONES
VINCENT FOSTER, JR.
ALLEN W. BIRD II
WILLIAM E. BISHOP
HILLARY RODHAM CLINTON
C. BRANTLY BUCK
TIM BOE
M. JANE DICKEY
WILLIAM H. KENNEDY, III
KENNETH R. SHERIN
DAVID A. KNIGHT

ROSE LAW FIRM

A PROFESSIONAL ASSOCIATION

ATTORNEYS

120 EAST FOURTH STREET
LITTLE ROCK, ARKANSAS 72201

TELEPHONE (501) 375-9131
TELECOPIER (501) 375-1309

U. M. ROSE
1934-1913

September 27, 1984

RECEIVED AT THE FEC
GCC #4922
84 OCT 1 9:58
RONALD M. CHARK
GARLAND J. GARRETT
JERRY C. JONES
THOMAS P. THRASH
CAROL S. ARNOLD
JACKSON FARROW JR.
LES R. SALEDGE
JIM HUNTER BIRCH
R. DAVIS THOMAS, JR.
DAVID L. WILLIAMS
CATHERINE LASSITER
RICHARD T. DONOVAN
MICHAEL R. JOHNS
MARTIN K. THOMAS
SUSAN RALSTON MCLEAN
RICHARD N. MASSEY
CHARLES W. BAKER
OF COUNSEL

Mr. Andrew Maikovich
Federal Election Commission
1325 "K"
Washington, D.C. 20463

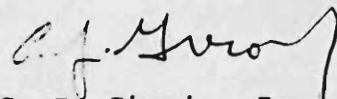
RE: MUR 1721, Worthen Bank & Trust Company, N. A.

Dear Mr. Maikovich:

The purpose of this letter is to confirm our meeting of Tuesday, September 25, wherein the undersigned, Gene Fortson, Chairman and Chief Executive Officer of Worthen Bank, and Jim Jett, President and Chief Operating Officer of Worthen Bank, met with you concerning the above referenced matter. At the meeting, I advised you that an additional ten days would be required to compile data concerning the equity which Mr. Robinson had in his home at the time the second mortgage loan was made, the history of Worthen Bank in respect to second mortgage loans for Mr. Robinson and for other of its customers, and certain additional information. You advised that a ten-day extension would be granted for the filing of a response to your letter. I am assuming that the ten days expires on Monday, October 8, 1984.

If you require any additional information, please let me know.

Very truly yours,


C. J. Giroir, Jr.

CJGjr/lis

cc: Mr. Gene Fortson
Mr. Jim Jett

36040395215

OCT 1 9:30

ROSE LAW FIRM
A Professional Association
120 East Fourth Street
LITTLE ROCK, ARKANSAS 72201

Mr. Andrew Maikovich
Federal Election Commission
1325 "K"
Washington, D.C. 20463

85:6
100:1
100:1



FIRST COMMERCIAL BANK_{NA}

September 27, 1984

RECEIVED
OFFICE OF THE REC
COMM. SECRETARY

GCC # 4897
04 SEP 28 AIO: 34

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

RE: MUR 1721; Tommy Robinson Campaign Committee

Dear Ms. Elliott:

It was with surprise that I received your letter of September 14 stating that the Commission found reason to believe that First Commercial Bank violated 2 U.S.C. §441b(a) in its loan to the Tommy Robinson for Congress Committee. The purpose of this letter is to respond, once again, to this charge.

First Commercial Bank has not altered its position with respect to this matter since our original response to you in June. We disagree that a loan to a candidate must be illegal merely because it is unsecured. As you are aware, collateral is merely one of the many factors to which a loan officer must look when considering an application for a loan. First Commercial Bank's loan to the Campaign Committee fully complied with sound banking practices.

The loan was for a short term, it bore interest at the usual rate, and it was evidenced by our standard promissory note form. All of the usual documentation and application channels were followed by the Committee. Further, the loan was not endorsed or guaranteed, even implicitly, by an individual. No favors were rendered or expected. Mr. Robinson has no special relationship with either the Bank or the loan officer who made the loan. The simple fact is that the loan officer believed that, based upon all of the relevant consideration, the loan would be safely repaid quickly and that it would be a good transaction for the Bank. Mr. Robinson was, and is, an extremely popular candidate, and at the time the loan was made, it was more than extremely likely that he would receive substantial contributions due to his strong popularity.

Finally, the loan itself was in fact quickly repaid. First Commercial Bank's confidence in the Committee's ability to repay the loan was obviously justified.

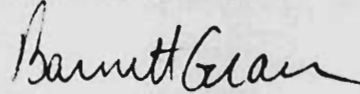
Ms. Lee Ann Elliott

-2-

September 27, 1984

Again, I sincerely hope that this response is helpful, and that you will view the loan in the spirit in which it was made: as a sound business transaction, and nothing more or less. Again, I must ask that you keep this information confidential. Mr. Vinson is currently on vacation. If I may be of any further assistance, please do not hesitate to call me.

Sincerely yours,



Barnett Grace
President

BG:cca
D4/X

86040565218



FIRST COMMERCIAL BANK N.A.

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

82-101-1000
A10: 1000

1A3Y

666#4970

GRUBER LAW OFFICE

ATTORNEYS AT LAW

1700 First Commercial Building
Little Rock, Arkansas 72201
(501) 375-5061

American Home Life Building
1900 Main - Second Floor
North Little Rock, Arkansas 72114
(501) 758-8115

September 27, 1984

Wayne A. Gruber

84 OCT 3 P 1: 08

Rita W. Gruber

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721; First State Bank of Sherwood

Dear Ms. Elliott:

This letter is in response to correspondence which First State Bank of Sherwood received on September 18, 1984. In that letter, you stated that there was reason to believe that First State Bank had violated 2 U.S.C. Section 441b(a), a provision of the Federal Election Campaign Act of 1971. It further stated that it appeared that First State Bank had contributed \$20,070.65 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business.

First State Bank of Sherwood and its President, Al Harkins, specifically deny that a contribution in the amount set forth above was made to Tommy Robinson or to his campaign committee as you have alleged. This transaction clearly does not fall within the definition of "contribution" as defined by the Act, but rather falls within the definition of what a contribution is not which is found in 2 U.S.C. Section 431(8)(B)(vii).

This transaction was clearly a loan and evidenced all the requirements to be considered a loan under the requirements of the Act referred to herein above as well as in the normal banking sense.

First, Tommy Robinson was required to sign a promissory note, a copy of which has already been provided to your office. It was signed personally by Tommy Robinson as well as being co-signed by Darrell Glasscock. Second, the loan was made to Tommy Robinson at the highest legal rate normally charged on personal loans under applicable Arkansas law. Third, the loan had a definite due date.

40040365220

40013
P 1: 08

Ms. Lee Ann Elliott
September 27, 1984

Page Two

There were further agreements that if the loan was not paid within the initial 90-day period, further collateral would be required of Mr. Robinson. This was, in fact, accomplished and a mortgage to his personal residence was obtained and a copy of said mortgage is attached hereto as Exhibit "A". The underlying note is due prior to the November general election and has a demand clause, which has been exercised.

In regard to the questions which you apparently have regarding whether the loan of money was made in the ordinary course of business, the answer is an emphatic yes. I am attaching as Exhibit "B" a summary of recent loans which were made to individuals, originally as unsecured, and later were collateralized. Pursuant to the herein above referenced Act, all information regarding this matter as well as the loan information which is attached hereto shall remain confidential. This list does not include those persons who originally were given an unsecured loan and paid off the balance prior to the Bank requesting collateral.

In summary, this transaction is not a contribution as envisioned by the Federal Election Campaign Act of 1971, as amended. It falls within that exception which allows a state bank, whose deposits or accounts are insured by the Federal Deposit Insurance Corporation, to loan money to political candidates when the politician, and any endorser or guarantor, is legally responsible for repayment of said loan; the loan is made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date; and bears the usual and customary interest rate of the lending institution. In the case at hand, the transaction with Tommy Robinson and his campaign committee falls within this description of a loan. This loan can be collected just like any other loan which the Bank may make to another individual or organization. As you know, banking is not a science but is a business which provides services to individuals, as well as to business organizations of whatever nature, and seeks to make a profit from its services. The transaction at hand represents a business decision on the part of a small state bank hoping to make a profit from the loan. The loan is backed up with a mortgage and subject to being foreclosed if payment is not received as required by the promissory note between the parties.

This Instrument Prepared By
First State Bank
Sherwood, Arkansas

MORTGAGE

REALTY - MARRIED 4.1 56088

KNOW ALL MEN BY THESE PRESENTS:

362

That the undersigned Tommy Robinson
and Carolyn Robinson his wife,
hereinafter referred to as Mortgagors, for and in consideration of the sum of One and no/100 Dollars (\$1.00), together
with other good and valuable considerations, cash in hand paid by First State Bank of Sherwood, Arkansas,
the receipt of which considerations is hereby acknowledged, do hereby grant, bargain, sell and convey unto the
said First State Bank of Sherwood, Arkansas, and unto its successors and assigns forever, the following
property, situated in the County of Pulaski State of Arkansas, to-wit:

Lot 37, Phase II, Jackson Heights Addition, to the City of Jacksonville,
County of Pulaski, State of Arkansas.

FILED & RECORDED

1984 SEP 12 PM 12:35

JACQUETTA ALEXANDER
PULASKI CO. CLERK

To have and to hold the same unto the said First State Bank of Sherwood, Arkansas, hereinafter re-
ferred to as Mortgagee, and unto its successors and assigns forever, with all the appurtenances thereto belonging;
and Mortgagors hereby covenant by and with the said Mortgagee that Mortgagors will forever warrant and defend
the title to said property against any and all claims of any nature or kind whatsoever.

And the undersigned mortgagors

Tommy Robinson and Carolyn Robinson

, for and in
consideration of the considerations hereinbefore recited, do hereby relinquish and release unto the said Mortgagee all our
right of dower, homestead and courtesy that we now have or may have in and to the said property.

This sale is on the condition that whereas Mortgagors are justly indebted unto the said Mortgagee in the sum of

Twenty Thousand One Hundred Forty One and 55/100 Dollars (\$ 20,141.55),

together with interest thereon from date until maturity or default at the rate of as specified on note per cent

(----) % per annum, and thereafter at the rate of ten per cent (10%) per annum, due and payable as follows:
Demand, If No Demand, Then On or Before November 21, 1984.

In addition to securing the payment of the indebtedness hereinbefore mentioned, this instrument shall secure
the payment of the following amounts now owed by Mortgagors to Mortgagee, to-wit:

This instrument shall also secure the payment of any and all renewals of said indebtedness, or any portion thereof,
together with any and all additional amounts that the Mortgagors now owe or may owe the Mortgagee, either direct
or by endorsement, at any time between this date and the expiration of record of the lien of this instrument, in-
cluding any and all future advances and/or loans that may by the Mortgagee be made to the Mortgagors, jointly
and/or severally, either direct or by endorsement.

The Mortgagors hereby agree, covenant and obligate the Mortgagee to pay any and all taxes, both general and
special, as same may be assessed and become due and payable, and also keep the buildings located upon said premises
insured against loss or damage with fire, tornado and extended coverage insurance, in a company and an amount
acceptable to the Mortgagee, with standard mortgage clause in favor of Mortgagee as its interest appears, and pay
the premiums thereon. If in this Mortgagee shall fail, then the Mortgagee, payee or the holders of said indebted-
ness shall have the right to pay said taxes and/or insurance premiums, and the amount so paid shall constitute a
charge against the Mortgagee, bear interest from date of payment at the rate of ten per cent (10%) per annum, and
the lien of this instrument shall also secure the payment thereof.

In addition to pledging the property as hereinbefore mentioned, Mortgagors also hereby pledge any and all
profits, rents and income deriving in connection with said property. However, right is reserved to the Mortgagee
to collect the profits, rents and/or income as same mature and become due and payable, but in the event of default
as to any of the covenants herein contained, then at the option of the Mortgagee, its assigns, or the holders of said
indebtedness, it or they are hereby given the right of taking over said property, managing same, renting same and
collecting the rents thereon, and the net income so collected shall be credited upon the indebtedness and/or cove-
nants in connection herewith.

If the Mortgagors should fail or refuse to make any of the payments hereinbefore recited, either principal, inter-
est, taxes or income, as same mature and become due and payable, then at the option of the Mortgagee,
payee or the holder of the indebtedness, without notice, all the remaining unpaid portion thereof shall become due
and payable, and the lien of this instrument subject to foreclosure by suit filed in the Chancery Court of the County
in which the above described property is situated. The failure to exercise the option herein granted to declare the
entire unpaid balance due and payable upon any default shall not be a waiver to exercise the option at any subse-
quent default. Mortgagors hereby waive any and all rights of sale, appraisement and/or redemption recorded
under the laws of the State of Arkansas now in force or hereafter enacted.

But if the undersigned shall pay all of the indebtedness secured by this mortgage, at the time and in the man-
ner set out above, and shall fully do and perform all of the other obligations herein assumed by the undersigned,
the above conveyance shall be null and void; otherwise, to remain in full force and effect.

In construing this instrument the gender and number of words may be changed to meet the context.

IN TESTIMONY WHEREOF, the signatures of Mortgagors are hereunto affixed this, the 23rd day

of AUGUST, 1984

Tommy Robinson

Carolyn Robinson

STATE OF ARKANSAS
COUNTY OF Pulaski

ACKNOWLEDGMENT

363

BE IT REMEMBERED, That on this day came before the undersigned, a Notary Public within and for the state and county aforesaid, duly commissioned and acting, Tommy Robinson and Carolyn Robinson to me well known as the Mortgagors in the foregoing instrument and acknowledged that they had executed the same for the considerations, uses and purposes therein mentioned and set forth.

And on the same day Mortgagors voluntarily appeared before me, the said Carolyn Robinson and Tommy Robinson

to me well known, and declared that they had, of their own free will, executed the foregoing instrument, and signed and sealed the relinquishment of dower, curtesy and of homestead therein for the considerations, uses and purposes therein contained and set forth, without compulsion or undue influence.

WITNESS my hand and seal as such Notary Public on this 23rd day of August, 1984

William H. Hatcher

Notary Public.

My commission expires on the 12 day of March, 1984

MORTGAGE
REALTY - MARKED

TO THE

FIRST STATE BANK OF SHERWOOD
SHERWOOD, ARKANSAS

Filed for record this _____ day of _____

M.

M.

at _____ o'clock

Clert.

D. C.

By _____

Record and return to First State Bank of Sher-
wood, Sherwood, Ar.

CERTIFICATE OF RECORD

STATE OF ARKANSAS

COUNTY OF _____

I, _____, Circuit Clerk and Ex-Officio Recorder in and for the County of _____, do hereby certify that the foregoing instrument of writing was filed for record in my office on the _____ day of _____, A. D. 19____ at _____ o'clock _____ M., and the same is now duly recorded, with the acknowledgment and certificate thereon, in Record Book _____ on page _____

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office this _____ day of _____, 19____

By _____ D. C.

Clerk and Ex-Officio Recorder.

EXHIBIT "B"

86040585224

GRUBER LAW OFFICE

ATTORNEYS AT LAW

100 First Commercial Building
New York, New York 10001

Attention: Mr. John L. Gruber
1400 Main Street, 15th Floor
New York, New York 10014

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
Washington, D.C. 20463

69 OCT 3 4 8 07

GRUBER LAW OFFICE

ATTORNEYS AT LAW

1700 First Commercial Building
Little Rock, Arkansas 72201
(501) 375-5061

American Home Life Building
1900 Main - Second Floor
North Little Rock, Arkansas 72114
(501) 758-8115

September 27, 1984

Wayne A. Gruber

RECEIVED AT THE FEC
GCC #4979
84 OCT 4 AM: 12

Rita W. Gruber

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721; First State Bank of Sherwood

Dear Ms. Elliott:

This letter is in response to correspondence which First State Bank of Sherwood received on September 18, 1984. In that letter, you stated that there was reason to believe that First State Bank had violated 2 U.S.C. Section 441b(a), a provision of the Federal Election Campaign Act of 1971. It further stated that it appeared that First State Bank had contributed \$20,070.65 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business.

First State Bank of Sherwood and its President, Al Harkins, specifically deny that a contribution in the amount set forth above was made to Tommy Robinson or to his campaign committee as you have alleged. This transaction clearly does not fall within the definition of "contribution" as defined by the Act, but rather falls within the definition of what a contribution is not which is found in 2 U.S.C. Section 431(8)(B)(vii).

This transaction was clearly a loan and evidenced all the requirements to be considered a loan under the requirements of the Act referred to herein above as well as in the normal banking sense.

First, Tommy Robinson was required to sign a promissory note, a copy of which has already been provided to your office. It was signed personally by Tommy Robinson as well as being co-signed by Darrell Glasscock. Second, the loan was made to Tommy Robinson at the highest legal rate normally charged on personal loans under applicable Arkansas law. Third, the loan had a definite due date.

86040585226

4 OCT 11 PM: 00

Ms. Lee Ann Elliott
September 27, 1984

Page Two

There were further agreements that if the loan was not paid within the initial 90-day period, further collateral would be required of Mr. Robinson. This was, in fact, accomplished and a mortgage to his personal residence was obtained and a copy of said mortgage is attached hereto as Exhibit "A". The underlying note is due prior to the November general election and has a demand clause, which has been exercised.

In regard to the questions which you apparently have regarding whether the loan of money was made in the ordinary course of business, the answer is an emphatic yes. I am attaching as Exhibit "B" a summary of recent loans which were made to individuals, originally as unsecured, and later were collateralized. Pursuant to the herein above referenced Act, all information regarding this matter as well as the loan information which is attached hereto shall remain confidential. This list does not include those persons who originally were given an unsecured loan and paid off the balance prior to the Bank requesting collateral.

In summary, this transaction is not a contribution as envisioned by the Federal Election Campaign Act of 1971, as amended. It falls within that exception which allows a state bank, whose deposits or accounts are insured by the Federal Deposit Insurance Corporation, to loan money to political candidates when the politician, and any endorser or guarantor, is legally responsible for repayment of said loan; the loan is made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date; and bears the usual and customary interest rate of the lending institution. In the case at hand, the transaction with Tommy Robinson and his campaign committee falls within this description of a loan. This loan can be collected just like any other loan which the Bank may make to another individual or organization. As you know, banking is not a science but is a business which provides services to individuals, as well as to business organizations of whatever nature, and seeks to make a profit from its services. The transaction at hand represents a business decision on the part of a small state bank hoping to make a profit from the loan. The loan is backed up with a mortgage and subject to being foreclosed if payment is not received as required by the promissory note between the parties.

86040303227

This Instrument Prepared By
First State Bank
Sherwood, Arkansas

MORTGAGE
REALTY—MARRIED 41 56088

KNOW ALL MEN BY THESE PRESENTS:

362

That the undersigned Tommy Robinson
and Carolyn Robinson his wife,
hereinafter referred to as Mortgagors, for and in consideration of the sum of One and no/100 Dollars (\$1.00), together
with other good and valuable considerations, cash in hand paid by First State Bank of Sherwood, Sherwood, Arkan-
sas, the receipt of which considerations is hereby acknowledged, do hereby grant, bargain, sell and convey unto the
said First State Bank of Sherwood, Sherwood, Arkansas, and unto its successors and assigns forever, the following
property, situated in the County of Pulaski State of Arkansas, to-wit:

Lot 37, Phase II, Jackson Heights Addition, to the City of Jacksonville,
County of Pulaski, State of Arkansas.

FILED & RECORDED

1984 SEP 12 PM 12:35

JACQUETTA ALEXANDER
PULASKI CO. CLERK

To have and to hold the same unto the said First State Bank of Sherwood, Sherwood, Arkansas, hereinafter re-
ferred to as Mortgagee, and unto its successors and assigns forever, with all the appurtenances thereto belonging;
and Mortgagors hereby covenant by and with the said Mortgagee that Mortgagors will forever warrant and defend
the title to said properties against any and all claims of any nature or kind whatsoever.

And the undersigned mortgagors

Tommy Robinson and Carolyn Robinson

, for and in
consideration of the considerations hereinbefore recited, do hereby relinquish and release unto the said Mortgagee all our
right of dower, homestead and courtesy that we now have or may have in and to the said properties.

This sale is on the condition that whereas Mortgagors are justly indebted unto the said Mortgagee in the sum of

Twenty Thousand One Hundred Forty One and 55/100 Dollars is 20,141.55,
as specified on note

together with interest thereon from date until maturity or default at the rate of _____ per cent
(_____ %) per annum, and thereafter at the rate of ten per cent (10%) per annum, due and payable as follows:
Demand, If No Demand, Then On or Before November 21, 1984.

In addition to securing the payment of the indebtedness hereinbefore mentioned, this instrument shall secure
the payment of the following amounts now owed by Mortgagors to Mortgagee, to-wit:

This instrument shall also secure the payment of any and all renewals of said indebtedness, or any portion thereof,
together with any and all additional amounts that the Mortgagors now owe or may owe the Mortgagee, either direct
or by endorsement, at any time between this date and the extinguishing of record of the lien of this instrument, in-
cluding any and all future advances and/or loans that may by the Mortgagee be made to the Mortgagors, jointly
and/or severally, either direct or by endorsement.

The Mortgagors hereby agree, covenant and obligate the Mortgagee to pay any and all taxes, both general and
special, as same may be assessed and become due and payable, and also keep the buildings located upon said premises
insured against loss or damage with fire, tornado and extended coverage insurance, in a company and an amount
acceptable to the Mortgagee, with standard mortgage clause in favor of Mortgagee as its interest appears, and pay
the premiums thereon. If in this Mortgagee shall fail, then the Mortgagee, payee or the holders of said indebted-
ness shall have the right to pay said taxes and/or insurance premiums, and the amount so paid shall constitute a
charge against the Mortgagors, bear interest from date of payment at the rate of ten per cent (10%) per annum, and
the lien of this instrument shall also secure the payment thereof.

In addition to pledging the properties as hereinbefore mentioned, Mortgagors also hereby pledge any and all
profits, rents and income accruing in connection with said properties. However, right is reserved to the Mortgagee
to collect the profits, rents and/or income as same mature and become due and payable, but in the event of default
as to any of the covenants herein contained, then at the option of the Mortgagee, its assigns, or the holders of said
indebtedness, it or they are hereby given the right of taking over said properties, managing same, renting same and
collecting the rents thereon, and the net income so collected shall be credited upon the indebtedness and/or cove-
nants in connection herewith.

If the Mortgagors should fail or refuse to make any of the payments hereinbefore recited, either principal, inter-
est, taxes or insurance premiums, as same mature and become due and payable, then at the option of the Mortgagee,
payee or the holder of the indebtedness, without notice, all the remaining unpaid portion thereof shall become due
and payable, and the lien of this instrument subject to foreclosure by suit filed in the Chancery Court of the County
in which the above described property is situated. The failure to exercise the option herein granted to declare the
entire unpaid balance due and payable upon any default shall not be a waiver to exercise the option at any subse-
quent default. Mortgagors hereby waive any and all rights of sale, appraisal and/or redemption accorded
under the laws of the State of Arkansas now in force or hereafter enacted.

But if the undersigned shall pay all of the indebtedness secured by this mortgage, at the time and in the man-
ner set out above, and shall fully do and perform all of the other obligations herein assumed by the undersigned,
the above conveyance shall be null and void; otherwise, to remain in full force and effect.

In construing this instrument the gender and number of words may be changed to meet the context.

IN TESTIMONY WHEREOF, the signatures of Mortgagors are hereunto affixed this, the 23rd day

of AUGUST, 1984

Tommy Robinson
Carolyn Robinson

STATE OF ARKANSAS

ACKNOWLEDGMENT

363

COUNTY OF Pulaski

BE IT REMEMBERED, That on this day came before the undersigned, a Notary Public within and for the state and county aforesaid, duly commissioned and acting, Tommy Robinson and Carolyn Robinson to me well known as the Mortgagors in the foregoing instrument and acknowledged that they had executed the same for the considerations, uses and purposes therein mentioned and set forth.

And on the same day Mortgagors voluntarily appeared before me, the said Carolyn Robinson and Tommy Robinson

to me well known, and declared that they had, of their own free will, executed the foregoing instrument, and signed and avowed the relinquishment of dower, curtesy and of homestead therein for the considerations, uses and purposes therein contained and set forth, without compulsion or undue influence.

WITNESS my hand and seal as such Notary Public on this 23rd day of August, 1984

Stacy M. Walker
Notary Public.

My commission expires on the 12 day of March, 1984

**MORTGAGE
REALTY - MARIED**

TO THE

FIRST STATE BANK OF SHERWOOD
SHERWOOD, ARKANSAS

Filed for record this _____ day of _____

at _____

_____ M.

o'clock

Clerk

D. C.

By _____

Record and return to First State Bank of Sher-
wood, Sherwood, Ar. 22222

CERTIFICATE OF RECORD

STATE OF ARKANSAS

COUNTY OF _____

I, _____, Circuit Clerk and Ex-Office Recorder in and for the County of _____, do hereby certify that the foregoing instrument of writing was filed for record in my office on the _____ day of _____, A. D. 19____ at _____ o'clock _____ M., and the same is now duly recorded, with the acknowledgment and certificate thereon, in Record Book _____ on page _____.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office this _____ day of _____, 19____.

By _____ D. C.

Clerk and Ex-Office Recorder.

EXHIBIT "B"

86040585230

BER LAW OFFICE

ATTORNEYS AT LAW

First Commercial Building
P.O. Box 1000
Little Rock, Arkansas 72201

Second Home Life Building
401 Main - Second Floor
Little Rock, Arkansas 72201

Mr. J. B. [illegible] Esq.
[illegible]
[illegible] Commission
Washington, D.C. 20540

all: 12

LAW OFFICES

MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER

H. MAURICE MITCHELL
 RICHARD A. WILLIAMS
 JOHN S. SELLO
 JOSEPH W. GELZINE
 W. CHRISTOPHER BARRIER
 JERRY D. JACKSON
 JIM GUY TUCKER
 EUGENE G. SAYRE
 BYRON FREELAND
 KENT FOSTER
 ALLAN GATES
 PAT MORAN
 W. H. L. WOODYARD, III
 MICHAEL C. O'MALLEY
 JOHN C. LESSEL
 BEVERLY BASSETT
 JEAN D. STOCKBURNER

1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE 501-376-6151

DEBRA K. BROWN
 SUSAN GUNTER
 ANNE RITCHIE
 CRAIG WESTBROOK
 JAMES E. SMITH, JR.
 W. KIRBY LOCKHART
 DOAK FOSTER
 JOYCE KINKRAD
 DOUGLAS B. WARD
 MARCY TAYLOR

September 26, 1984

OF COUNSEL
HENRY E. SPITZBERG

FEDERAL EXPRESS

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Suite 7
Washington, D.C. 20463

Re: MUR 1721

Dear Ms. Elliott:

In response to your letter of September 14, 1984, which we received on September 17, 1984, we are enclosing a supplementary affidavit from Leonard K. Dunn in connection with the above referenced matter.

Yours very truly,

MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER

By

H. Maurice Mitchell

HMM:lc
Enclosure

cc - Mr. Leonard K. Dunn

860405233

STATE OF ARKANSAS)
) ss:
COUNTY OF SALINE)

STATE OF ARKANSAS)
) ss:
COUNTY OF SALINE)

STATE OF ARKANSAS)
) ss:
COUNTY OF SALINE)

STATE OF ARKANSAS)
) ss:
COUNTY OF SALINE)

STATE OF ARKANSAS)
) ss:
COUNTY OF SALINE)

Leonard K. Dunn

STATE OF ARKANSAS)
) ss:
COUNTY OF SALINE)

Leah Paradise
Notary Public

STATE OF ARKANSAS)
) ss:
COUNTY OF SALINE)

STATE OF ARKANSAS)
) ss:
COUNTY OF SALINE)

STATE OF ARKANSAS)
) ss:
COUNTY OF SALINE)

GCC #4840

HOUSE, WALLACE & JEWELL, P.A.
ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Larry C. Wallace

RECEIVED
OFFICE OF THE
CLERK OF THE
U.S. HOUSE OF REPRESENTATIVES

TELEX-TELECOPIER
(501) 375-6484

24 SEP 25 P2:40
Am

September 24, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: M.U.R. 1721; Tommy Robinson Campaign
Committee and its Treasurer, George M.
Felkins, and Tommy Robinson

14 SEP 25 P4:25

GENERAL COUNSEL

Dear Ms. Elliott:

FEDERAL EXPRESS

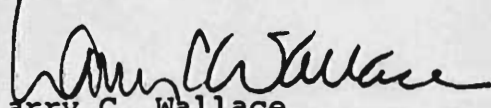
I am writing to request an eighteen (18) day extension, until October 15, 1984, within which to respond to your letter of September 14th in which you informed us that the Commission has determined that there is reason to believe that our clients have violated 2 U.S.C. §441b(a). We received your letter on the 17th of September, and must respond to it on or before September 27th in order to meet the 10 day deadline.

Because of the large amount of documentation which must be assembled from each of the banks involved in this matter, it will be very, very difficult to meet this 10 day deadline. Therefore, I am hereby requesting that we be granted an 18 day extension within which to respond to your letter. I want to assure you that we are making every effort to respond to your letter without delay, and are not making this request dilatorily. In fact, it is due to our commitment to make as thorough and complete a response to your letter as possible that has necessitated an extension within which to reply.

Any consideration which you might grant us in this matter will be greatly appreciated. I remain,

Very truly yours,

HOUSE, WALLACE & JEWELL, P.A.


Larry C. Wallace

LCW:mmr

16040303234

GCC #4840

HOUSE, WALLACE & JEWELL, P.A.
ATTORNEYS AT LAW
1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

Larry C. Wallace

RECEIVED
OFFICE OF THE
COMMISSIONER
FLEX-TELECOPIER
(501) 375-6484

84 SEP 25 P2:40

September 24, 1984

AM

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: M.U.R. 1721; Tommy Robinson Campaign
Committee and its Treasurer, George M.
Felkins, and Tommy Robinson

14 SEP 25 P4:25

Dear Ms. Elliott:

FEDERAL EXPRESS

I am writing to request an eighteen (18) day extension, until October 15, 1984, within which to respond to your letter of September 14th in which you informed us that the Commission has determined that there is reason to believe that our clients have violated 2 U.S.C. §441b(a). We received your letter on the 17th of September, and must respond to it on or before September 27th in order to meet the 10 day deadline.

Because of the large amount of documentation which must be assembled from each of the banks involved in this matter, it will be very, very difficult to meet this 10 day deadline. Therefore, I am hereby requesting that we be granted an 18 day extension within which to respond to your letter. I want to assure you that we are making every effort to respond to your letter without delay, and are not making this request dilatorily. In fact, it is due to our commitment to make as thorough and complete a response to your letter as possible that has necessitated an extension within which to reply.

Any consideration which you might grant us in this matter will be greatly appreciated. I remain,

Very truly yours,

HOUSE, WALLACE & JEWELL, P.A.


Larry C. Wallace

LCW:mmr



T.E. RENAUD

Chairman of the Board &
Chief Executive Officer

The Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

September 21, 1984

Ms. Lee Ann Elliott
Chairman
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Dear Ms. Elliott:

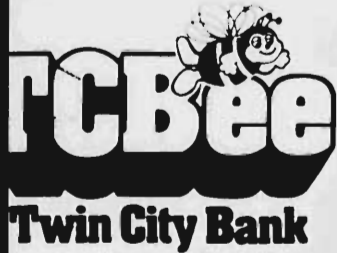
On this date, I have received your letter of September 14, 1984. I understand that your commission "determined that there is reason to believe that the Twin City Bank violated U.S.C. 441 b(a)" regarding our loan of \$32,000 to the Tommy Robinson for Congress Committee and that you have requested information concerning this matter.

My personal position relative to this loan and that of the Twin City Bank have been stated in detail and included appropriate documentation in my letter of June 26, 1984 to Mr. Kenneth A. Gross, Associate General Counsel of your office. This statement contains our full and complete position relative to this matter. I can only assume that your office has neglected to inform the Commission of this detailed statement or that we are under a gross misconception of what constitutes "a loan made in the ordinary course of our business." In either case, we must stand on our earlier statement.

Very truly yours,

T.E. Renaud

TER/dc



ONE RIVERVIEW PLAZA
NORTH WYOMING, WYOMING 83001

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 "K" Street
Washington, D.C. 20463





September 21, 1984

BRANCH OFFICE
7725 Warden Road
835-3801

FirstState

FIRST STATE BANK OF ILLINOIS

254 688

Mr. Andrew Maikovich
Federal Election Commission
Washington, D.C. 20463

SEP 23 02:08



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

C.J. Giroir, Jr.
The Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

Re: MUR 1721
Worthen Bank & Trust Co., N.A.

Dear Mr. Giroir:

The Federal Election Commission notified your client Worthen Bank & Trust Co., N.A., on June 19, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on September 5, 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that the Worthen Bank & Trust Co., N.A. contributed \$50,479 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

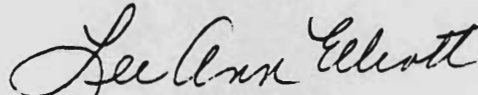
86040505240

C.J. Giroir, Jr.
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202)523-4000.

Sincerely,


Lee Ann Elliott
Chairman

Enclosures
Procedures

86040585241



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

C.J. Giroir, Jr.
The Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

Re: MUR 1721
Worthen Bank & Trust Co., N.A.

Dear Mr. Giroir:

The Federal Election Commission notified your client Worthen Bank & Trust Co., N.A., on June 19, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on September 5, 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that the Worthen Bank & Trust Co., N.A. contributed \$50,479 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

86040305242

C.J. Giroir, Jr.
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

AM

86040585243



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

H. Maurice Mitchell
100 Savers Federal Building
Little Rock, Arkansas 72201

Re: MUR 1721
First American Bank

Dear Mr. Mitchell:

The Federal Election Commission notified your client First American Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on September 5, 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that First American Bank contributed \$50,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

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H. Maurice Mitchell
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Lee Ann Elliott
Lee Ann Elliott
Chairman

Enclosures
Procedures

96040385245



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

H. Maurice Mitchell
100 Savers Federal Building
Little Rock, Arkansas 72201

Re: MUR 1721
First American Bank

Dear Mr. Mitchell:

96040335246
The Federal Election Commission notified your client First American Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on September 5, 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that First American Bank contributed \$50,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

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H. Maurice Mitchell
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

86040385247

AM



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

First Commercial Bank, N.A.
B. Finley Vinson, Chairman
Capitol and Broadway Streets
Little Rock, Arkansas 72201

Re: MUR 1721
First Commercial Bank

Dear Mr. Vinson:

The Federal Election Commission notified the First Commercial Bank, N.A., on June 19, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that the First Commercial Bank violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that First Commercial Bank contributed \$35,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against First Commercial Bank and you, as chairman, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

B. Finley Vinson, Chairman
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Lee Ann Elliott
Lee Ann Elliott
Chairman

Enclosures
Procedures

85040305249



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

First Commercial Bank, N.A.
B. Finley Vinson, Chairman
Capitol and Broadway Streets
Little Rock, Arkansas 72201

Re: MUR 1721
First Commercial Bank

Dear Mr. Vinson:

The Federal Election Commission notified the First Commercial Bank, N.A., on June 19, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that the First Commercial Bank violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that First Commercial Bank contributed \$35,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against First Commercial Bank and you, as chairman, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

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B. Finley Vinson, Chairman
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

85040785251

AM



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

First State Bank
Al Harkins, President
P.O. Box 6009
Sherwood, Arkansas 72116

Re: MUR 1721
First State Bank

Dear Mr. Harkins:

The Federal Election Commission notified the First State Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that First State Banks violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that First State Bank contributed \$20,070.65 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

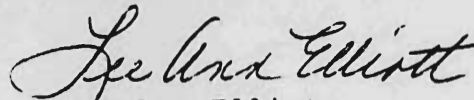
The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against First State Bank and you, as president, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

Al Harkins, President
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,



Lee Ann Elliott
Chairman

Enclosures
Procedures

8604073525



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

First State Bank
Al Harkins, President
P.O. Box 6009
Sherwood, Arkansas 72116

Re: MUR 1721
First State Bank

Dear Mr. Harkins:

The Federal Election Commission notified the First State Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that First State Banks violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that First State Bank contributed \$20,070.65 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against First State Bank and you, as president, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

Al Harkins, President
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

86040305253

AM



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 14, 1984

Terrence Renaid, Chairman
Twin City Bank
North Little Rock, Arkansas 72201

Re: MUR 1721
Twin City Bank

Dear Mr. Renaid:

The Federal Election Commission notified the Twin City Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that the Twin City Bank violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Twin City Bank contributed \$32,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

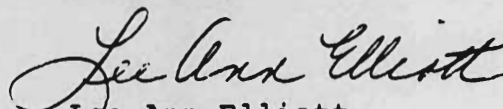
The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against the Twin City Bank and you, as chairman, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

Terrence Renaid, Chairman
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,


Lee Ann Elliott
Chairman

Enclosures
Procedures

86040365257



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Terrence Renaud, Chairman
Twin City Bank
North Little Rock, Arkansas 72201

Re: MUR 1721
Twin City Bank

Dear Mr. Renaud:

The Federal Election Commission notified the Twin City Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on September 5, 1984, determined that there is reason to believe that the Twin City Bank violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Twin City Bank contributed \$32,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against the Twin City Bank and you, as chairman, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

Terrence Renaud, Chairman
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

AM

06040305259



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

W. Russell Meeks, III
1151 First Commercial Building
Little Rock, Arkansas 72201

Re: MUR 1721
Stephens Security Bank

Dear Mr. Meeks:

The Federal Election Commission notified your client Stephen Security Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on September 5, 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Stephens Security Bank contributed \$100,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

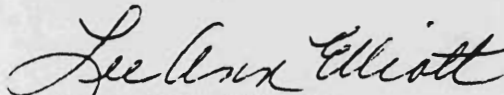
The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

W. Russell Meeks, III
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202)523-4000.

Sincerely,



Lee Ann Elliott
Chairman

Enclosures
Procedures

86040585261



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

W. Russell Meeks, III
1151 First Commercial Building
Little Rock, Arkansas 72201

Re: MUR 1721
Stephens Security Bank

Dear Mr. Meeks:

86040385262
The Federal Election Commission notified your client Stephen Security Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on September 5, 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Stephens Security Bank contributed \$100,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

W. Russell Meeks, III
Page 2

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If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

AM

86040785263



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 14, 1984

Larry C. Wallace, Esquire
House, Wallace & Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
The Tommy Robinson Campaign
Committee and its treasurer,
George M. Felkins and
Tommy Robinson

Dear Mr. Wallace:

The Federal Election Commission notified your clients the Tommy Robinson Campaign Committee and its treasurer, George M. Felkins and Tommy Robinson on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your clients, the Commission, on September 5, 1984, determined that there is reason to believe that your clients have violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Tommy Robinson and Robinson for Congress Committee accepted illegal contributions from the Stephens Security Bank, the First American Bank, the First State Bank, the First Commercial Bank the Twin City Bank and the Worthen Bank & Trust Co. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

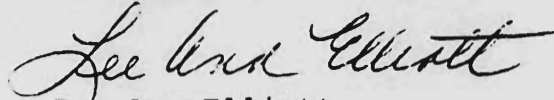
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Larry C. Wallace, Esquire
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202)523-4000.

Sincerely,



Lee Ann Elliott
Chairman

Enclosures
Procedures

06040785263



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Larry C. Wallace, Esquire
House, Wallace & Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
The Tommy Robinson Campaign
Committee and its treasurer,
George M. Felkins and
Tommy Robinson

Dear Mr. Wallace: .

The Federal Election Commission notified your clients the Tommy Robinson Campaign Committee and its treasurer, George M. Felkins and Tommy Robinson on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your clients, the Commission, on September 5, 1984, determined that there is reason to believe that your clients have violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Tommy Robinson and Robinson for Congress Committee accepted illegal contributions from the Stephens Security Bank, the First American Bank, the First State Bank, the First Commercial Bank the Twin City Bank and the Worthen Bank & Trust Co. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your clients, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

Larry C. Wallace, Esquire
Page 2

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If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

AM

86040383267

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The Tommy Robinson for) MUR 1721
Congress Committee,)
et al.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of September 5, 1984, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 1721:

1. Find reason to believe that the Stephens Security Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
2. Find reason to believe that the First American Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
3. Find reason to believe that the First State Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.

(Continued)

- 86040305269
4. Find reason to believe that the First Commercial Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
 5. Find reason to believe that the Twin City Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
 6. Find reason to believe that the Worthen Bank & Trust Co. violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
 7. Find reason to believe that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting contributions from the Stephen Security Bank, the First American Bank, the First State Bank, the First Commercial Bank, the Twin City Bank, and the Worthen Bank and Trust Co.

Commissioners Aikens, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision; Commissioner Elliott dissented.

Attest:

9-10-84

Date

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

SENSITIVE

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL BY MUR 1721
OGC TO THE COMMISSION 8/15/84 4:40 pm DATE COMPLAINT RECEIVED
BY OGC June 4, 1984
STAFF MEMBER: Peter Knych

COMPLAINANT'S NAME: George Carder
James E. McClain, Jr.

RESPONDENTS' NAME: Tommy F. Robinson
The Tommy Robinson for Congress Committee
and its treasurer, George Michael Felkins
First State Bank
First Commercial Bank N.A.
Stephen's Security Bank
First American Bank
Worthen Bank and Trust Co.
Twin City Bank

RELEVANT STATUTES: 2 U.S.C. § 441b(a)
2 U.S.C. § 441b(b) (2)
2 U.S.C. § 431(8) (B) (vii)
11 C.F.R. § 114.1(a) (1)
11 C.F.R. § 114.2
11 C.F.R. § 100.7(b) (11)

INTERNAL REPORTS CHECKED: Reports of the Tommy Robinson for
Congress Committee

SUMMARY OF ALLEGATIONS

George Carder and James E. McClain, Jr. filed a complaint
(Attachment 1) on June 4, 1984, in which they assert that
Tommy Robinson and the Tommy Robinson for Congress Committee (the
"Robinson Committee") obtained a total of \$287,549 in loans from
the following banks: 1) Stephens Security Bank (\$100,000), 2)
First American Bank (\$50,000), 3) First State Bank (\$20,070), 4)
First Commercial Bank (\$35,000), 5) Twin City Bank (\$32,000), and

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OFFICE OF THE FEC
COMMISSION SECRETARY

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6) Worthen Bank & Trust Co. (\$50,479). Complainants assert that the six loans were not made in the ordinary course of business because they were not made on a basis which assures repayment. Therefore, complainants allege that Tommy Robinson and the Tommy Robinson for Congress Committee violated 2 U.S.C. § 441b(a) by accepting illegal contributions from national or State banks. Although the complainants do not specifically make the allegation, it follows that if the loans were not made in the ordinary course of business the six Arkansas banks violated 2 U.S.C. § 441b(a) by making illegal contributions.

Responses to the allegations of the complaint were submitted by Tommy Robinson (Attachment 2), the Stephens Security Bank (Attachment 3), the First American Bank (Attachment 4), the First State Bank (Attachment 5), the First Commercial Bank (Attachment 6), the Twin City Bank (Attachment 7), and the Worthen Bank & Trust Company (Attachment 8).

On June 25, 1984, complainants requested that their complaint be withdrawn. The Commission denied the request and sent a letter so notifying the complainants on July 26, 1984.

FACTUAL AND LEGAL ANALYSIS

A) FACTS

Tommy Robinson filed as a candidate for the United States House of Representatives on April 17, 1984. (Attachment 10, p. 47). Tommy Robinson's campaign manager, quoted in a May 20, 1984, Arkansas Gazette article, stated that faced with a primary election on May 29, 1984, and possessing minimal campaign funds

(due to Robinson's late entrance into the race) Tommy Robinson and the Tommy Robinson for Congress Committee chose to fund the campaign with money primarily obtained through loans from six different Arkansas banks (Attachment 1, p. 9).

A review of Bank responses and information in the complaint indicates that immediately prior to and during the issuance of the loans at issue, Tommy Robinson's financial status was as follows: Robinson earned \$31,900 per year as a local sheriff (Attachment 1, p. 9). Robinson had a reputation in the community as a man of integrity and as a man who handled his loan matters in a satisfactory manner (see generally, Attachments 3-8). Robinson was also viewed by the community (especially the banking community) as a man with a political future. As such, the Banks indicated that Robinson was regarded as a person who could raise political contributions when necessary (Id.).

Reports filed by the Robinson Committee at the Commission indicate that the Committee's financial status prior to and during the loans in question was as follows: On April 17, 1984, the Committee came into existence with \$0 (Attachment 9, p. 45). By May 9, 1984, it had raised a total of \$25,801 in contributions (Id.). (The last loan was approved on May 18, 1984).

With this financial status, Tommy Robinson and the Robinson Committee approached six Arkansas banks for loans. The six loans were all approved. The dates and other relevant data of the loans are listed on the following chart:

86040385272

CANDIDATE: TOMMY ROBINSON

Borrowed From	Date Borrowed	Due Date	Amount Borrowed	Interest Rate	Obligors	Secured By
Stephen's Security Bank (Attachment 3, pp 14-20)	4/11/84	7/10/84	\$100,000	prime + 2%	Robinson & Committee	75% of initial contributions from campaign
First American Bank (Attachment 4, p. 21)	4/24/84	6/23/84	\$ 50,000	14%	Robinson Personally	unsecured
First State Bank (Attachment 5, pp 22-26)	4/30/84	7/29/84	\$ 20,070	14%	Robinson & Committee	campaign proceeds over \$100,000-50% guaranteed
First Commerical Bank (Attachment 6, pp 27-28)	5/7/84	6/6/84	\$ 35,000	13%	Robinson & Committee	unsecured
Twin City Bank (Attachment 7, pp 29-35)	5/17/84	6/17/84	\$ 32,000	prime	Robinson & Committee	unsecured
Worthen Bank & Trust Co (Attachment 8, pp 36-43)	5/18/84	5/30/84	<u>\$ 50,479</u>	prime + 2%	Robinson & Committee	2nd mortgage executed on Tommy Robinson's residence.
Total			\$287,549			

All loans are claimed to be evidenced by a written agreement.

The Arkansas Primary election was held on May 29, 1984.

LEGAL ANALYSIS

2 U.S.C. § 441b(a), 11 C.F.R. § 114.1(a)(1) and 11 C.F.R. § 114.2 prohibits a national or State Bank from making contributions in the form of loans and prohibits political committees from accepting such loans except when such loans are made in accordance with applicable banking laws and regulations and in the ordinary course of business. Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) a loan is considered to be made in the ordinary course of business if it bears the usual and customary interest rate of the lending institution, is evidenced by a written instrument, is subject to a due date or amortization schedule and is made on a basis which assures repayment.

The six loans obtained by Tommy Robinson and the Tommy Robinson for Congress Committee were evidenced by written instruments, were subject to due dates and bore the usual and customary interest rate of the lending institutions (Attachments 3-8). The only issue in this matter is whether the loans were made on a basis which assures repayment.

In determining whether a loan was made on a basis which assures repayment the Commission has considered the type and the sufficiency of the collateral put up by the borrower to guarantee repayment of the loan.

For example, loans secured by mortgages on real estate and stocks owned by the borrower are the type of collateral which can provide an adequate basis to assure repayment of the loan (MUR

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1098 (79) Walter Flowers for U.S. Senate Committee). In addition, a future expectancy such as the expected receipt of future campaign contributions (MUR 216/239 (76) James P. Sasser), or the expected receipt of money from planned rock concerts Brown for President Committee, (MUR 382 (77) Brown for President Committee), or the expected receipt of federal matching funds (MUR 1195 (80) Kennedy for President Committee), can be considered as the type of collateral which can provide an adequate basis to assure repayment of a loan. Before deeming a "future expectancy" as sufficient to assure repayment of a loan, the Commission has first considered whether there is an alternate source of repayment. In MUR 218 (76) Druie Douglas Barnard, Jr., a loan to a politician's campaign committee was guaranteed solely by the committee. The committee's only major asset was the future expected receipt of campaign contributions. Despite the lender bank's confidence that the loan would be repaid from the future receipt of campaign contributions the Commission found reasonable cause to believe that the loan was not made in a manner which assures repayment. The future expected receipt of campaign contributions standing alone was not enough to assure repayment of the loan.

In MUR 216/239 (76) James R. Sasser, the Commission considered loans collateralized by the future expectation of political contributions as sufficient collateral to assure repayment, but only because the guarantor had sufficient personal assets and earning capacity to repay the loan if the future expectancy was not realized. Thus, the future expectation of political contributions provides a basis of assuring repayment of

a loan only if the guarantor can provide a sufficient alternate source of repayment.^{1/}

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The policy of requiring an alternate source of repayment in allowing a future expectancy to stand as sufficient collateral was also followed in MUR 382 (77) the Brown for President Committee. As collateral for loans totaling \$375,000 the Brown for President Committee informally pledged expected receipts from future fund raising concerts. The Committee also expected Federal Matching Fund payments.^{2/} In finding no reason to believe a violation had occurred, the Commission considered that the loans were made in the ordinary course of business "in view of the expected receipt of funds from the fund-raising concerts and Federal matching payments" (Id.). The Federal matching payments represented an alternate source of repayment if funds from the concerts were not realized.

If there is no alternate source of repayment, the Commission has then considered whether there are "risk reducing features" in the loan agreement which would assure repayment. In MUR 1195

^{1/} When the alternative source is a personal guarantee the Commission has determined the sufficiency of the alternative source by considering: a) the credit-worthiness of the guarantor and b) the personal assets and earning capacity of the guarantor (MUR 216/239).

^{2/} In MUR 382 the Brown for President Committee requested FEC certification of eligibility for federal matching funds on June 10, 1976. Seven loans totaling \$375,000 were borrowed by the Brown for President Committee on the following dates: May 10, 1976 (\$75,000), May 13, 1976 (\$25,000), June 4, 1976 (\$125,000), June 18, 1976 (\$25,000) June 22, 1976 (\$25,000), July 1, 1976 (\$75,000), and July 9, 1976 (\$25,000).

(80), a loan to the Kennedy for President Committee was collateralized with expected matching funds prior to Commission certification. In AO 1980-108, a loan to John Anderson for President Committee was collateralized with the expected receipt of post-election federal funding prior to the election. Neither loan had an alternate source of repayment if the future expectation did not occur.

Both the Anderson and Kennedy loans were considered by the Commission as being made on a basis which assures repayment. In its analysis of the legality of the two loans, the Commission considered the numerous "risk reducing features" in the loan agreements which in effect convinced the Commission that the loans would be repaid.^{3/}

3/a) Risk reducing factors of Anderson loan:

1. Availability of post-election matching funds based on the number of votes received.
2. Amounts borrowed are within the available commitment on that date.
3. Dollar amount limitations on subsequent borrowings.
4. Assignment of rights of post-election funding to banks.
5. Provisions spreading the risk among the guaranteeing banks.

b) Risk reducing factors of Kennedy loan:

1. Committee receiving matching funds in one designated account.
2. Documents submitted to bank by Committee treasurer certifying that the Committee had, at the time, \$272,316 matchable contributions and at least \$5,000 of such contributions from thirty states.
3. A statement in the agreement that the Committee had incurred no unusual or long-term commitments or claims.
4. Committee obtained \$1,150,000 of insurance on Senator Kennedy's life, designating the bank as beneficiary.

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In conclusion the Commission has considered a loan collateralized by a future expectation (i.e. future campaign contributions) as the type of loan made on a basis which assures repayment when: a) the loan has an alternative source of repayment; and, b) the alternative source of repayment itself is sufficient to repay the loan. However, if there is no alternative source of repayment then the Commission considers whether the loan contains risk reducing features which assures that the loan will in fact be repaid.

A review of the loans obtained by Tommy Robinson and the Tommy Robinson for Congress Committee follows.

Stephens Security Bank Loan

A \$100,000 loan was advanced to Tommy Robinson and the Robinson Committee by Stephens Security Bank on April 11, 1984. The bank officer who loaned the money indicated his personal knowledge of the credit worthiness of Tommy Robinson (Attachment, 3 p.18).

Stephens' loan agreement indicates that the loan was secured by "75 percent of the initial contributions from Camp. and \$100,000 life insurance policy" (Attachment 3, p. 20). The 75 percent of the initial contributions amounts to a future expectation of political contributions since pursuant to the Committee's reports, the Committee could not at the time of the loan have received contributions greater than \$25,801. Accordingly, for this loan to have been made on a basis which assures repayment there must be have been an alternate source of repayment in case the future political contributions were not

realized or the loan agreement must have contained sufficient risk reducing features.

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The Stephens' loan did not have an adequate alternate source of repayment in the event the expected political contributions were not realized. The loan was guaranteed both by Robinson and the Committee. Tommy Robinson's earning capacity at the time was a \$31,900 Sheriff's salary (Attachment 1, p. 9). Robinson's only substantial asset was a home with a preexisting mortgage^{4/} (Attachment 8, p. 36). Available records indicate the Committee's only available assets as of May 9, 1984, could not have totaled more than \$25,801 (Attachment 9, p. 44). It therefore appears that neither Robinson nor the Committee was in a position to provide adequate alternate source of repayment of the \$100,000 loan if the expected campaign contributions were not realized.^{5/} The only risk reducing feature in the Stephens' loan agreement is the \$100,000 life insurance policy on Tommy Robinson (Attachment 3, p. 20). Unlike the Anderson (AO 1980-108) loan agreement, there is no guaranty of post election funding based on the number of votes received. Unlike the Kennedy (MUR 1195) loan agreement no designated account was

^{4/} Robinson's equity position in this house is unknown. On May 18, 1984, Robinson took out a 2nd mortgage on the house and used it as security for a loan with Worthen Bank & Trust. Only Worthen alluded to the house as a basis for granting Robinson a loan.

^{5/} Based on the given financial status of Robinson and the Robinson Committee (which does not change during the time all six loans were obtained) the conclusion that neither Robinson nor the Robinson Committee could provide an alternate source of loan repayment is true for each of the six loans.

opened whereby Stephens' collateral (money) was set aside when it came in. Accordingly, the Stephens' loan agreement lacks sufficient risk reducing features which would provide an adequate basis to assure the loan's repayment. Without an adequate alternate source of repayment, or sufficient risk reducing features Stephens' loan, secured by future campaign contributions was not made on a basis which assures repayment.

FIRST AMERICAN BANK

A \$50,000 loan was advanced to Tommy Robinson by First American Bank on April 24, 1984. Forms filed at the FEC indicate that this loan was used by Tommy Robinson to finance his election campaign (Attachment 9, p. 45). The bank officer who loaned the money indicated by affidavit that the loan to Tommy Robinson, "was to be repaid from campaign contributions, [and] [i]f campaign contributions proved to be insufficient to repay the loan, it was to be repaid from the proceeds of a loan to be made to Robinson by Worthen Bank & Trust Co." (Attachment 4, p. 21).

As of the date of this loan Robinson had personally guaranteed \$150,000 in loans. At this time Robinson was in no position to provide an alternate source of repayment for the \$150,000 in loans, (See note 5).

Further, the availability to Robinson of a second loan from Worthen Bank & Trust Co. to pay off First American's bank loan does not represent an alternate source of repayment. First American Bank provided no documentation that Worthen was legally

"obligated" to provide Robinson with a loan for purposes of paying off previous loans. Without this legal obligation the potential second loan from Worthen has no "collateral value" in the loan transaction between Robinson and First American. Thus, since First American's loan, secured by the future expectation of campaign contributions had no adequate alternate source of repayment it follows that the loan was not made on a basis which assures repayment.

First State Bank

A \$20,070 loan was advanced to Tommy Robinson and the Robinson Committee by First State Bank on April 30, 1984. The Bank officer who made the loan indicated that he had received a favorable recommendation on the credit worthiness of Tommy Robinson (Attachment 5, p. 23).

First State Bank's loan agreement indicates that the loan, guaranteed by Robinson and the Robinson Committee, was secured by "[c]ampaign proceeds over \$100,000 - 50 percent guarantee" (Attachment 5, p. 24). This security amounts to a future expectation of political contributions.^{6/} As of the date of this loan Robinson had personally guaranteed \$170,070 and of this sum the Committee had jointly guaranteed \$120,070 in loans. Neither the Committee nor Robinson were in a position to provide an alternate source of repayment of the loans (See note 5). Lacking an adequate alternate source of repayment, First State Bank's loan was not made on a basis which assures repayment.

^{6/} First State Bank had a security interest in half of the campaign proceeds over \$100,000. At the time the loan was made total contributions received were less than or equal to \$25,801.

First Commercial Bank

A \$35,000 loan was advanced to Tommy Robinson and the Robinson Committee by First Commercial Bank on May 7, 1984. In its response, First Commercial merely claimed that the loan was "made on a basis which assured repayment" (Attachment 6, p. 27). First Commercial did not indicate what assured repayment but did indicate that in its judgment, Robinson and the Robinson Committee were a good risk.

Upon receipt of this loan, Robinson had personally guaranteed \$205,070 and of this sum the Robinson Committee had jointly guaranteed \$155,070 in loans.

Except for the expectation of future campaign contributions both Robinson and the Robinson Committee were devoid of the assets or the means to meet this loan obligation (See note 5). First Commercial Bank's loan collateralized by expected future campaign contributions and not having an adequate alternative source of repayment, is a loan not made on a basis which assures repayment.

Twin City Bank

A \$32,000 loan was advanced to Tommy Robinson and the Robinson Committee by Twin City Bank on May 17, 1984. The Bank officer who made the loan indicated his personal knowledge of the credit worthiness of Tommy Robinson (Attachment 7, p. 30). This same Bank officer also indicated that he approved the loan to Robinson and the Robinson Committee based on the "political future and fortunes of Tommy F. Robinson" and specifically on the viability of Tommy Robinson's campaign for Congress (Id.).

The loan from Twin City on May 17, 1984, appears to have been used to repay the \$35,000 May 7, 1984, loan from First Commercial Bank. The First Commercial loan was fully repaid on May 17, 1984. Because Robinson and the Robinson Committee had borrowed from one bank to pay another, as of May 17, 1984, Robinson was still obligated to repay \$202,070, and of this sum, the Committee was jointly obligated to repay \$152,070.

The Twin City Bank officer who approved the loan indicated his belief that despite the financial burden, Robinson could pay off the debt from his personal funds and that in any event, he (Bank officer) felt certain that Robinson could inspire the community to contribute to his political campaign (Id.). The record establishes that Robinson lacked the "personal funds" or earning capacity to pay off a \$32,000 loan due in 29 days, (See note 5). In addition, the Committee was also devoid of sufficient assets to meet its loan obligation (supra. p. 10). Thus the record and the Bank officer's response indicate that the loan would only be repaid through the receipt of future campaign contributions.

Twin City's loan, collateralized by future campaign contributions and lacking an adequate alternative source of repayment was therefore not made on a basis which assures repayment.

Worthen Bank & Trust Co.

A \$50,479 loan was advanced to Tommy Robinson and the Robinson Committee by the Worthen Bank & Trust Co., on May 18, 1984. The bank officer who approved the loan indicated his personal knowledge of the credit worthiness of Tommy Robinson (Attachment 8, p. 36). The Worthen loan agreement indicates that the loan was secured with a second mortgage executed on Tommy Robinson's house (Attachment 8, p. 39-42).

The \$50,479 loan from Worthen appears to have been used to repay the \$50,000 April 24, 1984, loan from First American Bank. The loan from First American was fully repaid on May 21, 1984. Because Robinson and the Robinson Committee had borrowed from one bank to pay another, as of May 21, 1984, Robinson and the Robinson Committee were both obligated to repay \$202,549 in outstanding loans.

Mortgages on real estate represent the type of collateral which can provide an adequate basis to assure repayment of a loan. However, Robinson's equity position in the house under his first mortgage is not known. Therefore, a question exists as to how much collateral Worthen would be entitled to if Robinson and the Robinson Committee were not able to repay the loan. Without this information the Commission is unable to judge whether the collateral on the Worthen loan is of an adequate basis to assure repayment of the loan. The Commission has found probable cause in past cases where banks have failed to provide sufficient information on the value of the security allegedly guaranteeing repayment (MUR 1098 (79)).

CONCLUSION

RECOMMENDATION

1. the Stephens Security Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business;

2. the First American Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
3. the First State Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
4. the First Commercial Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
5. the Twin City Bank violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
6. the Worthen Bank & Trust Co. violated 2 U.S.C. § 441b(a) in making a corporate contribution to the Tommy Robinson for Congress Committee in the form of a loan not made in the ordinary course of business.
7. that Tommy Robinson and the Tommy Robinson for Congress Committee and its treasurer, George M. Felkins, as treasurer, violated 2 U.S.C. § 441b(a) in accepting contributions from the Stephens Security

Bank, the First American Bank, the First State Bank,
the First Commercial Bank, the Twin City Bank, and the
Worthen Bank and Trust Co.

Charles N. Steele
General Counsel

August 15/1984
Date

Kenneth A. Gross
By: Kenneth A. Gross
Associate General Counsel

Attachments

1. Complaint
2. Tommy Robinson and Committee's response
3. Stephens Security Bank's response
4. First American Bank's response
5. First State Bank's response
6. First Commercial Bank's response
7. Twin City Bank's response
8. Worthen Bank & Trust Co.'s response
9. FEC Form 3
10. Tommy Robinson's Statement of Candidacy
11. Letters to Respondents

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ATTACHMENT #1

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June 2, 1984

MUR 1721

General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: Initiation of Compliance Matters by Complaint Lodged Against
the Tommy Robinson for Congress Committee, et.al.

Dear Counsel:

Pursuant to 2 U.S.C. 437g(a)(1), we wish to initiate a compliance action involving what we believe is the improper, perhaps unlawful, activities in the financing of a candidate's race for the Second Congressional District here in Arkansas.

The respondents in this matter are:

Tommy F. Robinson
425 West Broadway, Suite K
North Little Rock, Arkansas 72114

The Tommy Robinson for Congress Campaign
425 West Broadway, Suite K
North Little Rock, Arkansas 72114

The Federal Election Commission Regulations which we believe have been violated are:

11 CFR 100.7(a)(1)(i)(C) (loan endorsements & guarantees)
11 CFR 100.7(b)(11) (bank loans)
11 CFR 104.3(a)(4)(iv) (loan endorsements & guarantees)

The matters of fact in this case are:

After filing as a candidate for the United States House of Representatives in the Democratic primary on April 3, 1984, Respondent Robinson was granted personal loans in the following amounts from the listed banks:

First Commercial Bank, N.A., Little Rock, AR	\$35,000
First American Bank, Hot Springs, AR	\$50,000
Stephens Security Bank, Stevens, AR	\$100,000
First State Bank, Sherwood, AR	\$20,070

Federal Election Commission
Page Two

The loan proceeds were then contributed by the Respondent to his Respondent Campaign Committee. As we understand FEC regulations regarding bank loans, these funds must meet several strict tests before they may be expended in a congressional campaign. First, they must bear the bank's "usual and customary interest rate"; that appears to be the case here, as all the loans are alleged to involve interest rates at least one point over prime. Second, they must be "evidenced by a written instrument"; again, that appears to be the case, although the Respondents have not publically disclosed copies of the loan agreements. Third, the loans evidently have a due date or amortization schedule.

However — and most critically — none of the lending was "made on a basis which assures repayment" through collateralization or other forms of security (which is limited to the respondents) which are sufficient to justify over \$200,000 in loans. In our opinion, this renders them contributions by the respective banking corporations, in clear violation of the FEC regulations.

Further, statements in the press by the Respondent and his campaign manager, Mr. Darrell Glascock (see attachments), suggest that the loans may have been guaranteed by third parties in amounts well in excess of the \$1,000 personal contribution limits. The Respondent and his campaign manager have also alluded to "pledges" to cover the loan amounts; the names of the people making these "pledges" have never been disclosed.

The banks involved have — with one exception to be noted in a moment — refused to disclose any details of the loans, as has the Respondent and his campaign manager, other than the enclosed media statements.

The issue is clear: Are these loans ones made in the ordinary course of business? Would Respondent Robinson ordinarily be permitted to borrow \$205,000 secured only by a promise to pay in the future and based upon some "proven ability as a fund raiser"? We might add that this "proven ability" involves a candidate who, as recently as six weeks ago, still had unpaid campaign loans from his race for Pulaski County Sheriff two years ago.

This week, it was learned that Respondent Robinson has retired two of the initial loans (First Commercial Bank and First American Bank) by having the Respondent Committee take out two more loans at other banks and using that money to pay off the previous loans taken out by Respondent Robinson personally. The two new loans are at these banks:

Federal Election Commission
Page Three

Worthen Bank and Trust Company, N.A., Little Rock, AR	\$50,479
Twin City Bank, North Little Rock, AR	\$32,000

It is difficult to believe -- given the press attention surrounding the Respondent's campaign financing practices -- that these loans were made "in accordance with applicable law and in the ordinary course of business".

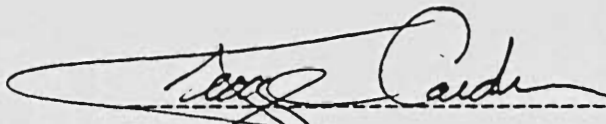
These transactions, to our mind, are a clear violation of 2 USC 431(8)(A)(i) and 2 USC 431(8)(B)(vii), as well as the above cited FEC Regulations.

Concern over the impropriety of these loans now extends to the highest levels of this state's banking community. Mr. B. Finley Vinson, chairman of the board of the holding company which owns First Commercial Bank, has told the Associated Press that his bank sought repayment of its \$35,000 loan to the Respondent immediately after the bank's upper-level management learned of the loan in a newspaper article. The loan was repaid May 17, a day after the first news reports about the Respondent's heavy borrowing.

Mr. Vinson told the AP that repayment was ordered because "it's not the kind of loan we make". He went on to say that he hoped "as a citizen that all the facts will be brought out by a proper authority, federal or state". We believe this public statement reinforces our contention that there is wrong-doing in this matter and that it merits your immediate attention.

Your office is in possession of the financial reports filed by Respondent Committee, so we will not include them here. We have attached copies of the relevant news reports which we believe to be true accounts of the Respondent's actions.

We will appreciate your prompt consideration of this complaint.


George Carder

216 Indian Trail
Searcy, AR 72143

501-268-4448 (home)
501-268-2401 (office)


James E. McClain, Jr.

10601 Crestdale Lane
Little Rock, AR 72212

501-224-2114 (home)
501-227-7301 (office)

Federal Election Commission

Page Four

Subscribed and sworn to before me this Second day of June 1984.

Lydia Bumberg
Notary Public

My Commission expires 7-1 19 91



— Staff Photo by Gene Prescott

Riviere asks Robinson to tell worth; reply labels challenge 'hysterical.'

Sheriff's Loans Total \$287,549; Riviere Spending Put at \$229,157

By JOHN BRUMMETT
and
BOB STOVER

Gazette Staff

Pulaski County Sheriff Tommy Robinson's second finance report on his campaign for the Democratic nomination for Congress from the Second District shows that he has borrowed \$82,479 in two more short-term bank loans since he first reported borrowing \$205,070 in four bank loans.

Neither of the latest loans was reported as being secured. The report was mailed Thursday to the federal Election Commission.

Robinson's runoff opponent, Secretary of State Paul Riviere, also filed his campaign finance report, showing that he'd spent \$229,157 and had received \$161,090 in contributions. Riviere's first campaign finance report showed that he had taken out three loans totaling \$34,600 — \$9,600 from First Commercial Bank of Little Rock \$15,000

No One Endorsed By Russ, Collins

State Senator Stanley Russ of Conway and investment broker Thedford Collins of Little Rock, who ran neck-and-neck for third place in the primary race Tuesday for the Democratic nomination for the Second District congressional seat, apparently won't endorse either Pulaski County Sheriff Tommy Robinson or Secretary of State Paul Riviere in the June 12 runoff.

Russ, who got 14.6 per cent of the vote, said in a telephone interview Thursday that he was "99 per cent sure" he would not

(See ENDORSEMENTS, 9A.)

from the National Bank of Arkansas in North Little Rock and \$10,000 from the Metropolitan National

Bank of Little Rock. There were no new loans in the second reporting period.

In a related development Thursday, B. Finley Vinson, chairman of the holding company that owns First Commercial Bank, told the Associated Press that the bank sought repayment of a \$35,000 loan to Robinson after the bank's upper management learned of the loan in newspaper article. The loan was repaid May 17, a day after first news reports about Robinson's heavy borrowing.

Vinson told the AP that the bank management told the loan officer to get the loan repaid because "it's not the kind of loan we make." When asked by the AP if the bank had different attitudes about the loans to Riviere and Robinson because of some key differences between the loans, he said only, "There is."

Vinson said the loan to Riviere

(See FINANCIAL, 7A.)

Financial Reports Released

Continued from Page 1A.

didn't have to be secured because it was for less than \$10,000.

Robinson reported raising \$58,610 in campaign contributions through May 23, the reporting date for the financial disclosure form mailed for Thursday's federal deadline.

The report also said that as of the May 23 reporting date, the campaign's checking account was overdrawn by \$45,444. Darrell Glascock, the campaign manager for Robinson, said the problem was rectified the next day and the current balance is about \$7,000. Glascock also said that none of the loans had been called due.

The newly reported lenders are the Worthen Bank and Trust Company of Little Rock, which May 18 gave Robinson a 12-day unsecured loan for \$50,479 that was repaid in full May 30 at an interest rate 2 percentage points higher than the prime lending rate, and the Twin City Bank of North Little Rock, which gave him an unsecured \$32,000 one-month loan May 17 at an interest rate tied to the prime lending rate.

Neither Gene Fortson, the chairman of Worthen, nor Terence Renaud, the chairman of Twin City, could be reached late Thursday for comment about the loans. James P. Jett, the Worthen president, said he couldn't comment because of the confidentiality of a bank-customer relationship.

Apparently, Robinson took out the new loans to pay off the First Commercial loan and one of the other earlier reported loans for \$50,000 from the First American Bank of Hot Springs.

Vinson told the AP that he also couldn't comment further about Robinson's loan from First Commercial because of privacy laws. He said, "I am completely and heartily in accord with what you're doing and I hope as a citizen that all the facts

will be brought out by a proper authority, federal or state. As much as I would like to tell, I still draw money from the bank, and I have to adhere to our policy of obeying the law," meaning federal privacy laws.

Riviere has been critical of Robinson's heavy borrowing, suggesting that the sheriff is fiscally irresponsible and has something to hide about his financial backing. Thursday, Riviere released his personal financial statement and challenged Robinson to do the same. Robinson, who was said to be campaigning in White County and couldn't be found, said in a press release issued by Glascock that personal and campaign finances were not issues in the race. He said Riviere's challenge was "hysterical."

Riviere's statement said his net worth was \$34,900. He said Robinson had borrowed large sums of money to finance his campaign and that the sheriff had said the banks lent the money based on his assets and his ability to raise money for a campaign. Riviere said the voters should know what those assets are. If the assets aren't backing the loans, then voters should know who is backing the loans, he said.

Robinson's first campaign finance report listed the \$205,070 in four bank loans — the \$35,000 from First Commercial and \$50,000 from First American Bank of Hot Springs in addition to a \$100,000 loan from the Stephens Security Bank of Stephens and a \$20,070 loan from the First State Bank of Sherwood. At the time, he'd reported raising only \$28,000 in contributions. The level of campaign borrowing exceeded anything in the memory of longtime observers of Arkansas politics. Robinson used the money for a massive television advertising campaign.

His current loan status is this: He's borrowed a total of \$287,549 in six bank loans and repaid three of them worth \$135,479 (the \$35,000 to First Commercial, \$50,000 to First American in Hot Springs and the \$50,479 12-day loan from Worthen). That leaves his debt at \$152,070, with the Stephens Bank holding a \$100,000 note, Twin City a note for \$32,000 and the Sherwood bank a note for \$20,070.

Robinson's personal assets are limited, and several questions have been raised about his ability to borrow this sum of money without security. He and Glascock repeatedly has said only that the money was loaned mainly on the assurance that the sheriff could raise contributions to repay the loans because of his association with several people of known fund-raising ability. But no one could legally guarantee for him more than \$1,000 in loans, since a

Endorsements Withheld by 2

Continued from Page 1A.

take a public position. Russ had been critical during the primary race of both the runoff contenders, more so of Robinson, whom he called a "weenie."

Collins, who received 14.0 per cent of the vote and ran a strong third in Pulaski County, said he was staying out of the contest as well. "I'm not comfortable in taking a public position and telling my supporters what to do. I'm not going to

by Candidates in Second District Race

loan counts the same as a contribution under federal law and \$1,000 is the federal limit on individual and corporate contributions. Glascock has said Robinson pledged a couple of life insurance policies.

Glascock said the two newest loans were made to Robinson's congressional campaign committee, but that Robinson was the personal guarantor, meaning they were his loans.

Robinson's first report listed \$194,190 in payments to his advertising agency, Cranford Johnson and Associates of Little Rock, for production of advertising and the purchase of television time. His newest report lists \$72,357 in payments since that time to Cranford Johnson and Associates, with \$63,967 still owed the agency. That means that Robinson's total bill to the advertising agency as of May 23, six days before the election, was \$328,517.

Robinson's latest report listed maximum contributions of \$1,000 from Gene C. Jones of Little Rock, a housewife; Jerral Wayne Jones Jr. of Little Rock, a student; P. A. McCoy of Fort Smith, a housewife; Mike McCoy of Fort Smith, a businessman; George A. Hays of Little Rock, a businessman; Charlotte Jones of Little Rock, a student; Stephen Jones of Little Rock, a student; D. E. Sullenberger of Little Rock, a businessman; Jerry W. Jones of Little Rock, a businessman; Elwin A. Hoover of Fort Smith, a businessman, and Anna M. Sullenberger of Little Rock, a housewife.

He listed political action committee contributions of \$1,500 from the Peabody Political Action Committee of St. Louis, \$700 from the Kerr-McGee Corporation Political Action Committee of Oklahoma City, \$500 from the Jones, Walker, Waechter, Poitevent, Carrere and Denegre Political Action Committee of New Orleans and the Mike Wilson Campaign Fund of Jacksonville and \$250 from the Arkansas Medical Society Political Action Committee.

Riviere released his financial

personal financial statement that he said showed "all our worldly goods" at a press conference at which he challenged Robinson to do the same.

Riviere and his wife listed total assets of \$170,000 that covered their home in Maumelle, valued at \$100,000; rental property in Little Rock, valued at \$60,000; \$4,500 in marketable securities, an automobile worth \$2,500 and \$3,000 cash in the bank.

Their liabilities totaled \$135,100, including a \$72,000 mortgage on the home, a \$33,600 mortgage on the rental property, \$25,000 in unsecured loans and a \$4,500 note "related" to the securities.

Riviere's campaign finance report showing contributions for May 10 through May 23. They totaled \$38,668 and pushed his total funding for the campaign to near \$250,000 and his total for the year to \$161,090. Combined with \$84,871 he raised last year, the total contributed to his campaign is \$245,961. He is now in the process of raising money for his runoff campaign. It showed the campaign owed \$32,406 May 23.

The \$25,000 that Riviere listed as a personal debt on his personal finance statement was money that he borrowed and contributed to the campaign earlier this year. He said his wife, Carolyn, was the sole guarantor of the loan.

The statement listed these new contributions of more than \$1,000:

Communications Workers of America, \$2,000; Machinists Non-Partisan Political League, \$3,000, and the United Steelworkers of America Political Action Fund, \$2,500.

New contributions of \$1,000 were from Joyce Allison of Little Rock, a housewife; Mary Carroum of Little Rock, an administrative assistant at E. F. Hutton; Jerry L. Coates of Little Rock, an account executive at E. F. Hutton; David Dickey of Little Rock, an account executive at E. F. Hutton; Hazel Dill of England, a housewife; Daniel P. Donovan of

Hicksville, N.Y., an oil company manager; Donald Evans of Little Rock, an architect; Steve Glenn of Little Rock, president of U.S. Express; Jane Livingston of Dallas, an employee of Insurance Recruiters, Inc.; Linda McCarty of Little Rock, a housewife; W. Brannon McCarty of Little Rock, an account executive with E. F. Hutton; Michael O. Moore of Little Rock, the owner of an investments company; Christine Ragar of Little Rock, a real estate agent, and Don Ragar of Little Rock, an account executive with E. F. Hutton.

Riviere, Robinson Agree to Debates

Secretary of State Paul Riviere and Pulaski County Sheriff Tommy Robinson have accepted two offers to debate on television the weekend before the June 12 runoff for the Democratic nomination for United States Representative from the Second Congressional District.

One debate will be at 8:30 p.m. Saturday, June 9, on KARK-TV, Channel 4. The other would be at 1 p.m. Sunday, June 10, on KATV, Channel 7.

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TE, Friday, May 18, 1984

Robinson's Amended Report Shows Additional \$20,000 in Contributions

By JOHN BRUMMETT

Gazette Staff

Sheriff Tommy Robinson filed an amended campaign finance report Thursday, disclosing that he'd raised about \$20,000 in the 48 hours since he initially filed a report with the Federal Election Commission and the secretary of state's office. The amendment listed \$10,000 in itemized contributions from Jerry W. Jones of Little Rock and Jones' family and business associates.

Also Thursday, it was learned that Robinson had paid off one of his bank loans — a loan for \$35,000 at 13 per cent interest from First Commercial Bank of Little Rock. That leaves \$170,070 in loans from three other banks that will come due in the summer.

Jones, president of Arkoma Productions, Inc., an oil and gas company, has been mentioned in the last few days as a major financial backer of Robinson whose support helped the sheriff receive \$205,070 in four short-term, high-interest bank loans to finance extensive television advertising.

The additional contributions brought the total amount of Robinson's campaign fund-raising exclusive of the loans to about \$45,000.

The amendment listed contributions of \$1,000, the maximum individual gift allowed under federal law, from Jones, his wife and these others: Mike McCoy of Fort Smith, an employe of Jones, and his wife, Pat McCoy; George A. Hays of Little Rock, a Jones employe; D. E. Sullenberger of Little Rock, a business associate of Jones, and Anna M. Sullenberger; Elwin A. Hoover of Fort Smith, a business associate of Jones, and Jones' son and daughter, who are students.

The First Commercial loan was a one-month loan made in late April and was almost due. Bank officials declined to discuss the loan or the repayment, but Darrell Glascock, Robinson's campaign manager, confirmed that it had been paid off by Robinson's campaign committee Thursday.

Meanwhile Thursday, Richard T. Smith of Little Rock, owner of the Stephens Security Bank in Stephens, which lent \$100,000 for three months to Robinson at an interest rate two percentage points higher than the prime lending rate, said in a telephone interview that Robinson offered "several pieces of collateral" and that he was "personally confident" that the loan was secure.

He said he could not discuss the

specific collateral. "But there is collateral assigned to the loan that in my opinion is worth the \$100,000," Smith said.

Glascock has said that the four short-term bank loans received by Robinson in April and May were secured in part by two life insurance policies pledged by the sheriff and in part by the lenders' informal understanding that Robinson, through his association with certain people of known fund-raising ability, would be able to repay the loans.

"I don't know about that," Smith said in reference to Glascock's statement about informal understandings of future campaign contributions. "But I have checked over there to see how the campaign contributions are coming in, and I know that they're coming in fast and furious," Smith said.

Smith, whose family has substantial oil holdings in South Arkansas, bought the Stephens bank last fall. Before that, Smith was a loan officer for Worthen Bank and Trust Company, and in that role he had handled loans to Robinson. "I've had good experience with Tommy before, and I have confidence in his ability and capacity to repay the loan," Smith said.

Related article on Page 5A.

Robinson's Financial Situation Raises Multitude of Questions With Few Answers

By JOHN BRUMMETT

Sheriff Tommy Robinson's financing for his congressional campaign — his over-all financial situation, in fact — raises a multitude of questions for which no definitive answers were forthcoming last week.

First, a brief explanation of the situation as it unfolded when Robinson filed his first campaign finance report with the Federal Election Commission:

The sheriff reported raising only about \$25,000 in contributions to his congressional campaign from the time he filed, April 3, to the date of the report, May 9. But he had reported spending about \$230,000,

nearly all of it for television advertising. Most of the money came from \$205,070 in four short-term bank loans of \$100,000, \$50,000, \$35,000 and \$20,070.

His campaign manager, Darrell Glascock, said that since Robinson entered the race so late, he couldn't wait for conventional fund-raising. He borrowed the money on the assurance to lenders that he would raise the money to repay the loans in the course of his campaign, and those funds are now pouring in as expected, Glascock said. The sheriff also pledged a couple of \$100,000 life insurance policies, Glascock said. Three of the loans were made to Robinson's formal congressional

committee, but Robinson signed the notes and assumed personal liability, while the fourth loan, for \$50,000 from the First American Bank of Hot Springs, was made to Robinson himself.

Now, for some of the questions:

Are the loans secured by collateral of value, or are they only informally secured through assurances to the bankers that Robinson would raise enough contributions to repay them? The answer to that question is not known because the lending bankers won't talk, citing confidentiality.

If formally secured through traditional collateral, what was that collateral? Robinson's assets are

limited. He makes \$31,800 a year as sheriff. According to a personal financial report filed with the clerk of the House of Representatives, he has less than \$5,000 interest in something called Investment Properties III. Other than that, he lists only liabilities — four debts of less than \$30,000 each to two banks, to oilman Jerry Jones of Little Rock and to Barrett Hamilton, a Little Rock wholesale liquor distributor.

Is it legal, or at least accepted lending practice, for a bank to lend \$100,000, as did the Stephens Security Bank in Stephens, to a man whose assets are that limited — on the assumption that he will raise money later in campaign contribu-

tions to repay it? A regulator with the office of the federal Comptroller of the Currency in Memphis was asked about that last week. He said federal banking and election laws require simply that banks making political loans do so in the ordinary course of business in accordance with laws and regulations. In other words, the loan should be "well-secured or the borrower [must have] sufficient financial worth to guarantee repayment," he said.

What about borrowing money on the expectation of campaign contributions? The regulator said, "Bet-ting on the come, you mean? We would look almost askance at that." Federal law limits corporate con-

tributions to \$1,000 and says a loan is the same as a contribution. So, if a bank loaned Robinson an amount exceeding his personal assets, would that be the same as a contribution that would exceed the federal limit? The answer is not known.

Marlin Jackson, state bank commissioner, said bank examiners primarily want to know whether a loan was made on a sound basis and whether all potential borrowers are treated the same.

Who are all these people who are contributing or raising the money to repay the loans? So far, only Jones, a lifelong friend of the sheriff's, has been named among the big-money supporters. The next full campaign finance report is due May 30, the day after the primary. But federal law requires 48-hour reports from now until election day of those making the maximum contributions of \$1,000.

Jerry Maulden, president of the Arkansas Power and Light Company, is an old buddy of Robinson's. Asked last week if he was raising money for the sheriff, he said only that he'd made three or four calls — as "Jerry Maulden, the individual, not as an official of Arkansas Power and Light" — to friends asking for contributions to "three or four candidates." Asked if Robinson was among them, he said he didn't have to say and wouldn't say.

There's one more complicating and curious twist to all this. Until his last-minute filing for Congress, Robinson had been accepting contributions for a re-election fund for sheriff. He has not filed any report about the size, makeup and expenditures regarding that fund. Glascock said only that the fund had been used to pay off Robinson's old campaign debts from previous sheriff's races. None of that money has been applied to the congressional race because that would be illegal, he said. But no report has been made or will be made because none is required since Robinson didn't run for sheriff, Glascock said.

But that's another matter for legal interpretation.

If the money was used to pay off debts from past sheriff's races, then state Statute 3-1111 might be applicable. It says a candidate for county office who collects contributions after a final campaign finance report must file a supplemental report making disclosures about those contributions within 30 days of receiving them.

If the money was accepted as part of a plan to run for re-election as sheriff this year, then the same statute might again apply because it says a candidate for county office must file pre-election reports itemizing contributions. Though Robinson never filed as a candidate for re-election as sheriff, the law defines "candidate" as any person who has "taken affirmative action, including solicitation of funds, for the purpose of seeking nomination for or election to any public office."

Robinson reveals race still in red

BY CARL T. HALL
Democrat Staff Writer

Although he says he has paid back three bank loans totaling more than \$135,000, Pulaski County Sheriff Tommy Robinson revealed Thursday that he continues to run his 2nd District congressional campaign deeply in the red.

On a campaign-finance disclosure form distributed to the news media Thursday afternoon, Robinson said he had borrowed a total of \$291,050.10 through May 23, the last day covered by the report and six days before Tuesday's Democratic primary election, in which Robinson won a position in a runoff election set for June 12.

Including about \$152,071 in outstanding bank loans and \$82,262 in other debts owed at the end of the reporting period, the Robinson campaign was running a \$234,333 deficit, the finance report indicated.

About \$205,000 in bank loans were disclosed in a previous report covering the period that ended May 9. Since then, two additional loans totaling about \$82,500 were taken out, according to the new report. The report stated that \$135,479 in loans were repaid, but questions remained as to what funds were used to make the repayments.

Contributions haven't kept up with the borrowing, the report indicates. During the two-

Money

• Continued from Page One

week period last month, \$32,809 in contributions were received, according to the report, which listed the donors. The new donations brought the total given to the Robinson campaign as of May 23 to \$58,610, according to Robinson's figures.

Robinson has bought extensive television and radio advertising, making a media blitz the centerpiece of his campaign. The ads are among the factors believed to have been responsible for Robinson's success in Tuesday's election. He was the top vote-getter in the district, outdistancing four other contenders for the Democratic nomination with 40 percent of the vote. He won pluralities in seven of eight counties.

The sheriff now faces a runoff June 12 against Secretary of State Paul Riviere, who finished second Tuesday with 28 percent of the vote. Riviere nearly tied Robinson in Pulaski County, but he was outpolled by more than a 2-1 margin in the other counties.

Riviere has been insinuating for weeks that Robinson may have broken federal election laws by taking out five- and six-figure bank loans without much visible financial strength of his own to back the credit. He again challenged Robinson on financial issues Thursday, insisting he wasn't slinging mud but was simply "raising hard questions."

Riviere has yet to produce any evidence of wrongdoing in connection with Robinson's deficit-financed campaign, even though he has said Robinson's money-handling ought to be the No. 1 issue of the race.

Both men are seeking to get on the Nov. 6 ballot against the lone Republican nominee, state Rep. Judy Petty of Little Rock, and independent Jim Taylor of Little Rock, a former journalist and current employee of a media consulting firm.

On Thursday, Riviere filed his 12-day pre-runoff election finance report with the secretary of state's election services office.

Robinson didn't file his report. But Darrell Glascock, Robinson's spokesman, said the Federal Election Commis-

• • ARKANSAS DEMOCRAT • FRIDAY, JUNE 1, 1984 • 3A

sion report was mailed Thursday, which apparently would meet the FEC deadline. He provided copies to the media after being asked for them.

Asked for his reaction to Riviere's latest attacks, Glascock, who kept Robinson under wraps, said: "I think the people told him (Riviere) Tuesday they (Robinson's loans) weren't an issue. The real issue is leadership - Riviere hasn't shown any."

"I don't recall what collateral the campaign committee used for the loans," Glascock said. "I think insurance policies and other securities. The candidate endorsed the loan."

He said that was as much detail as he would offer.

"I'm not going to get into that (question of collateral) 'cause it's personal, confidential," Glascock said.

Also on Thursday, Riviere filed a special 48-hour form disclosing four \$1,000 contributions received after the May 23 period ended. Such disclosure of large contributions is required by law up to election day.

No new 48-hour report came in from Robinson. Glascock said Robinson hasn't received many \$1,000 donations so he

didn't need to file many 48-hour pre-election reports.

"Tommy's base is from working people - not the elite," he said.

In the report given to the media, Robinson's campaign was said to have taken in \$32,809 in contributions during the two-week period that ended May 23, bringing the year-to-date cumulative total to \$58,610.

The campaign had a net cash deficit of \$45,624.02, the report stated. Total expenditures were listed as \$48,322.37 for the period. All year, the campaign had spent about \$260,000, compared with Riviere's total spending of about \$256,000. However, Riviere started campaigning in 1983.

Robinson's two new loans were listed as follows:

- \$50,479.45 from Worthen Bank & Trust Co. in Little Rock, borrowed May 18 at 2 percentage points above the prime interest rate. This loan was due Wednesday, and Robinson said it was repaid May 23.

- \$32,000 from Twin City Bank in North Little Rock, borrowed May 17 and due June 15. No specific interest rate was disclosed.

Arkansas Press 14B
Forum 13B

Editorial Section

SUNDAY, JUNE 3, 1964

Robinson Raises \$300,000 by Stacking Loans

Tommy Robinson is the most unconventional politician Arkansas has seen in a long time, but when it comes to financing a political campaign he is absolutely bizarre.



Ernest
Dumas

Ten days before the runoff primary to settle the Democratic congressional nomination it is still a mystery who is paying for what is the most elaborate media campaign for Congress in the state's history, although big help clearly is coming to him from energy industries, including Arkansas Power and Light Company and Middle South Utilities.

The most astonishing aspect of the Robinson campaign is that he has been able to finance a campaign that is exceeding \$300,000 — most of it television spending — with an elaborate system of pyramiding bank loans. By May 23, he had obtained almost \$300,000 in bank loans, most of it unsecured. That is what is most amazing to many businessmen, who can't get loans under such easy conditions.

According to Robinson's unilluminating federal financial report Thursday, he had borrowed \$237,855 from six banks. He had repaid \$135,479, although he had collected only \$58,610 in campaign contributions. The only conclusion is that there have been further loans to help retire those. That won't be known until campaign reports later this summer, after the primary, and Robinson's

campaign people aren't answering questions about it now. The campaign has been financed so far through an innovative

Not many of the sheriff's supporters are identified but one is Middle South Utilities

kind of loan-stacking arrangement. Robinson, whose commercials tell voters they know he can be depended on to tell the truth, hasn't been very forthcoming about his financing.

The first four loans were reported on Robinson's first federal report, May 18. One of the loans was \$35,000 from First Commercial National Bank at Little Rock. Robinson said the loans were secured, but First Commercial officials said this one wasn't. First Commercial's top officers were unaware of the loan and the conditions, or lack of them, until the loan was reported in the morning papers. It was a demand note and the loan was called before 8 a.m. Robinson's spokesman insisted at the time that it was not called, but bank officials now confirm that it was. "Sure we called it," one of them said. "It was illegal."

The First Commercial loan apparently was repaid that morning with the help of another loan, for \$32,000, from Twin City Bank of North Little Rock.

Another loan was for \$50,000 at the First American National Bank at Hot Springs, which is owned by First Arkansas Bankstock Corporation (FABCO). That loan was approved upon the recommendation of an executive of Worthen Bank and Trust Com-

pany of Little Rock, the flagship bank in the FABCO chain.

The \$50,000 principal and \$179.45 of interest was repaid on May 18, two days after the loan was reported, and on the same day Robinson obtained a loan of \$50,479.45 from Worthen.

When Robinson was asked on a televised debate four days before the first primary if he had obtained loans in addition to the four he had reported on May 18 he said he didn't know. When he was asked if the First Commercial and First American loans were retired by obtaining additional loans, he said he didn't know what the questioner was talking about.

All this raises several questions that need to be answered since the position in the U.S. House of Representatives belongs to the public. There should be no private, confidential transactions for a congressional seat. Who, if anyone, provided the informal guarantees that paved the way for the loans? How will the loans be repaid, and who will do it?

The sheriff said he had obtained the original loans because of his known ability as a fundraiser, but the week before the primary he had raised only \$58,000.

The most surprising part of Robinson's disclosure was that he had raised only \$58,000, about a fifth of his expenditures. A candidate who obligates himself to more than \$300,000 surely knows where it is to come from.

The reporting of the first \$58,000 gives only a little indication. It also suggests what a handful of influential friends can do.

Robinson's most visible supporter is Jerral W. Jones of Little Rock, a longtime friend who is a millionaire oil and gas producer

and a Board member of Arkis, Inc. Jones's immediate family gave \$5,000 in \$1,000 contributions each from Jones, his wife and three children.

Another friend whose name does not appear on the report is Jerry Maulden, president of Arkansas Power and Light Company. Maulden's name does not appear as a contributor, but there is plenty of evidence of AP and L influence.

Among the listed contributions so far are:

- ★ \$200 from the political action committee of Middle South Services of New Orleans, a subsidiary that provides services for AP and L and the other Middle South operating companies.

- ★ \$500 from the big corporate law firm of Jones, Walker, Waechter, Poltevent, Carrere and Denegre of New Orleans, which represents many giants of industry, including Middle South Utilities.

- ★ \$1,500 from the PAC of the Peabody Coal Company of St. Louis, which has been a big supplier of Wyoming coal for Middle South plants.

- ★ \$250 from the PAC of General Electric at Fairfield, Ct. General Electric has been a major supplier of generating equipment for Middle South plants.

- ★ \$700 from the PAC of the Kerr-McGee Corporation at Oklahoma City. Kerr-McGee is a giant energy company that has contracted to sell uranium and coal for the Middle South plants.

Sheriff Robinson has said he would go to Washington and help solve Arkansas's problem of having to pay for generating costs elsewhere in the Middle South system. The solutions should prove interesting.

Counterattack Delayed Because Hitler Still Asleep

By Alice Siegert
Chicago Tribune

Ronn.

Lt. Col. Hans von Luck was at his command post near Caen after midnight when he heard the drone of Allied night bombers overhead.

Luck, commanding officer of a regiment of the 21st Panzer Division, believed the aircraft were en route to a routine bombing mission in occupied France or Germany until they began bombing the German shore defenses. Soon reports were coming in from forward-based units that airborne assault troops were being dropped on the Normandy coast.

Yet Luck's request for permission to attack the invaders was turned down on the grounds that the division was under orders not to launch a counterattack without the specific permission of Field Marshal Erwin Rommel, who had assumed command of the German Army Group B in France in the winter of 1943-44. And Rommel was in Germany on June 6 on his way to a conference with Hitler at Obersalzberg in the Bavarian mountains.

Valuable time was lost, and it was not before midday that the 21st Panzer Division was able to react. By that time, the allied landing forces had consolidated their positions, and bombers of the allied expeditionary air forces concentrated their attacks on key centers of communication behind the German lines.

Luck, now a Hamburg businessman, said there was another reason for the delay. "At the time, it was being assumed that this was just a large-scale diversionary operation and not yet the main assault," he said. "Furthermore, Hitler was a

late worker and a late riser. Nobody dared to wake him, and news of the invasion did not reach him until hours later."

Thus during the critical hours of the campaign, the German high command was caught unaware as to the extent of the assault and the place of the landings, which generally had been expected in the Calais region.

While Hitler's much-heralded "Atlantic Wall" began to crumble, disaster was also looming at the

Panzer division commander says the Germans knew neither the size nor the position of Allied forces.

eastern front, where the Russian armies had been advancing westward and were about to launch another major attack.

Brig. Gen. Kurt Kauffmann, then chief of the staff of the Panzer-Lehr Division, said the Normandy operation and the enormous casualties suffered by the German armored units caused him nightmares for years afterward.

"It was a feeling of complete helplessness," he recalled. "Allied materiel and air superiority were so disastrous the task (of beating back the invasion) was unsolvable. You cannot fight a war on two fronts with that kind of force balance."

The Panzer-Lehr Division, located in the area of Le Mans, Chartres about 100 miles from the front, was an elite unit that had been assembled in France the previous January. According to one of

(See BEFORE on Page 14B.)

China's

usually referred to the period as an "economic disaster" or a "famine

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THE TOMMY ROBINSON FOR CONGRESS COMMITTEE
425 West Broadway, Suite K
North Little Rock, Arkansas 72114

100
p 3:14

June 26, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 1721

Dear Mr. Gross:

On June 18, my campaign committee received your letter giving notice of a complaint which had been filed against me individually, and my committee. The purpose of this letter is to clarify any uncertainty as to the validity and legality of the loans in question.

In April of this year I approached several lending institutions in Arkansas seeking loans to finance my campaign. Each of the loans was made by FDIC banking institutions and in accordance with Arkansas and Federal banking laws. Specifically, each loan bears a market interest and each carries a definite due date and amortization schedule. I believe that each note was the bank's standard form.

It appears that the complaint raises some question as to whether these loans were made on a basis which assures payment. I feel this allegation is totally without merit. As I have previously stated, the loans were reviewed by each bank and were approved in accordance with bank policy. At no time was there a question raised as to my campaign committee's ability to repay the indebtedness. Clearly, each bank which made loans to me, or the committee, felt secure in its loan.

None of the banks requested a personal guaranty from anyone other than me. No other guaranty, expressed or implied, was given to any of the banks.

Inasmuch as I won the democratic nomination for Congress, I feel certain that the loans can be quickly repaid.

Mr. Kenneth A. Gross
June 26, 1984
Page Two

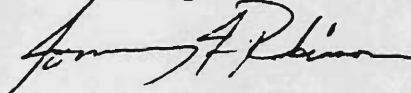
I feel confident that once your committee reviews the transactions in question, you will have no doubt as to the validity of the loans.

I will be pleased to furnish any documentation that you specifically request.

This letter shall serve as the response of Mr. George M. Felkins, Treasurer of my campaign committee. If he needs to respond personally, please let me know.

If I may be the source of any additional information, I shall be happy to respond upon request.

Sincerely,



Tommy F. Robinson

TFR:mmr

cc: Mr. Larry C. Wallace
House, Wallace & Jewell, P.A.
1500 Tower Building
Little Rock, AR 72201

Mr. George M. Felkins, Treasurer
The Tommy Robinson for Congress Committee
425 West Broadway, Suite K
North Little Rock, AR 72114

W. RUSSELL MEEKS, III
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-376-4660

600#391
84 JUL 5 49:18

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

June 28, 1984

Honorable Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721

Dear Mr. Gross:

We are the attorneys for one of the respondent banks in the captioned matter. We are the attorneys for Stephens Security Bank, Stephens, Arkansas.

To avoid undue delay, and to assist you in understanding the organization of the bank, which is controlled by a bank holding company, we attach and submit herewith additional materials in the form of the "Affidavit of Richard T. Smith". Mr. Smith is the proper respondent for Stephens Security Bank, and your records should reflect this change from Mr. James Morgan, President. The Affidavit, I believe, clarifies the situation in this respect.

You may also treat this letter as additional response by Stephens Security Bank. The documents, which consist entirely of newspaper clippings, contain no evidence of any violation of any Federal Election Commission regulation. Neither the articles themselves, nor any contents therein, are of any probative value. Instead, it is apparent that there has been public scrutiny over the dispute between two opposite political forces, and the bank's loan transaction has been caught in the middle.

There have not been sufficient allegations made, through the articles, nor through the June 2, 1984 letter complaint from the complaintants, that give rise to a substantial belief that there has been any violation of 11 CFR 100.7 (a)(1)(i)(C), or 11 CFR 100.7 (b)(11), or of 11 CFR 104.3 (a)(4)(iv). Instead, what has been presented does not appear to be substantial enough to even require additional investigation.

Honorable Kenneth A. Gross
June 28, 1984
Page 2

The time, cost and expense of engaging in this process is not something that a bank takes into consideration at the time it engages in any loan transaction, and it certainly is not something that should be entertained, purely upon suspicions, innuendos, and perhaps "sour grapes", of complaintants. Instead, because of the lack of any probative evidence, the complaint should be formally dismissed, and as a practical matter should be ignored.

There has been no violation of any state or federal banking regulation, nor has there been any violation of any Federal Election Commission law, nor has there been any other violation of any other type law. We point out that upon our investigation, one of the complaintants, Mr. James E. McClain, Jr., is an attorney, and this possibly explains the "legal reading" of the June 2, 1984 letter complaint. To be sure, there has been no "clear violation" of 2 U.S.C. 431 (8)(A)(1) or of 2 U.S.C. 431 (8)(B)(vii). There has been no violation.

To the extent the complaint contains matters that tend to editorialize the "concern over the impropriety of these loans", the opinions and editorial comments of the complaintants should be properly discarded.

In conclusion, while the position of the bank might seem harsh, it is not callous, but instead is made with a clear understanding that important procedures such as the one at present, cannot be engaged in with reckless abandon. The motivation cannot be based upon spite, vindictiveness, or retaliation and retribution against a victorious political candidate. The cost and expense placed on a respondent bank is too great to treat these matters lightly.

Any further communication with respect to SABCO, Stephens Security Bank, Richard T. Smith, James Morgan, or any other officers or directors of those entities, may and should be made to the undersigned attorney on their behalf. The Affidavit sets forth all persons for whom this office is acting as counsel.

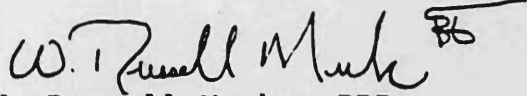
We thank you for your participation and attention, and we will be happy to respond in other ways which may be of assistance, should it be required. We would like to be advised, immediately, upon any action taken by the Commission. We would also request to be provided with copies of any and all documents

Honorable Kenneth A. Gross
June 28, 1984
Page 3

submitted by the present complaintants, any other complaintants,
and all respondents.

We are providing a copy of this letter and of the attached
Affidavit to Mr. Peter Kynch, the staff person assigned by your
office to handle this matter. We would appreciate receiving
written confirmation from either you, or Mr. Kynch, advising
of your receipt of this letter and Affidavit.

Yours very truly,


W. Russell Meeks, III

WRM:bj

Enclosure

cc: Peter Kynch
w/encl.

James Morgan, President
Stephens Security Bank
w/encl.

Richard T. Smith
Chairman of the Board
SABCO
w/encl.

I, Richard T. Smith, state on oath:

2. Stephens Security Bank, Stephens, Arkansas, is a state chartered banking institution located in Ouachita County, Arkansas.

4. I, Richard T. Smith, am Chairman of the Board of SABCO. In such capacity, I am making the response to the Commission on behalf of SABCO, on my behalf, on behalf of James Morgan as President of Stephens Security Bank, on behalf of Stephens Security Bank, and on behalf of any officers, directors or employees of either SABCO or Stephens Security Bank.

6. The Stephens Security Bank was approached by Tommy F. Robinson, (hereafter "Borrower"), and advised of his desire to borrow funds from the Bank. Affiant states that prior to his assuming the position as Chairman of the Board of SABCO, he was a Vice-President with Worthen Bank and Trust Company, N.A, a national banking institution located in Little Rock, Pulaski County, Arkansas. In said capacity, the undersigned was the per-

sonal loan officer for several loans involving the Borrower. The loan experience, including the timely repayment of all loans, was excellent. Affiant was and is personally familiar with the Borrower, and is familiar with his previous borrowing record, and with the details of the loan transactions involving the Borrower and Worthen Bank, with respect to those transactions which occurred while Affiant was a loan officer. Based upon that knowledge, past dealing, previous course of conduct, personal acquaintance with the Borrower, and based upon other good and sound banking practices, the Affiant approved the loan by Stephens Security Bank to Borrower, based upon the terms and conditions of a promissory note executed on the 11 day of April, 1984.

7. The promissory note, referred to above, is attached as Exhibit "A". The promissory note was not guaranteed by any individual, nor endorsed by anyone. The maker of the note is Tommy F. Robinson. There are no other makers, endorsers, guarantors, or sureties.

8. Affiant states that neither he, SABCO, or Stephens Security Bank, have previously been involved in any Federal Election Commission investigation. Because of the confidentiality between bank borrower and the bank, Affiant respectfully declines the opportunity to present additional legal and factual information concerning any other details or matters involved in this loan transaction.

9. Affiant denies any allegations set forth by the Complainants, with whom he is not acquainted, and with whom he is not personally familiar, and further states that any other details of the political disagreement of the Complainants, and the Borrower, are (as evidenced by the exhibits) of a highly publicized nature, and appear to be more in the form of "sour grapes" than in the form of legitimate complaints. Affiant believes this should be considered in view of the time, costs and expense associated with the Bank's participation in any investigation conducted by the Federal Election Commission.

8 5 0 4 0 5 3 3 0 5

Richard T. Smith
RICHARD T. SMITH

SWORN TO AND SUBSCRIBED before me, this 28 day of June, 1984.

Jaroma Herbert
NOTARY PUBLIC

MY COMMISSION EXPIRES:

Feb 15, 1992

Single Payment or Monthly Installment Note

(In this contract, the words I, me, mine and my mean each and all of those signing as Borrower. The words you, your and yours mean Stephens Security Bank.)

I promise to pay to you or to your order One Hundred Thousand & 00 dollars (\$ 100,000.00), according to the payment schedule below.

"Tommy Robinson for Congress-Committee"
Basic Credit Information

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate. Prime + 2%	FINANCE CHARGE The dollar amount the credit will cost me.	AMOUNT FINANCED The amount of credit provided to me or on my behalf.	TOTAL OF PAYMENTS The amount I will have paid after I have made all payments as scheduled.
<u> </u> % e	\$ <u>3,452.05</u> e	\$ <u>100,000.00</u>	\$ <u>103,452.05</u> e

My payment schedule will be:

NUMBER OF PAYMENTS

AMOUNT OF PAYMENTS

WHEN PAYMENTS ARE DUE

1

103,452.05 e

90 days-

July 10, 1984

SECURITY: I am giving a security interest in my ☐ stock or bonds, ☐ savings account, ☐ motor vehicle, or other property , and any account or property of mine now in or coming into your possession. I should see the Security Agreement or Pledge I have given you for a full description. Collateral securing other loans with you will also secure this loan. - 75% of the

FILING FEES: \$ initial contributions from Camp. & \$100,000 life

LATE CHARGE: If a payment is late, I will be charged 8% of the payment, but no more than eight dollars (\$8.00). insur. policy

PREPAYMENT: If I pay off early, I may be entitled to a refund of part of the **FINANCE CHARGE**, but I may have to pay a penalty. I should see the rest of the contract documents for additional information about nonpayment, default, any required repayment in full before the scheduled date, security interest, and prepayment refunds and penalties.

Itemization of the Amount Financed of \$ 100,000.00

\$ Amount paid on my account with you.

\$ 100,000.00 Amount paid me directly.

Amount paid to others on my behalf:

\$ to Public Officials

\$ to Insurance Company (Property Insurance)

\$ to Insurance Company (Credit/Disability Insurance)

\$ to

\$ to

\$ prepaid Finance Charge

PREPAYMENT REBATE AND PENALTY If I prepay this note, you will refund any unearned **FINANCE CHARGE**, figured by the Rule of 78, a commonly used formula for figuring rebates on installment loans. However, if I prepay after the first day of a monthly installment period, you may deduct and keep the **FINANCE CHARGE** for the entire installment period as a prepayment penalty. In case my loan is \$200.00 or less, you may charge me a prepayment penalty equal to the unearned **FINANCE CHARGE** figured by the Rule of 78, or \$8.00, whichever is less.

INSURANCE I agree to maintain theft and physical damage insurance on the property covered by the Security Agreement for its full insurable value, and I understand that I can buy this insurance through a person of my own choosing.

PROPERTY INSURANCE

☐ I voluntarily request that you obtain the following insurance coverages to protect against loss to the property

☐ \$ deductible collision

☐ Comprehensive

☐ Fire and Broad Form Theft

☐ Towing and Labor Costs

for a term of months. The total cost of the premium if obtained from or through you is \$

☐ I do not want you to obtain insurance coverage for me. I will arrange coverage as required under this contract

Borrower

CREDIT INSURANCE

I understand you do not require Credit Life or Disability Insurance in connection with this contract. You will not provide such insurance for me unless I sign below

☐ credit life and disability insurance

I Want ☐ disability insurance only

☐ credit life insurance only

at a Total Premium of \$ for the term of this contract.

You may have all the proceeds of the insurance necessary to pay off this contract. I or my estate can have the remainder. I may inspect the policy(ies) upon request.

Borrower to be insured

Borrower to be insured

DEFAULT. I'll be in default:

1. If I don't pay an installment on time, or
2. If I begin, or someone begins against me, a bankruptcy or insolvency proceeding, which is not dismissed within 30 days; or
3. If I don't fulfill my other obligations in this or any other contract with you; or
4. If I violate any provision of any document signed by me as security for this note.

You can then demand immediate payment of the full balance of this note, minus the part of the **FINANCE CHARGE** which hasn't been earned figured by the Rule of 78. You will also have other legal rights; for instance, the right to repossess and sell the property in which I have given you a security interest, and apply the proceeds to the obligations under this note.

COSTS AFTER DEFAULT. If I'm in default and you demand full payment of the balance of this note, I agree to pay you interest on the unpaid balance thereafter at the highest rate permitted by law per year, after allowance for the unearned part of the **FINANCE CHARGE**. If you have to sue me, I will pay you a reasonable attorney's fee, but not more than 10% of the amount due, plus all court costs.

EACH SIGNER LIABLE. If there is more than one person signing this note, each will be jointly and individually liable for the whole obligation. Each will pay the note even if you agree with the other to renew or extend it, revise its terms or release any security.

RIGHT OF SET-OFF. If I'm in default, you can apply toward my indebtedness any of my money on deposit with you and the proceeds of any drafts, checks, notes, or acceptances which you collect for my account.

RIGHTS PRESERVED. You can delay or omit enforcing any of your rights at any time under this note without losing them in the future.

COPY. I acknowledge receipt of a fully completed copy of this note

Date April 11, 1984

Darrell Glascock

Borrower's Signature(s)

Address

Tommy Robinson

University Tower Bldg. St. 900

Tommy Robinson

Tommy Robinson

Tommy Robinson

20

STATE OF ARKANSAS)
) ss:
 COUNTY OF SALINE)

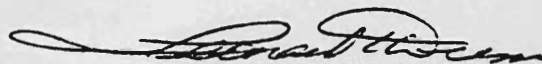
AFFIDAVIT

Comes Leonard K. Dunn who, after being duly sworn, states on oath that:

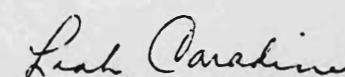
1. He is and has been since June 1, 1983, the Chairman, President and Chief Executive Officer of First American Bank of Hot Springs, N.A. (formerly Grand National Bank), and he has more than 23 years banking experience.

2. On April 24, 1984, on behalf of First American Bank of Hot Springs, N.A., he made a loan to Tommy F. Robinson, a candidate for the Democratic nomination for Congress from the Second Congressional District of Arkansas. This loan was made in accordance with applicable banking laws and regulations and it was made in the ordinary course of business. It bore interest at 14% which was the usual and customary interest rate of the lending bank for the category of the loan involved. The loan was to be repaid from campaign contributions. If campaign contributions proved to be insufficient to repay the loan, it was to be repaid from the proceeds of a loan to be made to Robinson by Worthen Bank & Trust Company, N.A. of Little Rock, Arkansas. The loan was evidenced by the execution of a note on the form customarily used by the lending bank in making loans of this category. The loan was subject to a due date of June 23, 1984 (60 days from the date of execution of the note).

3. This loan was repaid in full on May 21, 1984.


 Leonard K. Dunn

SUBSCRIBED AND SWORN to before me, a Notary Public, on this 6th day of July, 1984.


 Notary Public

My commission expires:

October 1, 1990

(S E A L)



POST OFFICE BOX 6009 • SHERWOOD, ARKANSAS 72116 • 835-4122

CERTIFIED MAIL
RETURN RECEIPT REQ.

June 28, 1984

Mr. Peter Kynch
Federal Election Commission
Washington, D.C. 20463

Dear Mr. Kynch:

I am very surprised that such a simple matter of extending a loan to someone can get blown out of proportion. I am the person who made the \$20,070.00 loan to Tommy Robinson. No other officer, director, stockholder, customer or person of prominent influence asked me to make the loan. I, acting alone, made the decision. Looking back now I can see it apparently was bad public relations to do so but certainly not illegal.

I did not make the loan because of some personal gain or personal relationship with Tommy Robinson. I am new to this area and have had no reason to have ever come in contact with Mr. Robinson. The first time he came to my office was the first time I had ever met him.

I am a country banker who makes loans both secured and unsecured based on my personal judgement of that persons honesty, integrity and willingness to pay.

I do not have volumes of loan procedure books. I treat all my customers the same. In sixteen years of loaning money I have lost a total of only \$2,480.00 in bad loans. Not a bad record!!

Our bank or myself should not have action taken against us in connection to this matter for the following reasons:

1. I nor my bank made the loan for any personal reasons and did not know Tommy Robinson and had never met him before April 30, 1984, the date of the loan.
2. He was charged the highest risk loan rate allowed by law.
3. The loan is evidenced by a written instrument. (See Attached)

MAIN OFFICE
North Hills Shopping Center
835-4122

It's a good feeling to bank in Sherwood

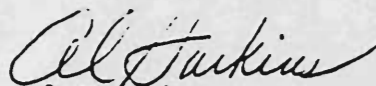
BRANCH OFFICE
7725 Warden Road
835-3801

-Page 2-

4. The loan has a due date of July 29, 1984.
5. This loan was collateralized by 50% of the campaign proceeds over \$100,000 in contributions.
6. The loan was signed by Darrell Glasscock in the capacity of campaign chairman only.
7. The loan was signed personally by Tommy Robinson and no one else.
8. These loans were made in the ordinary course of business. I can produce files on several people that I have loaned money to recently that borrowed \$15,000 to \$30,000 thru the years on a short, term unsecured basis that had a similar net worth of Tommy Robinson.
9. Since I did not know Tommy Robinson I also called D. Eugene Fortson, Chairman of The Board at Worthen Bank & Trust in Little Rock. Mr. Fortson gave me a favorable credit report on Mr. Robinson's past performance of loans in similar amounts both secured and unsecured but he made no specific request or recommendation to me regarding this matter.
10. Furthermore, I did not personally support Tommy Robinson but rather his opponent, Paul Riviere in the first primary. However, due to all of this political sour grapes and the publicity generated by this loan from the media and Riviere I changed my support, got all my family and friends to vote for Tommy Robinson instead of Riviere.

Obviously all of this is political campaign rhetoric or a matter completely blown out of proportion.

Sincerely,



Al Harkins
President

AH:vr

Tommy Robinson for Congress Campaign

25 W. Broadway Suite K
Little Rock, Ar. 72114
72-4816

BORROWER'S NAME AND ADDRESS

includes each borrower above, jointly and severally

FIRST STATE BANK
SHERWOOD, ARKANSAS 72116
P.O. Box 6009

LENDER'S NAME AND ADDRESS

"You" means the lender, its successors and assigns

01/g1

Loan Number 01-781824-61

Date April 30, 1984

Maturity Date July 29, 1984

Loan Amount \$ 20,070.65

Renewal Of

I promise to pay to you, or your order, at your address above, the principal sum of

Twenty Thousand Seventy and 65/100----- Dollars \$ 20,070.65

Interest from date at the rate of 14.00 % per year until maturity

I pay this amount as follows (90 days)

☐ on demand (b) ☒ on demand, but if none is made, on July 29, 1984 (c) ☐ on

If (a), (b) or (c) is marked, I will pay accrued interest on demand and on the maturity date.

☐ in installments of \$ each, beginning 19 and continuing on the same day of each month

☐ thereafter, until 19 when a final payment of \$ will be due

☐ (other)

MENTS: Each payment when made shall be applied first toward accrued finance charges the remainder of each payment being applied to reduce the principal balance. The final payment may be more or less than the amount scheduled depending upon my payment record.

QUENCY AND DEFAULT: I agree to pay the costs you incur to collect this note in the event of my default, including your reasonable attorneys' fees.

checked, I agree to pay a late charge of % of the amount of a payment which is

and within days of when it is due, up to a maximum of \$

checked, I agree to pay interest at the rate of 14.0 % per year on the balance of note remaining unpaid after final maturity, including maturity by acceleration.

PREPAYMENT: I may prepay this note in whole or in part at any time. However, any partial prepayment will not excuse any later scheduled payments until this note is paid in full.

☐ If checked, I agree to pay a minimum interest charge of \$ if I pay the loan off before you have earned this amount in interest.

THE PURPOSE OF THIS LOAN IS: Business-Campaign Expense

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate	FINANCE CHARGE The dollar amount the credit will cost me	AMOUNT FINANCED The amount of credit provided to me or on my behalf	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments	I have the right to receive at this time an itemization of the Amount Financed
14.00 %	\$ 692.85	\$ 20,070.65	\$ 20,763.50	XX YES - I want an itemization NO - I do not want an itemization
Payment Schedule will be				"e" means an estimate
Number of Payments	Amount of Payments	When Payments Are Due		Filing Fees
1	\$ 20,070.65 plus interest due July 29, 1984.			Non-filing Insurance

☒ This note has a demand feature ☐ This note is payable on demand and all disclosures are based on an assumed maturity of one year

Security: I am giving a security interest in (brief description of other property)

the goods or property being purchased

collateral securing other loans with you may also secure this loan

my deposit accounts and other rights to the payment of money from you

Unsecured

Charge: ☐ I will be charged % of the amount of a payment which is more than days late, up to a maximum of \$

Payment: If I pay off this loan early, I ☐ may ☒ will not have to pay a penalty
☐ may ☒ will not be entitled to a refund of part of the finance charge

PREPAYMENT: I may prepay this note in whole or in part at any time. However, any partial prepayment will not excuse any later scheduled payments until this note is paid in full.

Insurance: Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless I sign and agree to pay the additional cost

Term	Signature (or initials)	CC #3920	Itemization of Amount Financed
70.65 90 days	Tommy Robinson LVL (42)	Amount given to me directly	\$ 20,000.00 (a)
		Amount paid on my account	\$ (b)
		Amounts paid to others on my behalf	
		To Property Insurance Company	\$ (c)
		To Credit Life Insurance Company	\$ 70.65 (c)
		To Disability Insurance Company	\$ (e)
		To Public Officials	\$ (f)
			\$ (g)
			\$ (h)
		Prepaid Finance Charge	\$ (i)
		AMOUNT FINANCED (a through h - i)	\$ 20,070.65 (j)
		Finance Charge (include prepaid)	\$ 692.85 (k)
		Total of Payments (j + k)	\$ 20,763.50 (l)

Security: To secure the payment of the note total (defined on the reverse side)
I acknowledge and agree that you have the right to set-off this note against any amount you have (now or hereafter) to pay money to me
You may collect the proceeds (or rebates of unearned premiums) on any insurance insuring me (where you are named as loss payee) and on any policy insuring the property securing this note. You will apply this toward what I owe you.

☐ Security Agreement - If checked, I give you a security interest in the property described below. The rights I am giving you in this property, and the obligations this agreement are defined on the reverse side of this form.

(3) ☒ If checked, this note is not further secured

(4) ☐ If checked, this note is secured by a separate

(This property should be described in the Truth-in-Lending disclosure above)

checked, this security agreement (if filed) should be filed in the real estate records

Legal Description:

Record Owner (if not me):

person who signs within this enclosure does so to give you a security interest in the property described above, but assumes no personal obligation to pay this note

This property will be used for ☐ Personal ☐ Business ☐ Agricultural
☐ (other) purpose

☐ If checked, this is a purchase money loan. You may include the name of the seller on the check or draft for this loan.

I agree to the terms of the note and security agreement above (including those on the other side of this form) and acknowledge receipt of at least one copy on today's date.

TOMMY ROBINSON FOR CONGRESS CAMPAIGN

Signature Daniel H. H. H.

Campaign proceeds over \$100,000 - 50% guarantee

(BOTH SIDES OF THIS STATEMENT MUST BE COMPLETE)

SCHEDULE A	CASH - DEPOSITORY RELATION PS				
	Type Account	Account In Name of		Where Deposited	Amount

SCHEDULE B	LIFE INSURANCE - FACE VALUE & CASH VALUE					
	Face Value	Name Of Company		Beneficiary	Cash Value	Loans

SCHEDULE C	LISTED SECURITIES - ACTIVELY TRADED				
	Number Of Shares	Market Value		Description Of Securities	In Name Of
		Each	Total		

SCHEDULE D	UNLISTED SECURITIES - NOT ACTIVELY TRADED - Closely Held				
	Number Of Shares	Book Value		Total Shares Outstanding	Description Of Securities
		Each	Total		

SCHEDULE E	ACCOUNTS & NOTES RECEIVABLES			
	Debt Payable By	Repayment Terms	Amount	Doubtful?

SCHEDULE F	REAL ESTATE OWNED						
	Description Of Property	Title In Name Of	Date Acquired	Cost	Market Value	Mortgage	
						Amount	Maturity
	717 Auburn	Leasing, F. Nelson	11-1-82				

SCHEDULE G	PARTIAL INTEREST IN REAL ESTATE							
	Description Of Property	Year Purchased	Original Cost	Market Value Today	Mortgage Owning	Equity Value	Your % Ownership	Your Equity Value

SCHEDULE H	DEBT DUE BANKS, SAVINGS & LOANS, FINANCE COMPANIES, AND OTHERS				
	Secured Or Unsecured	Name Of Lender	Repayment Terms	Current Owning	Original Owning

WORTHEN Bank & Trust Company, N.A.
LITTLE ROCK, ARKANSAS

Personal Financial Statement

(NOTE: Any willful misrepresentation could result in violation of Federal Law.)

Name James F. Robinson S.S. Number 432-65-4
(Use Name of Statement for this individual only)

Name _____ S.S. Number _____

Home Address: Box 105 Hwy. 14 N. Lip 71.76 Telephone 535-5811

Business Address 12900 So. Wadsworth Zip 77076 Telephone 409-1520

Position or Occupation Sheet- Metal Co. Arkansas

STATEMENT OF CONDITION AS OF Dec 15 1982

ASSETS		DOLLARS	LIABILITIES		DOLLARS
Cash	A		Accounts & Bills Due	S	
Cash Value Life Insurance	B		Cash Value Insurance Loans	B	
Listed Securities	C		Secured Debt Due Banks	H	
Unlisted Securities	D		Unsecured Debt Due Banks	H	
Accounts/Notes Receivables	E		Accrued Taxes		
Real Estate Owned	F		Real Estate Mortgages	F	
Real Estate - Partial Interest	G		Real Estate - Partial Interest	G	
Automobiles			Secured Debt Due Others		
Personal Property			Unsecured Debt Due Others		
Other Assets - Itemize			Other Debts - Itemize		
			Total Liabilities		
			Net Worth		
Total Assets			Total Liabilities & Net Worth		

INCOME

Salary
Bonus / Commissions
Dividends / Interest
Real Estate Income
Total

PERSONAL INFORMATION

Date of Birth 3/1/72
Do You Have a Will? No Executor:
Have you been declared bankrupt in last 14 yrs.? No
Explain:
Are you a defendant in legal action? yes
Explain 1001 - Personal property to

CONTINGENT LIABILITIES AS COMAKER, ENDORSEER, GUARANTOR

Debt Payable By	Debt Payable To	Amount Due


(BOTH SIDES OF THIS STATEMENT MUST BE COMPLETE)

For the purpose of procuring and maintaining credit, I/we submit the foregoing as a true and accurate statement of my/our financial condition. Authorization is hereby given to Worthen Bank & Trust Company, N.A. to verify in any manner it deems appropriate items indicated on this statement. The undersigned also agrees to notify the Lender immediately in writing of any significant changes in such financial condition.

The undersigned certifies that the information provided on both sides of this statement is true and correct.

Dec 15 1852

and this statement is true and correct.


(Signature)

ATTACHMENT # 6

FIRST COMMERCIAL BANK_{NA}443935
04 JUL 6 11:48

July 2, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 1721

Dear Mr. Gross:

Your letter dated June 18, 1984, addressed to the Chairman of the Board of our bank holding company, Mr. B. Finley Vinson, has been referred to me for a response.

I am responding to your letter inasmuch as I was the lending officer responsible for making a \$35,000.00 loan to the Tommy Robinson for Congress Committee. In my judgment, the loan to his campaign committee was made in the ordinary course of banking business and was made on a basis which assured repayment.

For your information, the loan was evidenced by our bank's standard promissory note form and the documentation did not deviate from our bank's policy in any manner. Our note was dated May 7, 1984, and was for the original principal sum of \$35,000.00, bore interest at the rate of 13% per annum, and was due and payable on or before June 6, 1984. The loan was fully repaid on May 17, 1984.

We would ask that you hold this information in confidence and not release it to anyone outside of your office. I hope that this response has been helpful, and if you need any additional information, please feel free to give me a call.

Sincerely,

Edwin P. Henry
Executive Vice President

EH/bh

CAPITOL AND BROADWAY LITTLE ROCK, ARKANSAS 72201 501/371-7000

8 6 0 4 0 5 3 3 1
FIRST COMMERCIAL CORPORATION N

200 FIRST COMMERCIAL BUILDING
P.O. BOX 1331
LITTLE ROCK, ARKANSAS 72203
TELEPHONE 501-371-7000

84 JUN 23 4 6: 38

June 21, 1984

Mr. Charles N. Steel
General Counsel
The Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Dear Mr. Steel:

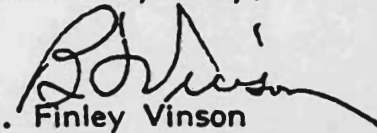
Several weeks ago the Associated Press reporter here in Arkansas attributed several comments to me that might have been misconstrued in newspaper accounts of my reaction to our Bank's loans to the campaign committee of Mr. Tommy Robinson. As you are aware, Mr. Robinson is the Democratic nominee to the United States House of Representatives from the Second Congressional District in Arkansas. A complaint has recently been filed with your office and has been docketed under your matter number MUR 1721.

The purpose of this letter is to assure you that my unofficial remarks to the AP reporter were based on an opinion written for First National Bank two years ago in a situation which appeared to be similar. This opinion was used as a base for a policy which disallowed such loans in our Bank, which was merged with another Bank last year, resulting in First Commercial Bank as the new entity. Whether Mr. Robinson's campaign committee bank loans violated any provision of the rules and regulations of the Federal Election Commission would naturally have to be decided by your office, not by our policies or by the newspapers.

Additionally, I certainly did not express an opinion on the loans other banking institutions extended to Mr. Robinson, except to the effect that if the collateral was what his campaign manager was quoted as saying it was, then the banks had some questionable loans. Obviously, I was not privy to the bankers' reasons for extending those other credits.

You and I know that news reporters, in their eagerness to dig up facts or to get a story, will ask questions and then sometimes try to help give the answers. Unfortunately, this may add to the confusion rather than help find the answers.

Yours very truly,


B. Finley Vinson
Chairman of the Board

BFV:ccj
D4/Q

600A-389

04 JUL 2 A8:4



The Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

T.E. RENAUD

Chairman of the Board &
Chief Executive Officer

June 26, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

Re: MUR 1721

Dear Mr. Gross:

On June 18, 1984, I received your letter dated June 13, 1984, which informed me that your office has received a complaint that alleges that The Twin City Bank and I have violated certain sections of the Federal Election Campaign Act of 1971, as amended. I have reviewed a copy of the complaint and the other material enclosed with your letter, and I am asking that you accept this letter as my response to the complaint.

For purposes of clarity and future reference, I would like to answer the allegations by numbered paragraphs.

1. The Twin City Bank is a state chartered depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation.

2. On May 17, 1984, the Tommy Robinson for Congress Campaign Committee applied for and was granted a loan in the amount of \$32,000. The loan was evidenced by our standard promissory note, a copy of which is enclosed for your future reference, which promissory note was dated May 17, 1984, was for the principal sum of \$32,000, bearing interest at the rate of 12½% per annum, and was due and payable on or before June 15, 1984.

3. The said promissory note was guaranteed by the candidate, Mr. Tommy F. Robinson, on our standard guaranty form, a copy of which is enclosed for your reference.

4. The loan was approved by me acting in my capacity as Chairman of the Board and Chief Executive Officer of The Twin City Bank. I have held the position of Chairman and Chief Executive Officer of The Twin City Bank for the past 15½ years.

Mr. Kenneth A. Gross

Page #2

June 26, 1984

5. The Twin City Bank is the largest state chartered bank in Arkansas with total assets of \$260 million as of June 1, 1984.

6. The Twin City Bank has one of the lowest loan loss records of any lending institution in the state of Arkansas.

7. As Chairman of the Board and Chief Executive Officer of The Twin City Bank, my primary lending authority is \$19,000,000.

8. It is my opinion that the loan to Tommy Robinson Campaign Committee was made in the ordinary course of business by this bank and was on a basis which assures repayment.

9. In addition to my knowledge of the banking industry, and particularly the operations of The Twin City Bank, I do have some knowledge as a citizen of the political future and fortunes of candidate Tommy F. Robinson. Based on my knowledge of Mr. Robinson, it is my opinion, and was at the time the loan was made, that he is a very viable candidate for the office which he is seeking; that he has substantial political backing and support; that his popular support among the voters is extremely high; and that he is respected by a number of business and civic leaders throughout this congressional district. These facts led me to believe at the time the loan was made, an opinion which I still maintain, that the campaign committee was certainly capable of repaying the loan in a timely and orderly fashion. Additionally, I have known Mr. Robinson to be a man of integrity. I have extended credit in larger amounts to him personally, and he has always handled these credits in a thoroughly satisfactory manner. Consequently, I was also comforted by his personal guarantee of the loan being questioned. While it would be a financial burden for Mr. Robinson to liquidate the debt if it is necessary for him to do so from his personal funds, I feel certain that he would do so, however, I also have no doubt that he can inspire the community to contribute to his political campaign. In summary, this loan was made to an individual of high integrity, a man recognized as a professional in his field, a customer with a satisfactory previous credit history with this bank, and the loan itself has two separate sources of repayment - the borrower and the guarantee.

10. The loan to the Tommy Robinson for Congress Campaign Committee was not endorsed or guaranteed by any person, corporation, partnership or any other type of entity other than Mr. Robinson.

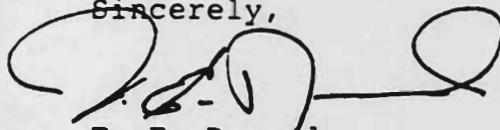
Our banking relationships with our customers must remain confidential and this information is furnished to you with the express permission of the Tommy Robinson Campaign Committee. We specifically request that you maintain his confidentiality.

Mr. Kenneth A. Gross
Page #3

June 26, 1984

If I can be the source of any additional information, I shall be happy to respond upon request.

Sincerely,

A handwritten signature in black ink, appearing to be 'T. E. Renaud', with a large loop at the end.

T. E. Renaud

TER/do

Enclosures

SHERMAN CAMPAIGN COMMITTEE

ONE EIGHT FRONT PLACE
NORTH LITTLE ROCK, ARKANSAS
72114

PROMISSORY NOTE

May 17, 1984

FOR VALUE RECEIVED, the undersigned, jointly and severally, promise to pay to the order of The Twin City Bank (herein called Bank), at its office in North Little Rock, Arkansas, the sum of Five Thousand and 00/100 DOLLARS, together with interest thereon from date at the rate of 10% PA. not to exceed maximum % per annum until maturity, and thereafter the maximum rate allowed by law until such sum is paid in full. Said amounts shall be payable as follows:

Demand, or if no demand by June 15, 1984

No delay or omission on the part of Holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this note. Presentment, demand, protest, notice of dishonor, and extension of time without notice are hereby waived by each and every Obligor. The Obligor, jointly and severally, promise and agree to pay all costs of collection and reasonable attorney's fee incurred or paid by Holder in enforcing this note upon the occurrence of any default. Any notice to Maker shall be sufficiently served for all purposes if placed in the mail, postage prepaid, addressed to, or left upon the premises at, the address shown below or any other address shown on Holder's records.

The undersigned (hereinafter referred to as Maker) does hereby deliver and/or grant to Bank and its assigns, and holders (Bank, its assigns, and holders all being collectively referred to as Holders) under pledge as security and/or security interest in, the collaterals below listed and/or listed on a collateral pledge and/or a Security Agreement, to wit:

THE ADDITIONAL PROVISIONS, TERMS, UNDERTAKINGS, AND RIGHTS SET FORTH ON THE REVERSE SIDE HEREOF ARE HEREBY MADE A PART OF THIS PROMISSORY NOTE, THE SAME BEING INCORPORATED HEREIN BY REFERENCE

Principal consists of:

Loan proceeds	522,000.00
Old Balance	
Filing fees or other fees	
incurred in perfection of	
any security interest in	
any collateral	
Credit Life Insurance	
Amount Financed	522,000.00

ADDRESS

105 W. Broadway
North Little Rock, AR 72114

UNDERSIGNED ACKNOWLEDGES RECEIPT OF A DUPLICATE
OF THIS NOTE.

MAKER

I have drawn my checking account no

0	0	0	0	0	0	0	0	0	0
---	---	---	---	---	---	---	---	---	---

For signature on this loan.

ADDITIONAL PROVISIONS

(being part of the promissory note on the reverse side hereof.)

The following is stated on the face of this note is also placed and/or printed as security for all other liabilities (primary, secondary, direct, contingent, sole, joint, several, or otherwise) due or to become due or which may be hereafter contracted or acquired, of each Maker (including each maker and any other person) to the Bank, and the payment of this note upon payment of the same, shall not affect the right of Bank to retain the collateral or its interest therein for such other liabilities, and makers do hereby waive all rights therein. (Stat. Ann. §50-9)

Additionally, reductions or exchanges of, or substitutions for the Collateral, payments on account of this loan or increases of the same, or other loans made partially or wholly upon the Collateral, may from time to time be made without affecting the provisions of this note. Holder shall exercise reasonable care in the custody and preservation of the Collateral to the extent required by applicable statute, and shall be deemed to have exercised reasonable care if it takes such action for that purpose as Maker shall reasonably request in writing, but no omission to do any act not requested by Maker shall be deemed a failure to exercise reasonable care, and no omission to comply with any request of Maker shall of itself be deemed a failure to exercise reasonable care. Holder shall not be bound to take any step necessary to preserve any rights in the Collateral against prior parties and Maker shall take all necessary steps for such purposes. Holder or its nominee need not collect interest on or principal of any Collateral or give any notice with respect to it.

If the Collateral shall at any time become unsatisfactory to Holder, Maker shall within one day after demand pledge and deposit with Holder as much of the Collateral additional property which is satisfactory to Holder.

If Holder deems itself insecure, or upon the happening of any of the following events, each of which shall constitute a default hereunder, all or part of such Maker to Holder shall thereupon or thereafter, at the option of Holder, without notice or demand, become due and payable: (a) failure of any Obligor (which term shall mean and include each Maker, endorser, surety and guarantor of this note) to perform any agreement hereunder, to pay interest or principal when due, or to pay any other liability whatsoever to Holder when due; (b) the death of any Obligor; (c) the filing of any petition under the Bankruptcy Act, or any similar federal or state statute, by or against any Obligor; (d) any application for the appointment of a receiver for, or making of a general assignment for the benefit of creditors by, or the insolvency of any Obligor; (e) the entry of a judgment against any Obligor; (f) the making of any attachment or garnishment, or the filing of any lien, against any property of any Obligor; (g) the taking of possession of any substantial part of the property of any Obligor at the instance of any governmental authority; (h) the dissolution, merger, consolidation, or reorganization of any Obligor; (i) the assignment by any Maker of any equity in any of the Collateral without the written consent of Holder.

Bank shall have, but shall not be limited to, the following rights, each of which may be exercised at any time whether or not this note is due: (i) to pledge or transfer this note and the Collateral and Holder shall thereupon be relieved of all duties and responsibilities hereunder and relieved from any and all liability with respect to any Collateral so pledged or transferred, and any pledgee or transferee shall for all purposes stand in the place of Holder hereunder and have all the rights of Holder hereunder; (ii) to transfer the whole or any part of the Collateral into the name of itself or its nominee; (iii) to vote the Collateral; (iv) to notify the Obligors on any Collateral to make payment to Bank of any amounts due or to become due hereunder; (v) to demand, sue for, collect, or make any compromise or settlement it deems desirable with reference to the Collateral; and (vi) to take control of any proceeds of Collateral.

Holder is hereby given a lien upon and a security interest in all property of each Obligor now or at any time hereafter in the possession of Holder in any capacity whatsoever, including but not limited to any balance or share of any deposit, trust, or agency account, as security for the payment of this note, and a similar lien upon and security interest in all such property of each maker as security for the payment of all other liabilities of such Maker to Holder (including liabilities of each Maker and any other person); and Holder shall have the same rights as to such property as it has with respect to the Collateral.

If Holder deems itself insecure or upon the occurrence of any default hereunder Holder shall have the remedies of a secured party under the Uniform Commercial Code, and shall be deemed to have exercised such remedies by the taking of any action to enforce its rights, including, without limitation, the sale, lease, pledge, or otherwise disposition of the Collateral, and the proceeds of such sale, lease, pledge, or otherwise disposition shall be applied to the payment of the debt secured by this note, and the balance of the proceeds shall be paid to the Maker or to the order of the Maker. If the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Holder will give Maker reasonable notice of the time and place of any public or private sale thereof. The requirement of notice shall not apply if such notice is mailed, postage prepaid, to any Maker at the address given on the face of this note or at any other address given in writing to the Holder, at least five days before the time of the sale. Upon disposition of any Collateral after the occurrence of any default hereunder, Maker shall be and remain liable for any deficiency and Holder shall account to Maker for any surplus, but Holder shall have the right to apply any surplus of such proceeds (or to hold the same as a reserve against) any and all other liabilities of such or any Maker to Holder.

RECEIVED
MAY 17 1984
MOH

GUARANTY

For Value Received and in consideration of advances to be made, or credit to be given, or other financial accommodation from time to time afforded or to be afforded to

TOMMY ROBINSON CAMPAIGN COMMITTEE

(hereinafter designated as "Debtor"), by THE TWIN CITY BANK, NORTH LITTLE ROCK, ARKANSAS, or its successor or successors, immediate or remote, by merger, consolidation, sale of a major portion of its assets, or otherwise (all of which are herein after called the "Bank"), the undersigned hereby jointly and severally guarantee the full and prompt payment to said Bank at maturity and at all times thereafter of any and all indebtedness, obligations and liabilities of every kind and nature of said Debtor to said Bank (including liabilities of partnerships created or arising while the Debtor may have been or may be a member thereof), howsoever evidenced, which may hereafter become due, whether direct or indirect, absolute or contingent, or joint or several, and howsoever owned, held or acquired, whether through discount, overdraft, purchase, direct loan or as collateral, or otherwise; and the undersigned further agree to pay all expenses, legal and/or otherwise (including court costs and attorney's fees, paid or incurred by said Bank in endeavoring to collect such indebtedness, obligations and liabilities, or any part thereof, and in enforcing this guaranty). The right of recovery, however, against the undersigned is limited to

THIRTY-TWO THOUSAND AND 00/100

DOLLARS (\$ 32,000.00)

plus interest on all loans and/or advances hereunder and all expenses hereinbefore mentioned.

In case of the death, incompetency, dissolution, liquidation or insolvency (howsoever evidenced) of, or the institution of bankruptcy or receivership proceedings against said Debtor, all of said indebtedness, obligations and liabilities then existing shall, at the option of the Bank, immediately become due or accrued and payable from the undersigned.

All dividends or other payments received from the Debtor, or on account of the debt from whatsoever source, shall be taken and applied as payment in gross, and this guaranty shall apply at the option of said Bank to and secure any ultimate balance that shall remain owing to said Bank.

Any payments made by the undersigned on the indebtedness of the Debtor and resulting in the undersigned having a claim against the Debtor shall be subordinate to any and all then existing indebtedness owed the Bank by the Debtor and also to such subsequent loans or advances which, at the option of the Bank, may be made.

This guaranty shall be a continuing, absolute and unconditional guaranty, and shall remain in full force and effect until written notice of its discontinuance shall be actually received by said Bank, and also until any and all of said indebtedness, obligations and liabilities existing before receipt of such notice shall be fully paid. The death, dissolution or withdrawal of any one or more of the undersigned shall not terminate this guaranty until notice of any such death, dissolution or withdrawal shall have been actually received by said Bank, nor until all of said indebtedness, obligations and liabilities existing before receipt of such notice shall be fully paid. And in the event of any such death, dissolution or withdrawal and notice thereof to the Bank, this guaranty shall, notwithstanding, continue and remain in force against the survivor or survivors until discontinued as hereinabove provided.

The liability hereunder shall in no wise be affected or impaired by (and said bank is hereby expressly authorized to make from time to time, without notice to anyone), any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or other disposition of any of said indebtedness, obligations and liabilities, either express or implied, or of any contract or contracts evidencing any thereof, or of any security or collateral therefor. The liability hereunder shall in no wise be affected or impaired by any acceptance by said Bank of any security for or other guarantors upon any of said indebtedness, obligations or liabilities, or by any failure, neglect or omission on the part of said Bank to realize upon or protect any of said indebtedness, obligations or liabilities, or any collateral or security therefor, or to exercise any lien upon or right of appropriation of any moneys, credits or property of said Debtor, possessed by said Bank, toward the liquidation of said indebtedness, obligations or liabilities, or by any application of payments or credits thereon. Said Bank shall have the exclusive right to determine how, when and what application of payments and credits, if any, shall be made on said indebtedness, obligations and liabilities, or any part of them. In order to hold the undersigned liable hereunder, there shall be no obligation on the part of the said Bank at any time to first resort to or exhaust its remedies against the Debtor, or other persons or corporations, their properties or estates, or to resort to and exhaust its remedies against any collateral, security, property, liens or other rights whatsoever. It is expressly agreed that said Bank may at any time make demand for payment or payments on, or bring suit against, the undersigned guarantors, jointly or severally, or any one or more of the undersigned, less than all, without impairing the rights of the Bank against the others of the undersigned; and that the Bank may compound with any one or more of the undersigned for such sums as it may see fit and release such of the undersigned from all further liability to the Bank for such indebtedness without impairing the right of the Bank to demand and collect the balance of such indebtedness from others of the undersigned not so released.

(OVER)

All diligence in collection or protection, and all presentment, demand, protest and/or notice, as to any and everyone, of dishonor and of default and of non-payment and of the creation and existence of any and all of said indebtedness, obligations and liabilities, and of any security and collateral therefor, and of the acceptance of this guaranty, and of any and all extensions of credit and indulgence hereunder, are hereby expressly waived.

The granting of credit from time to time by said Bank to said Debtor in excess of the amount to which the right of recovery under this guaranty is limited and without notice to the undersigned, is hereby also authorized and shall in no way affect or impair this guaranty.

All paper discounted for said Debtor and all loans made to said Debtor, when paid, shall be deemed to have been paid by said Debtor, unless express notice in writing is given to said Bank at the time by the undersigned that it has been paid by them.

No act of commission or omission of any kind, or at any time, upon the part of said Bank in respect to any matter whatsoever, shall in any way affect or impair this guaranty.

Said Bank may, without any notice whatsoever to any one, sell, assign or transfer all of said indebtedness, obligations and liabilities, or any part thereof, and in that event each and every immediate and successive assignee, transferee, or holder of all or any part of said indebtedness, obligations and liabilities, shall have the right to enforce this guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder, as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits; but the said Bank shall have an unimpaired right, prior and superior to that of any said assignee, transferee or holder, to enforce this guaranty for the benefit of said Bank, as to so much of said indebtedness, obligations and liabilities that it has not sold, assigned or transferred.

Notice to the undersigned guarantors of the acceptance of this guaranty and of the making or renewing of any loan or paper is hereby expressly waived by the undersigned.

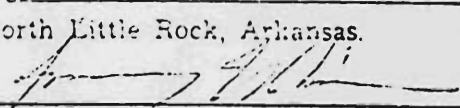
No release or discharge of any one or more of the undersigned shall release or discharge any of the other of the undersigned, unless and until all of said indebtedness, obligations and liabilities shall have been fully paid and discharged.

This guaranty shall be construed according to the law of the State of Arkansas, in which State it shall be performed by the undersigned.

This guaranty and every part thereof, shall be binding upon the undersigned, jointly and severally, and upon the heirs, legal representatives, successors and assigns of all the undersigned, and each of them, respectively.

If any part of this guaranty invalid under the law of this State shall not invalidate other parts of this guaranty.

After having carefully read this instrument consisting of the front and back of this page the same was signed and delivered by the undersigned, this 17th day of May, 1954, and was thereafter received and accepted by said Bank at North Little Rock, Arkansas.


TOMMY ROBINSON

ATTACHMENT # 8



WORTHEN Bank & Trust Company, N.A.

WORTHEN BANK BUILDING
LITTLE ROCK, ARKANSAS 72203

24 JUL 8 11:09

June 29, 1984

D. EUGENE FORTSON
PRESIDENT AND CHIEF EXECUTIVE OFFICERCERTIFIED MAIL
RETURN RECEIPT REQUESTEDMr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721

Dear Mr. Gross:

This will acknowledge receipt of your letter of June 13, 1984, in relation to the captioned matter.

From time to time over approximately the past ten years, Worthen Bank & Trust Company has extended credit to Tommy F. Robinson in several forms. This has included unsecured loans over short term periods as well as credit secured by second mortgages on real estate or chattel mortgages on personal property. No loan he has made here during that course of time has been secured or endorsed by any guarantor or anyone other than Mr. Robinson. During the period of time he has been a customer of Worthen Bank, he has never defaulted on any credit instrument or obligation and has met his repayment agreements with the bank.

With that customer background, our institution was comfortable in extending credit to Mr. Robinson on May 18, 1984. On that date, we loaned his campaign committee \$50,479.45. This loan to the "Tommy Robinson for Congress Campaign Fund" was supported by a personal guaranty from Mr. Robinson which was additionally supported by a second mortgage executed on his residence located in Jacksonville, Arkansas.

There were no other guaranties, co-signors, or security of any nature offered as an inducement for Worthen Bank to make this loan.

For the benefit of your files, we are enclosing a copy of the Guaranty executed by Mr. Robinson as well as the Federal Disclosure and Mortgage Affidavit forms necessary for execution of a second mortgage supporting Mr. Robinson's guaranty of the loan to the committee.

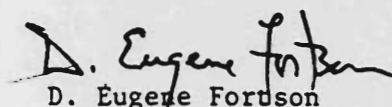
We are completing and also enclosing with this letter the Statement of Designation of Counsel as provided for in the Federal Election Commission regulations.

a fabco company

Mr. Kenneth A. Gross
June 29, 1984
Page 2

We will be pleased to provide other documentation outlining our traditional relationship with Mr. Robinson from bank files should it be required.

Sincerely,


D. Eugene Fortson
Chairman and Chief
Executive Officer

pm

AFFIDAVIT

STATE OF ARKANSAS

COUNTY OF PULASKI

The undersigned Tommy F. Robinson
on oath state:

That on May 18, 19 84, the undersigned executed and delivered to Worthen Bank & Trust Company, N.A., a mortgage to secure a loan of \$ 50,479.45, said mortgage encumbering the following described property, to-wit:
Lot 37, Phase II, Jackson Heights Addition to the City of Jacksonville, Pulaski County, Arkansas.

That the undersigned are the sole owners of the above described property; and that (except for taxes not delinquent) the undersigned's title to said land is not subject to any mortgage, judgment, attachment, lien, or other encumbrance, or adverse claim of any character, whether or not reflected by the county records.

- * That there has been no construction, operations, or repairs on said land within the last one hundred thirty (130) days which have not been paid for in full,

or

- * That in connection with recent repairs or construction that have been made on the above described property within the last one hundred thirty (130) days, all of which have now been completed, the following are the only persons, firms or corporations who furnished material and performed labor:

<u>Name</u>	<u>Address</u>	<u>City</u>

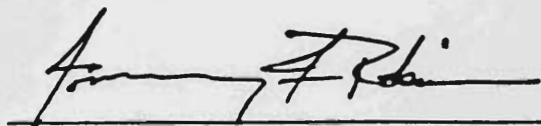
The undersigned further state that the above named parties have been paid in full, and that there are no materialmen's or laborer's and mechanic's lien claims against said property.

That there are no unsatisfied judgments or suits pending in any court, State or Federal, against the undersigned, or either of them, and the undersigned, or either of them, are not now involved in any bankruptcy or insolvency proceedings.

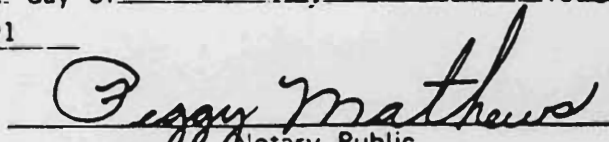
- * That all assessments against said property by the Little Rock Sanitary Sewer System, payable with the monthly service charges for water consumed by the occupants of the improved property in the City of ~~Little Rock~~ Little Rock, Arkansas, are paid to date.
Jacksonville
- * That the use of said property is not in violation of the provisions of the Zoning Ordinance of the City of ~~Little Rock~~ Little Rock, Arkansas.
Jacksonville
- * That the building restrictions and all other provisions contained in the Bill of Assurance affecting said property are fully complied with.

The statements contained herein are made for the purpose of inducing Worthen Bank & Trust Company, N.A., to make disbursement of aforesid loan.

(*) Strike out inapplicable paragraphs.


Tommy F. Robinson

Subscribed and sworn to before me this 18th day of May, 19 84
My commission expires February 14, 1991


Notary Public

For a valuable consideration hereby acknowledged, and to induce Worthen Bank & Trust Company, N.A. (of Little Rock, Arkansas), hereinafter called "Bank", to extend credit to

Tommy Robinson for Congress Campaign Fund

hereinafter called "Debtor"), the undersigned (hereinafter called "Guarantor", whether one or more) agrees:

1. Guarantor unconditionally guarantees, to the extent of

Fifty Thousand Four Hundred Seventy-nine and 45/100 Dollars ----- (\$ 50,479.45)

(Guarantor's aggregate liability hereunder to be limited to that amount); the prompt payment at maturity, without notice or demand, of all indebtedness, now existing or at any time hereafter created, which may be owing by the Debtor to the Bank; the term "indebtedness" including any and all liability (direct, secondary or contingent) of the Debtor to the Bank whether based on any loan, guaranty, endorsement, sale, discount, acceptance, or repurchase obligation (or any other transaction, whether similar or dissimilar to the foregoing), and whether such liability be that of sole obligor or co-obligor, or secured or unsecured, and whether such liability be incurred in the first instance to the Bank or acquired by the Bank through purchase, assignment, subrogation, through operation of law or otherwise. If a bankruptcy petition should at any time be filed by or against the Debtor, the maturity of the guaranteed indebtedness, so far as the Guarantor's liability hereunder is concerned, shall be accelerated and said indebtedness immediately payable by Guarantor.

2. To enforce the liability of the Guarantor hereunder, the Bank shall not be required first:

- To give Guarantor any notice of the Debtor's default; or
- To foreclose upon or resort to any mortgage, pledge or other collateral held as security for the guaranteed indebtedness; or
- To attempt to enforce the liability of the Debtor or of any third party who may be primarily or secondarily liable for the guaranteed indebtedness; or
- To give Guarantor notice before making any advances to Debtor, or otherwise creating or acquiring any primary, secondary or contingent liability of Debtor; it being understood that the guaranteed indebtedness may be created from time to time upon any terms and conditions approved by Bank and without the knowledge or prior approval of Guarantor.

3. Without defeating or diminishing the liability of the Guarantor hereunder, the Bank may, without notice to Guarantor, and on any terms satisfactory to Bank, from time to time --

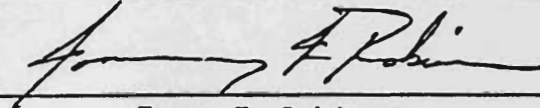
- release any mortgage, pledge or other collateral held as security for the guaranteed debt, or accept substitutions of collateral therefor, or extend the maturity of any collateral obligation through renewal or otherwise; or
- extend the maturity of the guaranteed indebtedness, or permit the renewal thereof; or
- release any third party who may at any time be liable as co-obligor, endorser, surety, guarantor or otherwise for the guaranteed indebtedness; provided the Bank may not release any co-signer of this guaranty without the permission of the other signer(s).

4. This is a continuing guaranty. Any person signing hereunder as Guarantor may at any time hereafter, not earlier than N/A, 19 , actually deliver a written notice to the President, or any Vice President, or the Cashier of Bank of the discontinuance of Guarantor's liability hereunder, in which event said Guarantor will not be obligated to Bank for any liabilities of Debtor created after the receipt by Bank of such notice. But said Guarantor shall be liable, in an amount not exceeding the sum above written, for all indebtedness (as above defined) of the Debtor to Bank created prior to the receipt by the Bank of such notice. The discontinuance, in the manner above provided, of liability hereunder as to one Guarantor will not operate as a discontinuance of the liability hereunder of any other Guarantor(s) hereunder. The indebtedness of Debtor to Bank shall at any time be paid, Guarantor shall remain liable to Bank for all indebtedness of Debtor to Bank at any time thereafter created prior to the giving of notice (as above prescribed) of the discontinuance of Guarantor's liability; but once Guarantor pays Bank the sum above written in discharge of Guarantor's liability hereunder, this instrument shall become null and void.

5. The liability of Guarantor hereunder shall inure to the benefit of any subsequent holder of the guaranteed indebtedness. If more than one person signs this instrument as Guarantor, then they shall be jointly and severally liable for the payment of the sum above written; payment of said sum by one to discharge the other(s). If any Guarantor dies, his liability then accrued hereunder, and based on any transaction(s) prior to his death, shall constitute an obligation of his estate; and as to all indebtedness created after his death, this instrument shall remain in full force and effect as a guaranty by the surviving Guarantor(s) but not as a guaranty by the decedent's estate.

6. The liability of the undersigned hereunder is not conditioned upon the signing of this instrument by any other person and is not subject to any other condition not herein expressly set out.

SIGNED THIS 18th day of May, 19 84.


Tommy F. Robinson

● MORTGAGE 3 2 7
CONSUMER

KNOW ALL MEN BY THESE PRESENTS:

(1) That Tommy F. Robinson

(hereinafter called "Mortgagor", whether one or more) for a valuable consideration, do_____ hereby grant, bargain, sell, convey and deliver unto WORTHEN BANK & TRUST COMPANY, N.A., (hereinafter called "Mortgagee"), a banking corporation under the laws of Arkansas, and unto its successors and assigns, the following described property, to-wit:

Lot 37, Phase II, Jackson Heights Addition to the City of Jacksonville,
Pulaski County, Arkansas.

This mortgage also conveys all buildings and improvements now or at any time hereafter located on any land hereinabove described, together with all of the following equipment now or at any time hereafter located in any such building regardless of method of annexation or removability, viz: All electrical equipment (including lighting equipment, refrigeration equipment, ceiling fans, attic and window fans, motors and all other electrical paraphernalia) except items attached merely by plugging in wall sockets; all furnaces (including floor furnaces), heaters, radiators and all other heating equipment except small gas stoves on floor; all bath tubs, toilets, sinks, basins, pipes and other plumbing equipment; all screens, awnings, and window shades; all linoleum and other permanent floor coverings; all engines and elevators.

(2) TO HAVE AND TO HOLD the same unto the WORTHEN BANK & TRUST COMPANY, N.A., its successors and assigns forever.

(3) And Mortgagor covenants with Mortgagee, its successors and assigns, that Mortgagor will forever warrant and defend the title to all said property against all lawful claims whatever.

(4) PROVIDED, however, the foregoing conveyance is given as a Mortgage for the purpose of securing—

- (a) The payment of one promissory note, of even date herewith, and all successive extensions and renewals of the indebtedness represented thereby, evidencing a principal indebtedness (which indebtedness, and all extensions and renewals thereof is hereinafter called the "Primary Indebtedness") of Fifty Thousand Four Hundred Seventy-nine and 45/100 Dollars (\$ 50,479.45), executed by mortgagor payable to the order of Mortgagee, said note(s) bearing interest from date until maturity at the rate recited in said note(s), and after maturity (meaning either normal maturity or maturity created by acceleration) at the highest rate permitted by law per annum, said note(s) being payable as to principal and interest as follows:

The total loan shall be due and payable on demand or twelve (12) days after date thereof with interest computed at the rate of two (2) percentage points over the prime rate charged borrowers by this bank to be adjusted on the date following any change in the bank's prime rate, but in no event to exceed the highest rate provided by law.

- (b) Also, the repayment to the holder(s) of the indebtedness secured hereby of all reimbursable expense at any time accruing to such holder(s) under the provisions of Paragraph (7) hereof.

Upon the payment of all such sums, this Mortgage will become void and will be released by a proper marginal notation or, at the option of the holder(s) of the secured debt, by a release deed to be recorded at the expense of Mortgagor.

(5) Mortgagor agrees:

- (a) To pay, prior to delinquency, all taxes, special improvement assessments and other governmental charges against the mortgaged property, both real and personal, at any time levied or becoming due.
- (b) To carry insurance upon all insurable property encumbered hereby against such hazards, in such amounts and under such form of policies, as shall be acceptable to, or requested by, the holder(s) of the indebtedness secured hereby; each insurance policy to carry mortgage clause in favor of such holder(s) upon such form as may be approved by the holder(s), and each policy to be delivered to and held by such holder(s). Also to carry public liability insurance, and insurance against other hazards, to such extent as may be requested by the holder(s) of the secured indebtedness. In each instance Mortgagor shall have the right to select the insurer, subject to Mortgagee's right to reject the proposed insurer for reasonable cause.
- (c) To prevent the mortgaged property from becoming encumbered by any lien or charge having priority over, or on a parity with, the lien of this mortgage; and to comply with all statutes, ordinances and regulations relating to such property.
- (d) To protect the mortgaged property from waste, injury or unusual deterioration and, without subjecting the property to any statutory lien, to make all replacements and repairs necessary to keep the mortgaged property in good physical condition. In that connection, it is agreed that Mortgagor may not cut the timber from any land encumbered hereby; moreover, Mortgagor may not remove or substantially remodel or alter any structure on the mortgaged land without the prior written consent of the holder(s) of the secured indebtedness.
- (e) Borrower will at all times keep proper books of accounts in a manner satisfactory to Lender. Borrower hereby authorizes Lender to make or cause to be made, at Borrower's expense, and in such manner and at such time as Lender requires, (a) inspections and audits of any books, records, and papers in the custody or control of Borrower or others, relating to Borrower's financial or business condition, including the making of copies thereof and extracts therefrom and (b) inspections and appraisals of any of Borrower's assets.
- (f) Borrower will furnish to Lender at his expense for the twelve months period most recently ended and annually thereafter no later than ninety (90) days following the expiration of any such period and at such other times and in such form as Lender may prescribe, Borrower's financial operating statement. Borrower hereby authorizes all federal, state, and municipal authorities to furnish reports of examinations, records, and other information relating to the conditions and affairs of Borrower and any desired information from reports, returns, files, and records of such authorities upon request therefor by Lender.

(6) The holder(s) of the Primary Indebtedness or any future or additional indebtedness secured hereby under Paragraph (4) (b) hereof (whether such indebtedness then be evidenced by the original note(s) or by any instrument(s) given in renewal or extension of such indebtedness) may, at the option of such holder(s), declare the entire unmatured portion of all indebtedness secured hereby, together with all interest accrued on the entire secured debt, to be immediately due and payable, and the same shall forthwith become immediately due and payable (which acceleration of maturity may be accomplished without notice to anyone), in any one of the following events:

- (a) Upon the filing of a voluntary or involuntary petition to subject Mortgagor (or any party obligated as maker, endorser, surety or guarantor for the payment of the secured indebtedness) to any bankruptcy, debt-adjustment, receivership or other insolvency proceeding.
- (b) Upon the occurrence of any event, which, under the terms of the instrument(s) at any time evidencing the indebtedness secured hereby, warrants an acceleration (at the option of the payee) of the maturity of said indebtedness.
- (c) If default shall be made in the payment of any part of the principal indebtedness secured hereby, or any interest accruing on such principal indebtedness, as the same becomes due and payable according to the terms of the original note(s), or of any extension or renewal thereof at any time evidencing such indebtedness.
- (d) If Mortgagor shall fail to comply with any of the agreements contained in Paragraph (5) of this mortgage.
- (e) If Mortgagor, being a partnership or a corporation, shall be dissolved or reorganized in any manner.
- (f) If at any time it should appear that the Mortgagor has attempted to sell free from the lien of this Mortgage any personal property or removable fixture encumbered hereby, or is about to attempt such a sale; or that any personalty or removable fixture encumbered hereby has been, or is about to be, moved to a different jurisdiction, subjected to physical damage or unusual deterioration, seized under legal process, or subjected by the Mortgagor or a third party to any other disposition which in the opinion of the holder(s) of the secured indebtedness will impair the security value of this instrument.
- (g) If at any time it shall appear that any financial statement or other representation made to obtain the loan secured hereby is materially incorrect; or that Mortgagor's title to the mortgaged properties, or any portion thereof, is subject to any prior lien, title or interest not mentioned in this mortgage as a prior encumbrance.
- (h) If at any time Mortgagor shall sell or convey the title to or any interest in any realty mortgaged hereunder without the prior written consent of the holder(s) of the secured indebtedness.

It is particularly understood that the foregoing acceleration provisions will be applicable not only to the maturities recited in the original mortgage note(s) but also to any substituted maturities created by extension or renewal. The failure of the holder(s) of the secured indebtedness to declare an acceleration of maturities when a ground therefor exists, even though such forbearance may be repeated from time to time, will not constitute a waiver of the right of such holder(s) to accelerate maturities upon a recurrence of the same ground therefor; nor will the act of such holder(s) in remedying any condition resulting from Mortgagor's default bar the holder(s) from declaring an acceleration of maturities by reason of such default.

(7) If the holder(s) of the indebtedness secured hereby shall expend any sum or sums for the protection of any of the mortgaged property or the lien of this mortgage (such holder(s) to have uncontrolled discretion as to the necessity of making any such expenditures), the repayment of such sum or sums on demand (with interest thereon at the rate of 10% per annum from the date of each expenditure) shall be the personal obligation of the Mortgagor; and such obligation to repay will constitute a part of the indebtedness secured hereby. The expenditures thus made reimbursable will include (without limiting the foregoing) taxes, special improvement assessments, insurance premiums, repairs and maintenance expenses, watchman's compensation, sums paid to discharge prior liens, rents on premises in which mortgaged personalty may be situated, etc. The cost of any abstract or supplemental abstract procured by the holder(s) of the secured indebtedness to facilitate foreclosure will also constitute a part of the reimbursable expense secured hereby.

(8) In the event of a default hereunder the holder(s) of the indebtedness secured hereby shall be entitled to the following remedies:

- (a) Such holder(s) may foreclose this mortgage through equity proceedings in respect to any real estate encumbered hereby.
- (b) Such holder(s) may require the Mortgagor to assemble (at Mortgagor's expense) any or all of the personal property encumbered hereby and make it available to such holder(s) at a place specified by such holder(s) which is reasonably convenient to both parties; and such holder(s) may enforce all of its or their remedies, in respect to the encumbered personal property, that may be available under the Uniform Commercial Code. In this last event all expenses of retaking, holding, preparing for sale, selling or the like, as well as all reasonable attorney's fees (not exceeding 10% of the secured indebtedness plus accrued interest) and lawful expenses incurred by said holder(s) in enforcing such remedies shall be payable to said holder(s) by Mortgagor and shall constitute a part of the secured indebtedness.
- (c) The holder(s) of the indebtedness secured hereby may enforce the lien of this mortgage in respect to all real and personal property encumbered hereby by proceedings that are prosecuted simultaneously or are prosecuted separately in such order as the holder(s) may select.

(9) The Mortgagor releases all right of appraisal hereunder and also releases unto the Mortgagee all right of redemption under the laws of Arkansas, including particularly all right of redemption under the Act of May 8, 1899.

(10) And _____, husband(s)
and _____, wife(s),

of the said Mortgagor(s), for valuable consideration hereby acknowledged, hereby release unto the said Mortgagee, its successors and assigns all of the right of dower, homestead and curtesy, respectively, in and to the property encumbered hereby.

EXECUTED on this 18th day of May, 1984.

Tommy F. Robinson

STATE OF ARKANSAS

County of Pulaski

ss.

ACKNOWLEDGMENT

BE IT REMEMBERED, That on this day came before me, the undersigned, a Notary Public

within and for the County aforesaid, duly commissioned and acting

Tommy F. Robinson

_____ to me personally
well known as the grantor _____ in the foregoing Mortgage, and acknowledged that _____ he _____ had executed the same for the consideration and purposes therein mentioned and set forth.

And on the same day voluntarily appeared before me, the said _____

_____, husband(s) and _____

_____, to me personally well known, and they in the absence of their spouse(s) declared that they had of their own free will executed said Mortgage and signed and sealed the relinquishment of dower, homestead and curtesy therein contained, for the consideration and purposes therein mentioned and set forth, without the compulsion or undue influence of their spouse.

WITNESS my hand and seal as such Notary Public

on this 19th day of May, 1984

My commission expires

February 14, 1991

Peggy Mathews
Notary Public



WORTHEN
Bank & Trust Company, N.A.

Notice of Right to Cancel

YOUR RIGHT TO CANCEL

You are entering into a transaction that will result in a mortgage, lien, or security interest on your home. You have a legal right under federal law to cancel this transaction, without cost, within three business days from whichever of the following events occurs last:

1. the date of the transaction, which is May 18, 1984; or
2. the date you received your Truth in Lending disclosures; or
3. the date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage, lien, or security interest is also cancelled. Within 20 calendar days after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage, lien, or security interest on your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 calendar days of your offer, you may keep it without further obligation.

HOW TO CANCEL

If you decide to cancel this transaction, you may do so by notifying us in writing, at:

WORTHEN BANK & TRUST COMPANY, N.A.
Worthen Bank Building
Little Rock, Arkansas 72201

You may use any written statement that is signed and dated by you and states your intention to cancel, and/or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of May 23, 1984 (or midnight of the third business day following the latest of the three events listed above). If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I WISH TO CANCEL

Consumer's Signature

Date

I (We), the owner(s) of the home which is to be subject to a mortgage, lien, or other security interest, have received two (2) completed copies of this notice.

James F. Rhine

May 18, 1984
Date

Date

WITNESSED

**DETAILED STATEMENT
of Receipts and Disbursements
(Page 2, FEC FORM 3)**

Name of Committee (in Full) The Tommy Robinson for Congress Campaign		Report Covering the Period: From: 4-3-84 To: 5-9-84	
		COLUMN A Total This Period	COLUMN B Calendar Year to Date
I. RECEIPTS			
11. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committees	.....	\$24,301.00	\$ 24,301.00
(Memo Entry Unitized \$ 15,501)			
(b) Political Party Committees	.....	
(c) Other Political Committees	.....	1,500.00	1,500.00
(d) The Candidate	.....	
(e) TOTAL CONTRIBUTIONS (other than loans (add 11(a), 11(b), 11(c) and 11(d)).	.....	25,801.00	25,801.00
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES			
13. LOANS:			
(a) Made or Guaranteed by the Candidate	.....	208,570.65	208,570.65
(b) All Other Loans	.....	
(c) TOTAL LOANS (add 13 (a) and 13 (b)).	.....	208,570.65	208,570.65
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)			
15. OTHER RECEIPTS (Dividends, Interest, etc.)			
16. TOTAL RECEIPTS (add 11 (e), 12, 13 (c), 14 and 15)		234,371.65	234,371.65
II. DISBURSEMENTS			
17. OPERATING EXPENDITURES		210,482.30	210,482.30
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES			
19. LOAN REPAYMENTS:			
(a) Of Loans Made or Guaranteed by the Candidate	.....	
(b) Of All Other Loans	.....	
(c) TOTAL LOAN REPAYMENTS (add 19 (a) and 19 (b)).	.....	
20. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees	.....	
(b) Political Party Committees	.....	
(c) Other Political Committees	.....	
(d) TOTAL CONTRIBUTION REFUNDS (add 20 (a), 20 (b), and 20 (c))	.....	
21. OTHER DISBURSEMENTS			
22. TOTAL DISBURSEMENTS (add 17, 18, 19 (c), 20 (d) and 21)		210,482.30	\$ 210,482.30
III. CASH SUMMARY			
23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD		\$ -0-	
24. TOTAL RECEIPTS THIS PERIOD (From Line 16)		234,371.65	
25. SUBTOTAL (Add Line 23 and Line 24)		234,371.65	
26. TOTAL DISBURSEMENTS THIS PERIOD (From Line 22)		210,482.30	
27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (Subtract Line 26 from 25)		23,889.35	

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CERTIFIED MAIL
APR 16 1984

STATEMENT OF CANDIDACY

(see reverse side for instructions)

AR0226 (ms)

1. (a) Name of Candidate (in Full) Tommy F. Robinson	2. Identification No.
(b) Address (Number and Street) P. O. Box 105	3. Party Affiliation Democrat
(c) City, State and ZIP Code Jacksonville, Arkansas 72070	4. Office Sought U.S. House of Representatives
	5. District & State of Candidate 2nd District, Arkansas

DESIGNATION OF PRINCIPAL CAMPAIGN COMMITTEE

6. I hereby designate the following named political committee as my Principal Campaign Committee for the **1984** election(s).
(Year of election(s))

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

(a) Name of Committee (in Full) The Tommy Robinson for Congress Campaign
(b) Address (Number and Street) Suite 900, University Tower Building, 12th and University
(c) City, State and ZIP Code Little Rock, Arkansas 72204

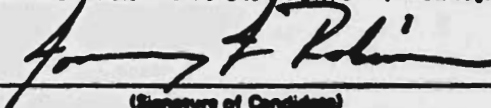
DESIGNATION OF OTHER AUTHORIZED COMMITTEES

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

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

(a) Name of Committee (in Full)
(b) Address (Number and Street)
(c) City, State and ZIP Code

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


(Signature of Candidate)

4/17/84
(Date)

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

CANDIDATES FOR -
President mail to:

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

U.S. Senate mail to:

Secretary of the Senate
119 D Street, N.E.
Washington, D.C. 20510

U.S. House of Representatives
mail to:

Clark of the House
1038 Longworth Office Bldg.
Washington, D.C. 20515

For further
information
contact:

Federal Election Commission
Toll Free 800-424-9638
Local 202-633-4888

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FEC FORM 2 (3/80)

A
P-3

APR 16 1984

CERTIFIED MAIL

STATEMENT OF ORGANIZATION

(see reverse side for instructions)

1. (a) Name of Committee (in Full) <u>The Tommy Robinson for Congress Campaign</u>	(1) Check if name or address is changed.	2. Date <u>4/17/84</u>
(b) Address (Number and Street) <u>Suite 900, University Tower Building, 12th & University</u>		3. FEC Identification Number <u>111015</u>
(c) City, State and ZIP Code <u>Little Rock, Arkansas 72201</u>		4. Is this an amended Statement? YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>

B. TYPE OF COMMITTEE (check one)

- ☒ (a) This committee is a principal campaign committee. (Complete the candidate information below.)
- ☐ (b) This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)
- ☐ (c) This committee supports/opposes only one candidate _____ and is NOT an authorized committee.
- ☐ (d) This committee is a _____ committee of the _____ (Democratic, Republican, etc.) Party.
- ☐ (e) This committee is a separate segregated fund.
- ☐ (f) This committee supports/opposes more than one Federal candidate and is NOT a separate segregated fund nor a party committee.

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

If the registering political committee has identified a "connected organization" above, please indicate type of organization:

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

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

Full Name	Mailing Address and ZIP Code	Title or Position
<u>George Michael Felkins</u>	<u>425 West Broadway, Suite K North Little Rock, AR 72114</u>	<u>Treasurer</u>

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

Full Name	Mailing Address and ZIP Code	Title or Position
<u>George Michael Felkins</u>	<u>425 West Broadway, Suite K North Little Rock, AR 72114</u>	<u>Treasurer</u>

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

Name of Bank, Depository, etc.	Mailing Address and ZIP Code
<u>Worthen Bank & Trust Co. N.A.</u>	<u>P. O. Box 1681 Little Rock, AR 72203</u>

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

George Michael Felkins
Type or Print Name of Treasurer

George Michael Felkins
SIGNATURE OF TREASURER

4/17/84
Date

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

For further information contact:

Federal Election Commission, Toll Free 800-424-9630, Local 202-533-4088

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FEC FORM 1 (3/80)



ATTACHMENT 11

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Larry C. Wallace, Esquire
House, Wallace & Jewell, P.A.
1500 Tower Building
Little Rock, Arkansas 72201

RE: MUR 1721
The Tommy Robinson Campaign
Committee and its treasurer,
George M. Felkins and
Tommy Robinson

Dear Mr. Wallace:

The Federal Election Commission notified your clients the Tommy Robinson Campaign Committee and its treasurer, George M. Felkins and Tommy Robinson on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your clients, the Commission, on August , 1984, determined that there is reason to believe that your clients have violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Tommy Robinson and Robinson for Congress Committee accepted illegal contributions from the Stephens Security Bank, the First American Bank, the First State Bank, the First Commercial Bank the Twin City Bank and the Worthen Bank & Trust Co. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your clients, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

Larry C. Wallace, Esquire
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

86040585336



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

W. Russell Meeks, III
1151 First Commercial Building
Little Rock, Arkansas 72201

Re: MUR 1721
Stephens Security Bank

Dear Mr. Meeks:

The Federal Election Commission notified your client Stephen Security Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on August , 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Stephens Security Bank contributed \$100,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

W. Russell Meeks, III
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

86040565338



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

C.J. Giroir, Jr.
The Rose Law Firm
120 East Fourth Street
Little Rock, Arkansas 72201

Re: MUR 1721
Worthen Bank & Trust Co., N.A.

Dear Mr. Giroir:

The Federal Election Commission notified your client Worthen Bank & Trust Co., N.A., on June 19, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on August , 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that the Worthen Bank & Trust Co., N.A. contributed \$50,479 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

C.J. Giroir, Jr.
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

H. Maurice Mitchell
100 Savers Federal Building
Little Rock, Arkansas 72201

Re: MUR 1721
First American Bank

Dear Mr. Mitchell:

The Federal Election Commission notified your client First American Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on August , 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that First American Bank contributed \$50,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

H. Maurice Mitchell
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

86040305342



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

First State Bank
Al Harkins, President
P.O. Box 6009
Sherwood, Arkansas 72116

Re: MUR 1721
First State Bank

Dear Mr. Harkins:

The Federal Election Commission notified the First State Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on August , 1984, determined that there is reason to believe that First State Banks violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that First State Bank contributed \$20,070.65 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against First State Bank and you, as president, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

Al Harkins, President
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

86040785344



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

First Commercial Bank, N.A.
B. Finley Vinson, Chairman
Capitol and Broadway Streets
Little Rock, Arkansas 72201

Re: MUR 1721
First Commercial Bank

Dear Mr. Vinson:

The Federal Election Commission notified the First Commercial Bank, N.A., on June 19, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on August , 1984, determined that there is reason to believe that the First Commercial Bank violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that First Commercial Bank contributed \$35,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against First Commercial Bank and you, as chairman, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

B. Finley Vinson, Chairman
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

86040585346



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Terrence Renaid, Chairman
Twin City Bank
North Little Rock, Arkansas 72201

Re: MUR 1721
Twin City Bank

Dear Mr. Renaid:

The Federal Election Commission notified the Twin City Bank on June 18, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on August , 1984, determined that there is reason to believe that the Twin City Bank violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Twin City Bank contributed \$32,000 to the Tommy Robinson for Congress Committee and Tommy Robinson in the form of a loan which was not made in the ordinary course of business. You may submit any factual or legal materials that you believe are relevant to the Commission's analysis of this matter. Please file any such response within ten days of your receipt of this notification.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against the Twin City Bank and you, as chairman, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

Terrence Renaud, Chairman
Page 2

If you have any questions, please contact Andrew Maikovich,
the attorney assigned to this matter, at (202)523-4000.

Sincerely,

Enclosures
Procedures

86040785348



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 26, 1984

George Carder
216 Indiana Trail
Searcy, Arkansas 72143

Re: MUR 1721

Dear Mr. Carder:

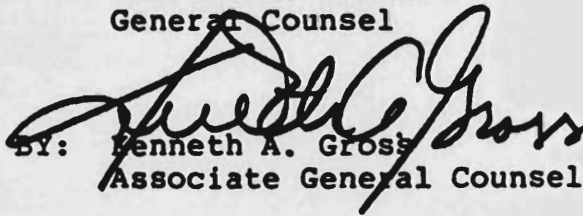
This letter is in response to your letter of June 22, 1984, stating your request to withdraw your complaint filed against Tommy F. Robinson and the Tommy F. Robinson for Congress Committee and its treasurer, George M. Felkins.

Under 2 U.S.C. § 437g, the Commission is empowered to review a complaint properly filed with it and to take action which it deems appropriate under the Statute. Any request for withdrawal of a complaint will not prevent the Commission from taking any action appropriate under the statute. However, your request will become part of the public record within thirty (30) days after the entire file is closed.

If you have any further questions about this procedure, please call the staff person assigned to this matter, Gary Johansen at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

86040505342



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

George Carder
216 Indiana Trail
Searcy, Arkansas 72143

Re: MUR 1721

Dear Mr. Carder:

This letter is in response to your letter of June 22, 1984, stating your request to withdraw your complaint filed against Tommy F. Robinson and the Tommy F. Robinson for Congress Committee and its treasurer, George M. Felkins.

Under 2 U.S.C. § 437g, the Commission is empowered to review a complaint properly filed with it and to take action which it deems appropriate under the Statute. Any request for withdrawal of a complaint will not prevent the Commission from taking any action appropriate under the statute. However, your request will become part of the public record within thirty (30) days after the entire file is closed.

If you have any further questions about this procedure, please call the staff person assigned to this matter, Gary Johansen at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

PLX



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 26, 1984

James E. McClain, Jr.
10601 Crestdale Lane
Little Rock, Arkansas 72212

Re: MUR 1721

Dear Mr. McClain:

This letter is in response to your letter of June 22, 1984, stating your request to withdraw your complaint filed against Tommy F. Robinson and the Tommy F. Robinson for Congress Committee and its treasurer, George M. Felkins.

Under 2 U.S.C. § 437g, the Commission is empowered to review a complaint properly filed with it and to take action which it deems appropriate under the Statute. Any request for withdrawal of a complaint will not prevent the Commission from taking any action appropriate under the statute. However, your request will become part of the public record within thirty (30) days after the entire file is closed.

If you have any further questions about this procedure, please call the staff person assigned to this matter, Gary Johansen at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

1565050000



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

James E. McClain, Jr.
10601 Crestdale Lane
Little Rock, Arkansas 72212

Re: MUR 1721

Dear Mr. McClain:

This letter is in response to your letter of June 22, 1984, stating your request to withdraw your complaint filed against Tommy F. Robinson and the Tommy F. Robinson for Congress Committee and its treasurer, George M. Felkins.

Under 2 U.S.C. § 437g, the Commission is empowered to review a complaint properly filed with it and to take action which it deems appropriate under the Statute. Any request for withdrawal of a complaint will not prevent the Commission from taking any action appropriate under the statute. However, your request will become part of the public record within thirty (30) days after the entire file is closed.

If you have any further questions about this procedure, please call the staff person assigned to this matter, Gary Johansen at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

PWK

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Tommy F. Robinson for) MUR 1721
Congress Committee,)
et al.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of July 24, 1984, do hereby certify that the Commission decided by a vote of 4-0 to approve and authorize the sending of the letters to James E. McClain, Jr. and George Carder as recommended by the General Counsel's July 3, 1984 report on MUR 1721, subject to amendment of the letters as agreed in the meeting.

Commissioners Aikens, Elliott, Harris, and McGarry voted affirmatively for the decision; Commissioners McDonald and Reiche were not present at the time of the vote.

Attest:

7-24-84

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

RECEIVED AT THE FEC

W. RUSSELL MEEKS, III
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-376-4660

84 JUL 30 AM 8:41

JUL 30 AM 11:47

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

July 25, 1984

Peter Kynch
Federal Election Commission
Washington, D.C. 20463

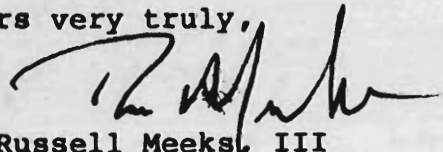
Re: MUR 1721

Dear Mr. Kynch:

We enclose herein the original and one copy of the Statement of Designation of Counsel for James Morgan, President, Stephens Security Bank, Stephens, Arkansas.

Please call if you have any questions.

Yours very truly,


W. Russell Meeks, III

WRM:bj

Enclosures

cc: Mr. James Morgan, President
Stephens Security Bank

Mr. Richard T. Smith, Chairman
Smith Associated Banking Corporation

11604073354

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721

NAME OF COUNSEL: W. Russell Meeks, III

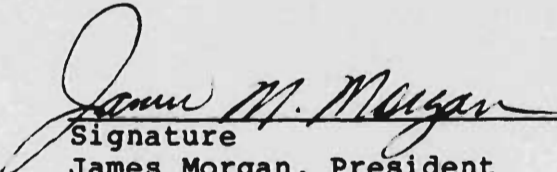
ADDRESS: 1151 First Commercial Building

Little Rock, Arkansas 722101

TELEPHONE: 501-376-4660

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

7 23-84
Date


Signature
James Morgan, President
Stephens Security Bank

RESPONDENT'S NAME: James Morgan, President

ADDRESS: Stephens Security Bank

P.O. Box 7

Stephens, AR 71764

HOME PHONE: N/A

BUSINESS PHONE: 501-786-5416

RUSSELL MEEKS, III

ATTORNEYS AT LAW

151 FIRST COMMERCIAL BUILDING

LE ROCK, ARKANSAS 72201

04 JUL 30

AL

Peter Kynch
Federal Election Commission
Washington, D.C. 20463

RECEIVED AT THE FEC
GOC # 4147
84 JUL 26 P12:08

WILBUR D. MILLS
SUITE 1000
1627 K STREET, NORTHWEST
WASHINGTON, D. C. 20006
(202) 833-9850
July 25, 1984

Mr. Kenneth A. Gross
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Re: MUR 1721

Dear Mr. Gross:

While in Arkansas last week I learned from several of my friends that a complaint has been filed against the democratic nominee for the Second District congressional seat alleging that he may have violated some of the regulations of the Federal Election Commission. As you know, I held that congressional seat for 38 years, and I continue to maintain a very close relationship with my friends and relatives in Arkansas.

The purpose of this letter is to express my opinion on the viability of Mr. Robinson's candidacy for the Second District congressional seat. It is my opinion that he has had strong voter support throughout the congressional district for a number of years, and that opinion is supported by the fact that he carried my home county, White County, Arkansas, with over 71% of the vote. I think it was obvious to everyone in my old district that Mr. Robinson had a very good chance of winning and thus capable of repaying his campaign loans.

I can cite a number of instances where congressional candidates running for office from Arkansas have borrowed money for their initial campaign expenses, and I would ask an early resolution of this matter to remove any unnecessary doubt on the issue.

Mr. Kenneth A. Gross
Page Two

If I can be the source of any additional comments
or information, I shall be happy to respond upon request.

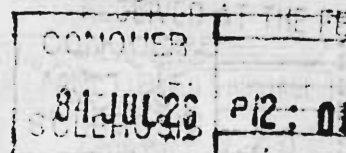
Sincerely,


Wilbur D. Mills

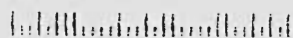
WDM:mjc

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WILBUR D. MILLS
SUITE 1000
1627 K STREET, NORTHWEST
WASHINGTON, D. C. 20006



Mr. Kenneth A. Gross
Federal Election Commission
1325 "K" Street, N. W.
Washington, D. C. 20463



85040305359

W. RUSSELL MECKS, III
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-376-4660

84 JUL 28 10:04

W. RUSSELL MECKS, III
TIMOTHY DAVIS FOX

July 19, 1984

GCC # 4113

Peter Kynch
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721

Dear Mr. Kynch:

It was a pleasure to visit with you on July 18, 1984, concerning the referenced matter. We have prepared and have forwarded to Mr. James Morgan, President, Stephens Security Bank, Stephens, Arkansas, a Designation of Counsel form. He will sign it and return it to us, and it will then be forwarded to you for filing in this cause.

Please continue to provide this office with all notices concerning the referenced matter, with respect to the respondents, Stephens Security Bank, Smith Associated Banking Corporation, Richard T. Smith, James Morgan, or any other related entity or officers or agents. We appreciate your assistance in this respect, so that we can maintain control of the communications and advise the appropriate officials immediately upon receipt of any information, or requests for information, or of any decision, from your office.

Yours very truly,


W. Russell Meeks, III

WRM:bj

cc: James Morgan, President
Stephens Security Bank

Richard T. Smith, Chairman
Smith Associated Banking Corporation

60 JUL 28 1984

RUSSELL MEEKS, III

ATTORNEYS AT LAW

1151 FIRST COMMERCIAL BUILDING

LITTLE ROCK, ARKANSAS 72201

REC
64 JUL 28 A9:14

Peter Kynch
Federal Election Commission
Washington, D.C. 20463

RECEIVED AT THE FEC

HOUSE, WALLACE & JEWELL, P. A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

LARRY C. WALLACE

July 18, 1984

84 JUL 20 10:38
GCC
#4116

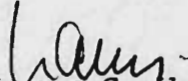
Mr. Peter Kynch
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 1721

Dear Peter:

Enclosed you will find Statement of Designation
of Counsel for Tommy Robinson and George M. Felkins.
If I can be of further assistance to you, please do
not hesitate to give me a call.

Sincerely,


Larry C. Wallace

LCW:mmr

Enclosures

00040505362

1984 JUL 20 10:38

STATEMENT OF DESIGNATION OF COUNSEL

RECEIVED AT THE FEC

84 JUL 28 A8:39

MUR 1721

NAME OF COUNSEL: Larry C. Wallace

ADDRESS: House, Wallace & Jewell, P.A.

1500 Tower Building

Little Rock, AR 72201

TELEPHONE: (501) 375-9151

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

Date

Tommy F. Robinson
Signature

RESPONDENT'S NAME: Tommy F. Robinson

ADDRESS: Tommy Robinson for Congress Committee

425 West Broadway, Suite K

North Little Rock, AR 72114

HOME PHONE: _____

BUSINESS PHONE: (501) 372-4816

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721

NAME OF COUNSEL: Larry C. Wallace

ADDRESS: House, Wallace & Jewell, P.A.

1500 Tower Building

Little Rock, AR 72201

TELEPHONE: (501) 375-9151

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

7-18-84
Date

M. J. Sullivan
Signature

RESPONDENT'S NAME: George M. Felkins, Treasurer

ADDRESS: Tommy Robinson for Congress Committee

425 West Broadway, Suite K

North Little Rock, AR 72114

HOME PHONE: _____

BUSINESS PHONE: (501) 372-4816

HOUSE, WALLACE & JEWELL, P.A.
100 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201

Mr. Peter Kynch
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

HAND DELIVERED

84 JUL 10 10:05

GC#3997

LAW OFFICES

MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER

H. MAURICE MITCHELL
RICHARD A. WILLIAMS
JOHN S. SELIG
JOSEPH W. GELZINE
W. CHRISTOPHER BARRIER
JERRY D. JACKSON
JIM GUY TUCKER
EUGENE G. SAYRE
BYRON FREELAND
KENT FOSTER
ALLAN GATES
PAT MORAN
W. H. L. WOODYARD, III
MICHAEL C. O'MALLEY
JOHN C. LESSEL

1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE 501-376-3151

BEVERLY BASSETT
JEAN D. STOCKBURNER
DEBRA K. BROWN
SUSAN GUNTER
ANNE RITCHIE
CRAIG WESTBROOK
JAMES E. SMITH, JR.
W. KIRBY LOCKHART
DOAK FOSTER
JOYCE KINKEAD
DOUGLAS B. WARD

OF COUNSEL
HENRY E. SPITZBERG

July 9, 1984

FEDERAL EXPRESS

Mr. Gary Johansen
Assistant General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Suite 7
Washington, D.C. 20463

Re: MUR 1721

Dear Mr. Johansen:

We are enclosing Statement of Designation of Counsel and an Affidavit from Leonard K. Dunn in connection with the above referenced matter.

Yours very truly,

MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER

By

H. Maurice Mitchell
H. Maurice Mitchell

HMM:lc
Enclosures

cc - Mr. Leonard K. Dunn
w/encs.

STATE OF ARKANSAS)

)ss:

COUNTY OF SALINE)

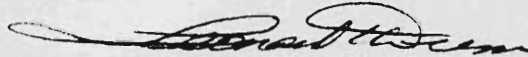
AFFIDAVIT

Comes Leonard K. Dunn who, after being duly sworn,
states on oath that:


1. He is and has been since June 1, 1983, the
Chairman, President and Chief Executive Officer of First
American Bank of Hot Springs, N.A. (formerly Grand National
Bank), and he has more than 23 years banking experience.

2. On April 24, 1984, on behalf of First American
Bank of Hot Springs, N.A., he made a loan to Tommy F. Robinson,
a candidate for the Democratic nomination for Congress from
the Second Congressional District of Arkansas. This loan was
made in accordance with applicable banking laws and regula-
tions and it was made in the ordinary course of business. It
bore interest at 14% which was the usual and customary inter-
est rate of the lending bank for the category of the loan
involved. The loan was to be repaid from campaign contribu-
tions. If campaign contributions proved to be insufficient
to repay the loan, it was to be repaid from the proceeds of
a loan to be made to Robinson by Worthen Bank & Trust Company,
N.A. of Little Rock, Arkansas. The loan was evidenced by the
execution of a note on the form customarily used by the lend-
ing bank in making loans of this category. The loan was sub-
ject to a due date of June 23, 1984 (60 days from the date of
execution of the note).

3. This loan was repaid in full on May 21, 1984.


Leonard K. Dunn

SUBSCRIBED AND SWORN to before me, a Notary
Public, on this 6th day of July, 1984.


Notary Public

My commission expires:

October 1, 1990

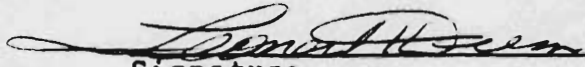
(S E A L)

GCC#3997

STATEMENT OF DESIGNATION OF COUNSELMUR 1721NAME OF COUNSEL: H. Maurice MitchellADDRESS: 1000 Savers Federal Building
Little Rock, Arkansas 72201TELEPHONE: (501) 376-3151

JUL 10 1984

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

July 2, 1984
Date
SignatureRESPONDENT'S NAME: Leonard K. DunnADDRESS: First American Bank of Hot
Springs, N.A.
Post Office Box 1799
Hot Springs, Arkansas 71913HOME PHONE: (501) 525-1752BUSINESS PHONE: (501) 624-5501

36040500



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 9, 1984

W. Russell Meeks, III, Esquire
1151 First Commercial Building
Little Rock, Arkansas 72201

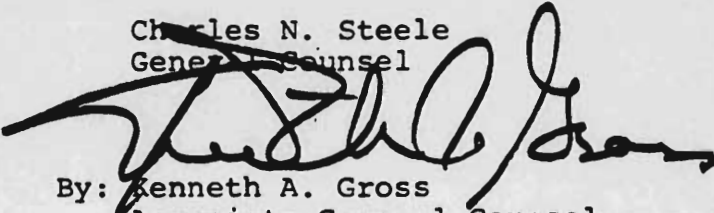
Re: MUR 1721

Dear Mr. Meeks:

Your letter dated June 28, 1984, and the accompanying affidavit were received by the Federal Election Commission on July 5, 1984.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

86040505369



RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

84 JUL 3 P 3:43

July 3, 1984

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: Letter from Complainant in MUR 1721

SENSITIVE

On June 4, 1984, the Office of General Counsel received a signed, sworn and notarized complaint from George Carder and James E. McClain, Jr. against Tommy F. Robinson and the Tommy F. Robinson for Congress Committee and its treasurer, George M. Felkins. On June 25, 1984, the Office of General Counsel received another letter from Complainants. (See Attachment 1). In that letter Complainants requested the withdrawal of the complaint on the grounds that research performed by them indicated no violation of election law by the respondents.

The Commission is vested with exclusive, primary jurisdiction over civil enforcement of the Act. 2 U.S.C. §§ 437c(b)(1) and 437d(e). Moreover, the enforcement provisions of the Act make it clear that if a proper complaint is received, the Commission may proceed to determine whether there is reason to believe a violation has occurred. 2 U.S.C. § 437g(a)(1) & (2).

The Office of General Counsel recommends that the Commission send the attached letters to the Complainants, Mr. McClain and Mr. Carder. The letter states that the Commission is empowered to take any action it deems appropriate on complaints properly filed with it and that any request for withdrawal will not prevent the Commission from taking further action in this matter.

RECOMMENDATION

Approve and authorize the sending of the attached letters to James E. McClain, Jr. and George Carder.

Attachments

1. Letter from Complainants.
2. Proposed letters to Complainants.

86040303370

ATTACHMENT

①

I

604# 3789
84 JUN 25 P 1:29

June 22, 1984

General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

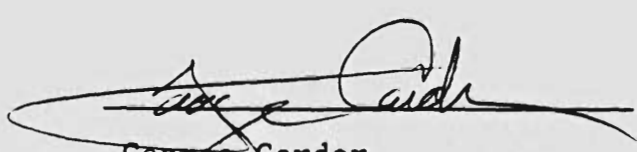
Re: Initiation of Compliance Matters by Complaint Lodged
Against the Tommy Robinson for Congress Committee, et al

Dear Counsel:

As Complainants in the above styled Initiation of Compliance
Matters by Complaint, we hereby state our request to withdraw
the Complaint.

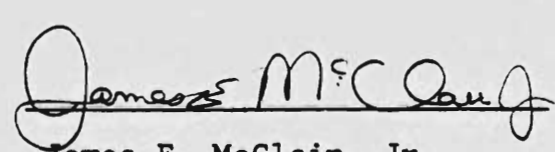
The basic issue in the Complaint is whether the subject loans
were made "in the ordinary course of business" by the named
banks. Upon further research of both the federal election.
law and Arkansas banking practices, we have concluded that,
while we continue to look askance at the entire procedure,
an FEC investigation is not warranted at this time.

We, therefore, respectfully request permission to withdraw
the above named Complaint.


George Carder
216 Indian Trail
Searcy, Arkansas 72143

STATE OF ARKANSAS)

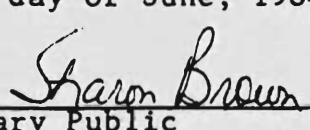
COUNTY OF PULASKI)


James E. McClain, Jr.
10601 Crestdale Lane
Little Rock, Arkansas 72212

George Carder and James E. McClain, Jr. subscribed and sworn to
before me, a Notary Public, on this 22nd day of June, 1984.

My Commission Expires:

My Commission Expires January 25, 1992


Notary Public

(2)



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

James E. McClain, Jr.
10601 Crestdale Lane
Little Rock, Arkansas 72212

Re: MUR 1721

Dear Mr. McClain:

This letter is in response to your letter of June 22, 1984, stating your request to withdraw your complaint filed against Tommy F. Robinson and the Tommy F. Robinson for Congress Committee and its treasurer, George M. Felkins.

Under 2 U.S.C. § 437g, the Commission is empowered to review a complaint properly filed with it and to take action which it deems appropriate under the Statute. Any request for withdrawal of a complaint will not prevent the Commission from taking any action appropriate under the statute. The Commission may take your request into consideration in its initial review of the matter.

If you have any further questions about this procedure, please call the staff person assigned to this matter, Gary Johansen at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

86040805372



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

3

George Carder
216 Indiana Trail
Searcy, Arkansas 72143

Re: MUR 1721

Dear Mr. Carder:

This letter is in response to your letter of June 22, 1984, stating your request to withdraw your complaint filed against Tommy F. Robinson and the Tommy F. Robinson for Congress Committee and its treasurer, George M. Felkins.

Under 2 U.S.C. § 437g, the Commission is empowered to review a complaint properly filed with it and to take action which it deems appropriate under the Statute. Any request for withdrawal of a complaint will not prevent the Commission from taking any action appropriate under the statute. The Commission may take your request into consideration in its initial review of the matter.

If you have any further questions about this procedure, please call the staff person assigned to this matter, Gary Johansen at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

00040303373



FIRST COMMERCIAL BANK_{NA}

JUL 6 9:49

443935
RECEIVED AT THE FEC
84 JUL 6 8:48

July 2, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 1721

Dear Mr. Gross:

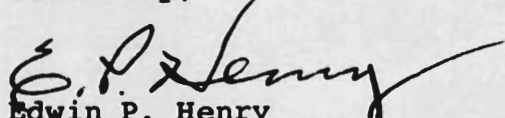
Your letter dated June 18, 1984, addressed to the Chairman of the Board of our bank holding company, Mr. B. Finley Vinson, has been referred to me for a response.

I am responding to your letter inasmuch as I was the lending officer responsible for making a \$35,000.00 loan to the Tommy Robinson for Congress Committee. In my judgment, the loan to his campaign committee was made in the ordinary course of banking business and was made on a basis which assured repayment.

For your information, the loan was evidenced by our bank's standard promissory note form and the documentation did not deviate from our bank's policy in any manner. Our note was dated May 7, 1984, and was for the original principal sum of \$35,000.00, bore interest at the rate of 13% per annum, and was due and payable on or before June 6, 1984. The loan was fully repaid on May 17, 1984.

We would ask that you hold this information in confidence and not release it to anyone outside of your office. I hope that this response has been helpful, and if you need any additional information, please feel free to give me a call.

Sincerely,


Edwin P. Henry
Executive Vice President

EH/bh



FIRST COMMERCIAL BANK N.A.

1971 5 18:40

Mr. Kenneth A. Gross
Associated General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

60-3975

84 JUL 9 A 8:38

LAW OFFICES

MITCHELL, WILLIAMS, SELIG, JACKSON & TUCKER

H. MAURICE MITCHELL
RICHARD A. WILLIAMS
JOHN S. SELIG
JOSEPH W. GELZINE
W. CHRISTOPHER BARRIER
JERRY D. JACKSON
JIM GUY TUCKER
EUGENE G. SAYRE
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KENT FOSTER
ALLAN GATES
PAT MORAN
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MICHAEL C. O'MALLEY
JOHN C. LESSEL

1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201
TELEPHONE 501-376-3151

BEVERLY BASSETT
JEAN D. STOCKBURNER
DEBRA K. BROWN
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CRAIG WESTBROOK
JAMES E. SMITH, JR.
W. KIRBY LOCKHART
DOAK FOSTER
JOYCE KINKAD
DOUGLAS B. WARD

OF COUNSEL
HENRY E. SPITZBERG

July 2, 1984

Mr. Gary Johansen
Assistant General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Suite 7
Washington, D.C. 20463

Re: MUR 1721

Dear Mr. Johansen:

We have been consulted by Leonard Dunn and
First American Bank of Hot Springs, N.A., concerning
your letter of June 13, 1984.

We respectfully request that we be given until
Monday, July 9, to submit a written statement on their
behalf.

Yours very truly,

MITCHELL, WILLIAMS, SELIG,
JACKSON & TUCKER

By *H. Maurice Mitchell*
H. Maurice Mitchell

HMM:lc

cc - Mr. Leonard Dunn

LAW OFFICES

MITCHELL, WILLIAMS, SELLIG, JACKSON & TUCKER

1000 SAVERS FEDERAL BUILDING
CAPITOL AVENUE AT SPRING STREET
LITTLE ROCK, ARKANSAS 72201

Mr. Gary Johansen
Assistant General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Suite 7
Washington, D.C. 20463



WORTHEN Bank & Trust Company, N.A.

WORTHEN BANK BUILDING
LITTLE ROCK, ARKANSAS 72203

84 JUL 6 11:09

RECEIVED AT THE FEC
Knyck

June 29, 1984

D. EUGENE FORTSON
PRESIDENT AND CHIEF EXECUTIVE OFFICER

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721

Dear Mr. Gross:

This will acknowledge receipt of your letter of June 13, 1984, in relation to the captioned matter.

From time to time over approximately the past ten years, Worthen Bank & Trust Company has extended credit to Tommy F. Robinson in several forms. This has included unsecured loans over short term periods as well as credit secured by second mortgages on real estate or chattel mortgages on personal property. No loan he has made here during that course of time has been secured or endorsed by any guarantor or anyone other than Mr. Robinson. During the period of time he has been a customer of Worthen Bank, he has never defaulted on any credit instrument or obligation and has met his repayment agreements with the bank.

With that customer background, our institution was comfortable in extending credit to Mr. Robinson on May 18, 1984. On that date, we loaned his campaign committee \$50,479.45. This loan to the "Tommy Robinson for Congress Campaign Fund" was supported by a personal guaranty from Mr. Robinson which was additionally supported by a second mortgage executed on his residence located in Jacksonville, Arkansas.

There were no other guaranties, co-signors, or security of any nature offered as an inducement for Worthen Bank to make this loan.

For the benefit of your files, we are enclosing a copy of the Guaranty executed by Mr. Robinson as well as the Federal Disclosure and Mortgage Affidavit forms necessary for execution of a second mortgage supporting Mr. Robinson's guaranty of the loan to the committee.

We are completing and also enclosing with this letter the Statement of Designation of Counsel as provided for in the Federal Election Commission regulations.

a fabco company

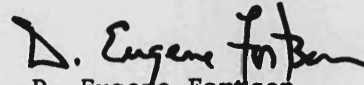
Mr. Kenneth A. Gross

June 29, 1984

Page 2

We will be pleased to provide other documentation outlining our traditional relationship with Mr. Robinson from bank files should it be required.

Sincerely,



D. Eugene Fortson
Chairman and Chief
Executive Officer

pm

0040705379

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721

NAME OF COUNSEL: C. J. Giroir, Jr.

ADDRESS: The Rose Law Firm

120 East Fourth Street

Little Rock, AR 72201

TELEPHONE: 501 375 9131

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

June 29, 1984
Date

D. Eugene Fortson
Signature

RESPONDENT'S NAME: D. Eugene Fortson

ADDRESS: Worthen Bank & Trust Co., N.A.

P. O. Box 1681

Little Rock, AR 72203

HOME PHONE: 501 225 8551

BUSINESS PHONE: 501 378 1711



WORTHEN
Bank & Trust Company, N.A.

Notice of Right to Cancel

YOUR RIGHT TO CANCEL

You are entering into a transaction that will result in a mortgage, lien, or security interest on your home. You have a legal right under federal law to cancel this transaction, without cost, within three business days from whichever of the following events occurs last:

1. the date of the transaction, which is May 18, 1984; or
2. the date you received your Truth in Lending disclosures; or
3. the date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage, lien, or security interest is also cancelled. Within 20 calendar days after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage, lien, or security interest on your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 calendar days of your offer, you may keep it without further obligation.

HOW TO CANCEL

If you decide to cancel this transaction, you may do so by notifying us in writing, at:

WORTHEN BANK & TRUST COMPANY, N.A.
Worthen Bank Building
Little Rock, Arkansas 72201

You may use any written statement that is signed and dated by you and states your intention to cancel, and/or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than midnight of May 23, 1984 (or midnight of the third business day following the latest of the three events listed above). If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

I WISH TO CANCEL

Consumer's Signature

Date

I (We), the owner(s) of the home which is to be subject to a mortgage, lien, or other security interest, have received two (2) completed copies of this notice.

[Signature]

May 18, 1984
Date

Date

WITNESSED

GUARANTY

For a valuable consideration hereby acknowledged, and to induce Worthen Bank & Trust Company, N.A. (of Little Rock, Arkansas), hereinafter called "Bank", to extend credit to

Tommy Robinson for Congress Campaign Fund

(hereinafter called "Debtor"), the undersigned (hereinafter called "Guarantor", whether one or more) agrees:

1. Guarantor unconditionally guarantees, to the extent of

Fifty Thousand Four Hundred Seventy-nine and 45/100 Dollars -----(\$ 50,479.45)

(Guarantor's aggregate liability hereunder to be limited to that amount); the prompt payment at maturity, without notice or demand, of all indebtedness, now existing or at any time hereafter created, which may be owing by the Debtor to the Bank; the term "indebtedness" including any and all liability (direct, secondary or contingent) of the Debtor to the Bank whether based on any loan, guaranty, endorsement, sale, discount, acceptance, or repurchase obligation (or any other transaction, whether similar or dissimilar to the foregoing), and whether such liability be that of sole obligor or co-obligor, or secured or unsecured, and whether such liability be incurred in the first instance to the Bank or acquired by the Bank through purchase, assignment, subrogation, through operation of law or otherwise. If a bankruptcy petition should at any time be filed by or against the Debtor, the maturity of the guaranteed indebtedness, so far as the Guarantor's liability hereunder is concerned, shall be accelerated and said indebtedness immediately payable by Guarantor.

2. To enforce the liability of the Guarantor hereunder, the Bank shall not be required first:

- To give Guarantor any notice of the Debtor's default; or
- To foreclose upon or resort to any mortgage, pledge or other collateral held as security for the guaranteed indebtedness; or
- To attempt to enforce the liability of the Debtor or of any third party who may be primarily or secondarily liable for the guaranteed indebtedness; or
- To give Guarantor notice before making any advances to Debtor, or otherwise creating or acquiring any primary, secondary or contingent liability of Debtor; it being understood that the guaranteed indebtedness may be created from time to time upon any terms and conditions approved by Bank and without the knowledge or prior approval of Guarantor.

3. Without defeating or diminishing the liability of the Guarantor hereunder, the Bank may, without notice to Guarantor, and on any terms satisfactory to Bank, from time to time --

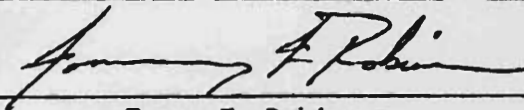
- release any mortgage, pledge or other collateral held as security for the guaranteed debt, or accept substitutions of collateral therefor, or extend the maturity of any collateral obligation through renewal or otherwise; or
- extend the maturity of the guaranteed indebtedness, or permit the renewal thereof; or
- release any third party who may at any time be liable as co-obligor, endorser, surety, guarantor or otherwise for the guaranteed indebtedness; provided the Bank may not release any co-signer of this guaranty without the permission of the other signer(s).

4. This is a continuing guaranty. Any person signing hereunder as Guarantor may at any time hereafter, not earlier than N/A, 19 , actually deliver a written notice to the President, or any Vice President, or the Cashier of Bank of the discontinuance of Guarantor's liability hereunder, in which event said Guarantor will not be obligated to Bank for any liabilities of Debtor created after the receipt by Bank of such notice. But said Guarantor shall be liable, in an amount not exceeding the sum above written, for all indebtedness (as above defined) of the Debtor to Bank created prior to the receipt by the Bank of such notice. The discontinuance, in the manner above provided, of liability hereunder as to one Guarantor will not operate as a discontinuance of the liability hereunder of any other Guarantor(s) hereunder. If all indebtedness of Debtor to Bank shall at any time be paid, Guarantor shall remain liable to Bank for all indebtedness of Debtor to bank at any time thereafter created prior to the giving of notice (as above prescribed) of the discontinuance of Guarantor's liability; but once Guarantor pays Bank the sum above written in discharge of Guarantor's liability hereunder, this instrument shall become null and void.

5. The liability of Guarantor hereunder shall inure to the benefit of any subsequent holder of the guaranteed indebtedness. If more than one person signs this instrument as Guarantor, then they shall be jointly and severally liable for the payment of the sum above written; payment of said sum by one to discharge the other(s). If any Guarantor dies, his liability then accrued hereunder, and based on any transaction(s) prior to his death, shall constitute an obligation of his estate; and as to all indebtedness created after his death, this instrument shall remain in full force and effect as a guaranty by the surviving Guarantor(s) but not as a guaranty by the decedent's estate.

6. The liability of the undersigned hereunder is not conditioned upon the signing of this instrument by any other person and is not subject to any other condition not herein expressly set out.

SIGNED THIS 18th day of May, 19 84.



Tommy F. Robinson

MORTGAGE**CONSUMER****KNOW ALL MEN BY THESE PRESENTS:**(1) That _____ Tommy F. Robinson _____

(hereinafter called "Mortgagor", whether one or more) for a valuable consideration, do_____ hereby grant, bargain, sell, convey and deliver unto WORTHEN BANK & TRUST COMPANY, N.A., (hereinafter called "Mortgagee"), a banking corporation under the laws of Arkansas, and unto its successors and assigns, the following described property, to-wit:

Lot 37, Phase II, Jackson Heights Addition to the City of Jacksonville,
Pulaski County, Arkansas.

B B O 4 0 1 3 5 7 8 4

This mortgage also conveys all buildings and improvements now or at any time hereafter located on any land hereinabove described, together with all of the following equipment now or at any time hereafter located in any such building regardless of method of annexation or removability, viz: All electrical equipment (including lighting equipment, refrigeration equipment, ceiling fans, attic and window fans, motors and all other electrical paraphernalia) except items attached merely by plugging in wall sockets; all furnaces (including floor furnaces), heaters, radiators and all other heating equipment except small gas stoves on floor; all bath tubs, toilets, sinks, basins, pipes and other plumbing equipment; all screens, awnings, and window shades; all linoleum and other permanent floor coverings; all engines and elevators.

(2) TO HAVE AND TO HOLD the same unto the WORTHEN BANK & TRUST COMPANY, N.A., its successors and assigns forever.

(3) And Mortgagor covenants with Mortgagee, its successors and assigns, that Mortgagor will forever warrant and defend the title to all said property against all lawful claims whatever.

(4) PROVIDED, however, the foregoing conveyance is given as a Mortgage for the purpose of securing—

(a) The payment of one promissory note of even date herewith, and all successive extensions and renewals of the indebtedness represented thereby, evidencing a principal indebtedness (which indebtedness, and all extensions and renewals thereof is hereinafter called the "Primary Indebtedness") of Fifty Thousand Four Hundred Seventy-nine and 45/100 Dollars (\$ 50,479.45), executed by mortgagor

payable to the order of Mortgagee, said note(s) bearing interest from date until maturity at the rate recited in said note(s), and after maturity (meaning either normal maturity or maturity created by acceleration) at the highest rate permitted by law per annum, said note(s) being payable as to principal and interest as follows:

The total loan shall be due and payable on demand or twelve (12) days after date thereof with interest computed at the rate of two (2) percentage points over the prime rate charged borrowers by this bank to be adjusted on the date following any change in the bank's prime rate, but in no event to exceed the highest rate provided by law.

(b) Also, the repayment to the holder(s) of the indebtedness secured hereby of all reimbursable expense at any time accruing to such holder(s) under the provisions of Paragraph (7) hereof.

Upon the payment of all such sums, this Mortgage will become void and will be released by a proper marginal notation or, at the option of the holder(s) of the secured debt, by a release deed to be recorded at the expense of Mortgagor.

(5) Mortgagor agrees:

- (a) To pay, prior to delinquency, all taxes, special improvement assessments and other governmental charges against the mortgaged property, both real and personal, at any time levied or becoming due.
- (b) To carry insurance upon all insurable property encumbered hereby against such hazards, in such amounts and under such form of policies, as shall be acceptable to, or requested by, the holder(s) of the indebtedness secured hereby; each insurance policy to carry mortgage clause in favor of such holder(s) upon such form as may be approved by the holder(s), and each policy to be delivered to and held by such holder(s). Also to carry public liability insurance, and insurance against other hazards, to such extent as may be requested by the holder(s) of the secured indebtedness. In each instance Mortgagor shall have the right to select the insurer, subject to Mortgagee's right to reject the proposed insurer for reasonable cause.
- (c) To prevent the mortgaged property from becoming encumbered by any lien or charge having priority over, or on a parity with, the lien of this mortgage; and to comply with all statutes, ordinances and regulations relating to such property.
- (d) To protect the mortgaged property from waste, injury or unusual deterioration and, without subjecting the property to any statutory lien, to make all replacements and repairs necessary to keep the mortgaged property in good physical condition. In that connection, it is agreed that Mortgagor may not cut the timber from any land encumbered hereby; moreover, Mortgagor may not remove or substantially remodel or alter any structure on the mortgaged land without the prior written consent of the holder(s) of the secured indebtedness.
- (e) Borrower will at all times keep proper books of accounts in a manner satisfactory to Lender. Borrower hereby authorizes Lender to make or cause to be made, at Borrower's expenses, and in such manner and at such time as Lender requires, (a) inspections and audits of any books, records, and papers in the custody or control of Borrower or others, relating to Borrower's financial or business condition, including the making of copies thereof and extracts therefrom and (b) inspections and appraisals of any of Borrower's assets.
- (f) Borrower will furnish to Lender at his expense for the twelve months period most recently ended and annually thereafter no later than ninety (90) days following the expiration of any such period and at such other times and in such form as Lender may prescribe, Borrower's financial operating statement. Borrower hereby authorizes all federal, state, and municipal authorities to furnish reports of examinations, records, and other information relating to the conditions and affairs of Borrower and any desired information from reports, returns, files, and records of such authorities upon request therefor by Lender.

(6) The holder(s) of the Primary Indebtedness or any future or additional indebtedness secured hereby under Paragraph (4) (b) hereof (whether such indebtedness then be evidenced by the original note(s) or by any instrument(s) given in renewal or extension of such indebtedness) may, at the option of such holder(s), declare the entire unmatured portion of all indebtedness secured hereby, together with all interest accrued on the entire secured debt, to be immediately due and payable, and the same shall forthwith become immediately due and payable (which acceleration of maturity may be accomplished without notice to anyone), in any one of the following events:

- (a) Upon the filing of a voluntary or involuntary petition to subject Mortgagor (or any party obligated as maker, endorser, surety or guarantor for the payment of the secured indebtedness) to any bankruptcy, debt-adjustment, receivership or other insolvency proceeding.
- (b) Upon the occurrence of any event, which, under the terms of the instrument(s) at any time evidencing the indebtedness secured hereby, warrants an acceleration (at the option of the payee) of the maturity of said indebtedness.
- (c) If default shall be made in the payment of any part of the principal indebtedness secured hereby, or any interest accruing on such principal indebtedness, as the same becomes due and payable according to the terms of the original note(s), or of any extension or renewal thereof at any time evidencing such indebtedness.
- (d) If Mortgagor shall fail to comply with any of the agreements contained in Paragraph (5) of this mortgage.
- (e) If Mortgagor, being a partnership or a corporation, shall be dissolved or reorganized in any manner.
- (f) If at any time it should appear that the Mortgagor has attempted to sell free from the lien of this Mortgage any personal property or removable fixture encumbered hereby, or is about to attempt such a sale; or that any personalty or removable fixture encumbered hereby has been, or is about to be, moved to a different jurisdiction, subjected to physical damage or unusual deterioration, seized under legal process, or subjected by the Mortgagor or a third party to any other disposition which in the opinion of the holder(s) of the secured indebtedness will impair the security value of this instrument.
- (g) If at any time it shall appear that any financial statement or other representation made to obtain the loan secured hereby is materially incorrect; or that Mortgagor's title to the mortgaged properties, or any portion thereof, is subject to any prior lien, title or interest not mentioned in this mortgage as a prior encumbrance.
- (h) If at any time Mortgagor shall sell or convey the title to or any interest in any realty mortgaged hereunder without the prior written consent of the holder(s) of the secured indebtedness.

It is particularly understood that the foregoing acceleration provisions will be applicable not only to the maturities recited in the original mortgage note(s) but also to any substituted maturities created by extension or renewal. The failure of the holder(s) of the secured indebtedness to declare an acceleration of maturities when a ground therefor exists, even though such forbearance may be repeated from time to time, will not constitute a waiver of the right of such holder(s) to accelerate maturities upon a reoccurrence of the same ground therefor; nor will the act of such holder(s) in remedying any condition resulting from Mortgagor's default bar the holder(s) from declaring an acceleration of maturities by reason of such default.

(7) If the holder(s) of the indebtedness secured hereby shall expend any sum or sums for the protection of any of the mortgaged property or the lien of this mortgage (such holder(s) to have uncontrolled discretion as to the necessity of making any such expenditures), the repayment of such sum or sums on demand (with interest thereon at the rate of 10% per annum from the date of each expenditure) shall be the personal obligation of the Mortgagor; and such obligation to repay will constitute a part of the indebtedness secured hereby. The expenditures thus made reimbursable will include (without limiting the foregoing) taxes, special improvement assessments, insurance premiums, repairs and maintenance expenses, watchman's compensation, sums paid to discharge prior liens, rents on premises in which mortgaged personalty may be situated, etc. The cost of any abstract or supplemental abstract procured by the holder(s) of the secured indebtedness to facilitate foreclosure will also constitute a part of the reimbursable expense secured hereby.

(8) In the event of a default hereunder the holder(s) of the indebtedness secured hereby shall be entitled to the following remedies:

- (a) Such holder(s) may foreclose this mortgage through equity proceedings in respect to any real estate encumbered hereby.
- (b) Such holder(s) may require the Mortgagor to assemble (at Mortgagor's expense) any or all of the personal property encumbered hereby and make it available to such holder(s) at a place specified by such holder(s) which is reasonably convenient to both parties; and such holder(s) may enforce all of its or their remedies, in respect to the encumbered personal property, that may be available under the Uniform Commercial Code. In this last event all expenses of retaking, holding, preparing for sale, selling or the like, as well as all reasonable attorney's fees (not exceeding 10% of the secured indebtedness plus accrued interest) and lawful expenses incurred by said holder(s) in enforcing such remedies shall be payable to said holder(s) by Mortgagor and shall constitute a part of the secured indebtedness.
- (c) The holder(s) of the indebtedness secured hereby may enforce the lien of this mortgage in respect to all real and personal property encumbered hereby by proceedings that are prosecuted simultaneously or are prosecuted separately in such order as the holder(s) may select.

(9) The Mortgagor releases all right of appraisal hereunder and also releases unto the Mortgagee all right of redemption under the laws of Arkansas, including particularly all right of redemption under the Act of May 8, 1899.

(10) And _____, husband(s)

and _____, wife,

of the said Mortgagor(s), for valuable consideration hereby acknowledged, hereby release unto the said Mortgagee, its successors and assigns all of the right of dower, homestead and curtesy, respectively, in and to the property encumbered hereby.

EXECUTED on this 18th day of May, 1984.

Tommy F. Robinson

STATE OF ARKANSAS

County of Pulaski

ss.

ACKNOWLEDGMENT

BE IT REMEMBERED, That on this day came before me, the undersigned, a Notary Public

within and for the County aforesaid, duly commissioned and acting

Tommy F. Robinson

well known as the grantor in the foregoing Mortgage, and acknowledged that he to me personally had executed the same for the consideration and purposes therein mentioned and set forth.

And on the same day voluntarily appeared before me, the said

husband(s) and

wi, to me personally well known, and they in the absence of their spouse(s) declared that they had of their own free will executed said Mortgage and signed and sealed the relinquishment of dower, homestead and curtesy therein contained, for the consideration and purposes therein mentioned and set forth, without the compulsion or undue influence of their spouse.

WITNESS my hand and seal as such Notary Public

on this 18th day of May, 1984.

My commission expires:

February 14, 1991

Notary Public

STATE OF ARKANSAS

ACKNOWLEDGMENT

County of

BE IT REMEMBERED, That on this day came before me, the undersigned, a
within and for the County aforesaid, duly commissioned and acting

well known as the grantor in the foregoing Mortgage, and acknowledged that
same for the consideration and purposes therein mentioned and set forth.

And on the same day voluntarily appeared before me the said
wi of the said

to me personally well known, and in the absence of her said husband,
declared that she had of her own free will executed said mortgage and signed and sealed the relinquishment of dower and
homestead therein contained, for the consideration and purposes therein mentioned and set forth, without the compulsion
or undue influence of her said husband.

WITNESS my hand and seal as such

on this day of , 19 .

My commission expires:

Notary Public

STATE OF ARKANSAS

ACKNOWLEDGMENT

County of

On this day of , 19 , before me,
a Notary Public, duly commissioned, qualified and acting within and for said County and State, appeared in person the
within named and

(and , respectively, of
a corpora-
tion under the laws of), to me personally well known, who stated
that they were the and of said

a corporation, and were duly authorized in their respective capacities to execute the foregoing instrument for and in the
name and behalf of said corporation, and further stated and acknowledged that they had so signed, executed and delivered
said foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this day of
, 19 .

Notary Public

My commission expires:

MORTGAGE

TO

WORTHEN
Bank & Trust Company, N.A.

Filed for Record this

day of , 19

at o'clock M.

Clerk

By D.C.

Fees Paid \$

CERTIFICATE OF RECORD

STATE OF ARKANSAS

County of

The undersigned, being the Circuit Clerk and Ex-Officio Recorder for the County aforesaid, hereby certifies that
the annexed and foregoing mortgage was filed for record in his office at
Arkansas, on the day of
19 , at o'clock M, and that the same is now duly recorded in Book
at Page et seq., of the Mortgage Records of his said office.

IN WITNESS WHEREOF, the undersigned has set his hand and official seal this day of
, 19 .

Circuit Clerk and Ex-Officio Recorder

By

Deputy.

AFFIDAVIT

STATE OF ARKANSAS

COUNTY OF PULASKI

The undersigned Tommy F. Robinson
on oath state:

That on May 18, 19 84, the undersigned executed and delivered to Worthen Bank & Trust Company, N.A., a mortgage to secure a loan of \$ 50,479.45, said mortgage encumbering the following described property, to-wit:
Lot 37, Phase II, Jackson Heights Addition to the City of Jacksonville,
Pulaski County, Arkansas.

That the undersigned are the sole owners of the above described property; and that (except for taxes not delinquent) the undersigned's title to said land is not subject to any mortgage, judgment, attachment, lien, or other encumbrance, or adverse claim of any character, whether or not reflected by the county records.

- * That there has been no construction, operations, or repairs on said land within the last one hundred thirty (130) days which have not been paid for in full,

or

- * That in connection with recent repairs or construction that have been made on the above described property within the last one hundred thirty (130) days, all of which have now been completed, the following are the only persons, firms or corporations who furnished material and performed labor:

<u>Name</u>	<u>Address</u>	<u>City</u>

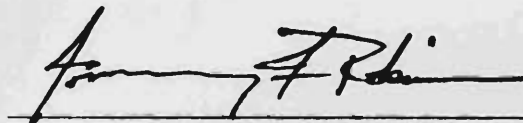
The undersigned further state that the above named parties have been paid in full, and that there are no materialmen's or laborer's and mechanic's lien claims against said property.

That there are no unsatisfied judgments or suits pending in any court, State or Federal, against the undersigned, or either of them, and the undersigned, or either of them, are not now involved in any bankruptcy or insolvency proceedings.

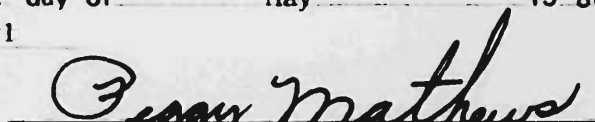
- * That all assessments against said property by the Little Rock Sanitary Sewer System, payable with the monthly service charges for water consumed by the occupants of the improved property in the City of ~~Little Rock~~ Little Rock, Arkansas, are paid to date.
Little Rock
Jacksonville
- * That the use of said property is not in violation of the provisions of the Zoning Ordinance of the City of ~~Little Rock~~ Little Rock, Arkansas.
Little Rock
Jacksonville
- * That the building restrictions and all other provisions contained in the Bill of Assurance affecting said property are fully complied with.

The statements contained herein are made for the purpose of inducing Worthen Bank & Trust Company, N.A., to make disbursement of aforesaid loan.

(*) Strike out inapplicable paragraphs.


Tommy F. Robinson

Subscribed and sworn to before me this 18th day of May, 19 84
My commission expires February 14, 1991


Peggy Mathews
Notary Public

& Trust Company, N. A.

P.O. BOX 1681
OK, ARKANSAS 72203

8 6 0 4 0 3 0 3 3 8 8

14 JUL 6 91:0

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463



FirstState
FIRST STATE BANK OF SHERWOOD

POST OFFICE BOX 6009 • SHERWOOD, ARKANSAS 72116 • 835-4122

84 JUL 5 P12: 26

CERTIFIED MAIL
RETURN RECEIPT REQ.

June 28, 1984

Mr. Peter Kynch
Federal Election Commission
Washington, D.C. 20463

Dear Mr. Kynch:

I am very surprised that such a simple matter of extending a loan to someone can get blown out of proportion. I am the person who made the \$20,070.00 loan to Tommy Robinson. No other officer, director, stockholder, customer or person of prominent influence asked me to make the loan. I, acting alone, made the decision. Looking back now I can see it apparently was bad public relations to do so but certainly not illegal.

I did not make the loan because of some personal gain or personal relationship with Tommy Robinson. I am new to this area and have had no reason to have ever come in contact with Mr. Robinson. The first time he came to my office was the first time I had ever met him.

I am a country banker who makes loans both secured and unsecured based on my personal judgement of that persons honesty, integrity and willingness to pay.

I do not have volumes of loan procedure books. I treat all my customers the same. In sixteen years of loaning money I have lost a total of only \$2,480.00 in bad loans. Not a bad record!!

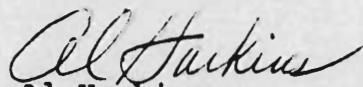
Our bank or myself should not have action taken against us in connection to this matter for the following reasons:

1. I nor my bank made the loan for any personal reasons and did not know Tommy Robinson and had never met him before April 30, 1984, the date of the loan.
2. He was charged the highest risk loan rate allowed by law.
3. The loan is evidenced by a written instrument. (See Attached)

4. The loan has a due date of July 29, 1984.
5. This loan was collateralized by 50% of the campaign proceeds over \$100,000 in contributions.
6. The loan was signed by Darrell Glasscock in the capacity of campaign chairman only.
7. The loan was signed personally by Tommy Robinson and no one else.
8. These loans were made in the ordinary course of business. I can produce files on several people that I have loaned money to recently that borrowed \$15,000 to \$30,000 thru the years on a short, term unsecured basis that had a similar net worth of Tommy Robinson.
9. Since I did not know Tommy Robinson I also called D. Eugene Fortson, Chairman of The Board at Worthen Bank & Trust in Little Rock. Mr. Fortson gave me a favorable credit report on Mr. Robinson's past performance of loans in similar amounts both secured and unsecured but he made no specific request or recommendation to me regarding this matter.
10. Furthermore, I did not personally support Tommy Robinson but rather his opponent, Paul Riviere in the first primary. However, due to all of this political sour grapes and the publicity generated by this loan from the media and Riviere I changed my support, got all my family and friends to vote for Tommy Robinson instead of Riviere.

Obviously all of this is political campaign rhetoric or a matter completely blown out of proportion.

Sincerely,


Al Harkins
President

AH:vr

SCHEDULE A		III - DEPOSITORY RELATIONS			
Type Account	Account In Name of	Where Deposited	Amount		

SCHEDULE B		LIFE INSURANCE - FACE VALUE & CASH VALUE			
Face Value	Name Of Company	Beneficiary	Cash Value	Loans	

SCHEDULE C		LISTED SECURITIES - ACTIVELY TRADED			
Number Of Shares	Market Value		Description Of Securities	In Name Of	
	Each	Total			

SCHEDULE D		UNLISTED SECURITIES - NOT ACTIVELY TRADED - Closely Held			
Number Of Shares	Book Value		Total Shares Outstanding	Description Of Securities	
	Each	Total			

SCHEDULE E		ACCOUNTS & NOTES RECEIVABLES			
Debt Payable By	Repayment Terms	Amount	Doubtful?		

SCHEDULE F		REAL ESTATE OWNED					
Description Of Property	Title In Name Of	Date Acquired	Cost	Market Value	Mortgage		
					Amount	Maturity	
712 Adams	Henry F. Nelson	11-1-82					

SCHEDULE G		PARTIAL INTEREST IN REAL ESTATE						
Description Of Property	Year Purchased	Original Cost	Market Value Today	Mortgage Owning	Equity Value	Your % Ownership	Your Equity Value	

SCHEDULE H		DEBT DUE BANKS, SAVINGS & LOANS, FINANCE COMPANIES, AND OTHERS			
Secured Or Unsecured	Name Of Lender	Repayment Terms	Current Owning	Original Owning	

Tommy Robinson for Congress Campaign

425 W. Broadway Suite K

N. Little Rock, Ar. 72114

372-4816

BORROWER'S NAME AND ADDRESS

"I" includes each borrower above, jointly and severally.

FIRST STATE BANK

SHERWOOD, ARKANSAS 72118

P.O. Box 6009

LENDER'S NAME AND ADDRESS

"You" means the lender, its successors and assigns.

01/g1

Loan Number 01-781824-61

Date April 30, 1984

Maturity Date July 29, 1984

Loan Amount \$ 20,070.65

Renewal Of

Note: I promise to pay to you, or your order, at your address above, the principal sum of:
Twenty Thousand Seventy and 65/100----- Dollars \$ **20,070.65**
plus interest from **date** at the rate of **14.00** % per year until **maturity**
(90 days)
I will pay this amount as follows:
(a) ☐ on demand. (b) ☒ on demand, but if none is made, on **July 29, 1984** (c) ☐ on _____
If (a), (b) or (c) is marked, I will pay accrued interest **on demand** and on the maturity date.
(d) ☐ in _____ installments of \$ _____ each, beginning _____, 19____ and continuing on the same day of each ☐ month
☐ thereafter, until _____, 19____ when a final payment of \$ _____ will be due
(e) ☐ (other) _____

PAYMENTS: Each payment when made shall be applied first toward accrued finance charges with the remainder of each payment being applied to reduce the principal balance. The final payment may be more or less than the amount scheduled depending upon my payment record.

DELINQUENCY AND DEFAULT: I agree to pay the costs you incur to collect this note in the event of default, including your reasonable attorneys' fees.

PREPAYMENT: I may prepay this note in whole or in part at any time. However, any partial prepayment will not excuse any later scheduled payments until this note is paid in full.

☐ If checked, I agree to pay a minimum interest charge of \$ _____ if I pay the loan off before you have earned this amount in interest.

☐ If checked, I agree to pay a late charge of _____ % of the amount of a payment which is not paid within _____ days of when it is due, up to a maximum of \$ _____

☒ If checked, I agree to pay interest at the rate of **14.0** % per year on the balance of this note remaining unpaid after final maturity, including maturity by acceleration.

THE PURPOSE OF THIS LOAN IS: **Business-Campaign Expense**

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me	AMOUNT FINANCED The amount of credit provided to me or on my behalf	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments	I have the right to receive at this time an itemization of the Amount Financed
14.00 %	692.85	\$ 20,070.65	\$ 20,763.50	XX YES - I want an itemization NO - I do not want an itemization
My Payment Schedule will be:				"e" means an estimate
Number of Payments	Amount of Payments	When Payments Are Due		
1	\$ 20,070.65	plus interest due July 29, 1984.		\$ _____ Filing Fees \$ _____ Non-filing Insurance

☒ This note has a demand feature. ☐ This note is payable on demand and all disclosures are based on an assumed maturity of one year

Security: I am giving a security interest in:
☐ the goods or property being purchased.
☒ collateral securing other loans with you may also secure this loan.
☒ my deposit accounts and other rights to the payment of money from you

Late Charge: ☐ I will be charged _____ % of the amount of a payment which is more than _____ days late, up to a maximum of \$ _____

Prepayment: If I pay off this loan early, I ☐ may ☒ will not have to pay a penalty
☐ may ☒ will not be entitled to a refund of part of the finance charge.

I can see my contract documents for any additional information about nonpayment, default, any required repayment before the scheduled date, and prepayment refunds and penalties.

Insurance: Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless I sign and agree to pay the additional cost

Type	Premium	Term	Signatures (or Initials)
Credit Life	70.65	90 days	TR I want credit life insurance <input checked="" type="checkbox"/> Tommy Robinson LVL (42) insured
Credit Disability			I want credit disability insurance <input checked="" type="checkbox"/> _____ Name of Insured _____
Joint Credit Life			I want joint credit life insurance <input checked="" type="checkbox"/> _____ Name of Insured _____ Name of Insured _____

I do not want: _____ Credit Life Ins.; _____ Credit Disability Ins.; _____ Joint Credit Life Ins.

Property Insurance: I may obtain property insurance from anyone I want that is acceptable to you. If I get the insurance from or through you I will pay \$ _____ for _____ of coverage.

CC #3920 Itemization of Amount Financed

Amount given to me directly	\$ 20,000.00 (a)
Amount paid on my account	\$ _____ (b)
Amounts paid to others on my behalf:	
To Property Insurance Company	\$ _____ (c)
To Credit Life Insurance Company	\$ 70.65 (c)
To Disability Insurance Company	\$ _____ (e)
To Public Officials	\$ _____ (f)
	\$ _____ (g)
	\$ _____ (h)
Prepaid Finance Charge	\$ _____ (i)
AMOUNT FINANCED (a through h - i)	\$ 20,070.65 (j)
Finance Charge (include prepaid)	\$ 692.85 (k)
Total of Payments (j + k)	\$ 20,763.50 (l)

Security - To secure the payment of the note total (defined on the reverse side):
(1) I acknowledge and agree that you have the right to set-off this note against any obligation you have (now or hereafter) to pay money to me
(2) You may collect the proceeds (or rebates of unearned premiums) on any insurance policy insuring me (where you are named as loss payee) and on any policy insuring the property securing this note. You will apply this toward what I owe you.

(3) ☒ If checked, this note is not further secured
(4) ☐ If checked, this note is secured by a separate _____ dated _____
(This property should be described in the Truth-in-Lending disclosure above)

(5) ☐ Security Agreement - If checked, I give you a security interest in the property described below. The rights I am giving you in this property, and the obligations this agreement secures are defined on the reverse side of this form

Campaign proceeds over \$100,000 - 50% guarantee

☐ If checked, this security agreement (if filed) should be filed in the real estate records.
Legal Description _____
Record Owner (if not me) _____

Signatures

Any person who signs within this enclosure does so to give you a security interest in the property described above, but assumes no personal obligation to pay this note.

Name _____ Date _____

Signature of Lender: _____
Signature of Borrower: _____
Signature of Co-Borrower: _____
Signature of Guarantor: _____
☐ If checked, the signature below was required as a condition of credit.

I agree to the terms of the note and security agreement above (including those on the other side of this form) and acknowledge receipt of at least one copy on today's date.

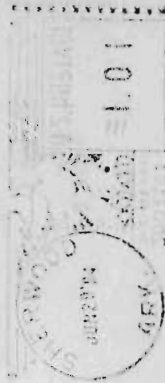
TOMMY ROBINSON FOR CONGRESS CAMPAIGN
Signature **Darrell Glascock**
Darrell Glascock, Chairman

SIMPLE INTEREST NOTE, DISCLOSURE, AND SECURITY AGREEMENT
© 1981 BANKERS SYSTEMS, INC., ST. CLOUD, MN 56301 FORM NDS-SI-AR 11/81
Al Harkins, President

FIRST STATE BANK
P.O. BOX 6009
SHERWOOD, AR 72116

8 5 0 4 0 5 0 5 3 9 4

84 JUL 5 PM 12:11



Mr. Peter Kynch
Federal Election Commission
Washington, D.C. 20463

RETURN RECEIPT
REQUESTED

CERTIFIED
MAIL
P 423 254 685

RECEIVED AT THE REC
60043898
84 JUL 2 A8:48



The Twin City Bank

ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

T.E. RENAUD

Chairman of the Board &
Chief Executive Officer

June 26, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

JUL 1 1984
F12:56

Re: MUR 1721

Dear Mr. Gross:

On June 18, 1984, I received your letter dated June 13, 1984, which informed me that your office has received a complaint that alleges that The Twin City Bank and I have violated certain sections of the Federal Election Campaign Act of 1971, as amended. I have reviewed a copy of the complaint and the other material enclosed with your letter, and I am asking that you accept this letter as my response to the complaint.

For purposes of clarity and future reference, I would like to answer the allegations by numbered paragraphs.

1. The Twin City Bank is a state chartered depository institution whose deposits and accounts are insured by the Federal Deposit Insurance Corporation.

2. On May 17, 1984, the Tommy Robinson for Congress Campaign Committee applied for and was granted a loan in the amount of \$32,000. The loan was evidenced by our standard promissory note, a copy of which is enclosed for your future reference, which promissory note was dated May 17, 1984, was for the principal sum of \$32,000, bearing interest at the rate of 12½% per annum, and was due and payable on or before June 15, 1984.

3. The said promissory note was guaranteed by the candidate, Mr. Tommy F. Robinson, on our standard guaranty form, a copy of which is enclosed for your reference.

4. The loan was approved by me acting in my capacity as Chairman of the Board and Chief Executive Officer of The Twin City Bank. I have held the position of Chairman and Chief Executive Officer of The Twin City Bank for the past 15½ years.

June 26, 1984

5. The Twin City Bank is the largest state chartered bank in Arkansas with total assets of \$260 million as of June 1, 1984.

6. The Twin City Bank has one of the lowest loan loss records of any lending institution in the state of Arkansas.

7. As Chairman of the Board and Chief Executive Officer of The Twin City Bank, my primary lending authority is \$19,000,000.

8. It is my opinion that the loan to Tommy Robinson Campaign Committee was made in the ordinary course of business by this bank and was on a basis which assures repayment.

9. In addition to my knowledge of the banking industry, and particularly the operations of The Twin City Bank, I do have some knowledge as a citizen of the political future and fortunes of candidate Tommy F. Robinson. Based on my knowledge of Mr. Robinson, it is my opinion, and was at the time the loan was made, that he is a very viable candidate for the office which he is seeking; that he has substantial political backing and support; that his popular support among the voters is extremely high; and that he is respected by a number of business and civic leaders throughout this congressional district. These facts led me to believe at the time the loan was made, an opinion which I still maintain, that the campaign committee was certainly capable of repaying the loan in a timely and orderly fashion. Additionally, I have known Mr. Robinson to be a man of integrity. I have extended credit in larger amounts to him personally, and he has always handled these credits in a thoroughly satisfactory manner. Consequently, I was also comforted by his personal guarantee of the loan being questioned. While it would be a financial burden for Mr. Robinson to liquidate the debt if it is necessary for him to do so from his personal funds, I feel certain that he would do so, however, I also have no doubt that he can inspire the community to contribute to his political campaign. In summary, this loan was made to an individual of high integrity, a man recognized as a professional in his field, a customer with a satisfactory previous credit history with this bank, and the loan itself has two separate sources of repayment - the borrower and the guarantee.

10. The loan to the Tommy Robinson for Congress Campaign Committee was not endorsed or guaranteed by any person, corporation, partnership or any other type of entity other than Mr. Robinson.

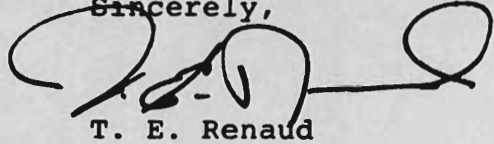
Our banking relationships with our customers must remain confidential and this information is furnished to you with the express permission of the Tommy Robinson Campaign Committee. We specifically request that you maintain his confidentiality.

Mr. Kenneth A. Gross
Page #3

June 26, 1984

If I can be the source of any additional information, I shall be happy to respond upon request.

Sincerely,

A handwritten signature in dark ink, appearing to be 'T. E. Renaud', with a large loop at the end.

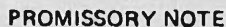
T. E. Renaud

TER/do

Enclosures

86040505397

May 17, 1984



PROMISSORY NOTE

Demand, or if no demand by June 15, 1994

The undersigned (hereinafter referred to as Maker) does hereby deliver and/or grant to Bank and its assigns, and holders (Bank, its assigns, and holders all being collectively referred to as Holders) under pledge as security and/or grant a security interest in, the collaterals below listed and/or listed on a collateral pledge and/or a Security Agreement, to wit:

Principal consists of:

Loan proceeds	130,000.00
Old Balance	
Filing fees or other fees	
incurred in perfection of	
any security interest in	
any collateral	
Credit Life Insurance	
Amount Financed	130,000.00

ADDER 45

UNDERSIGNED ACKNOWLEDGES RECEIPT OF A DUPLICATE
OF THIS NOTE

Please charge my checking account no

[illegible]

For payments on this loan.

МАКЕН

ADDITIONAL PROVISIONS
(Being part of the promissory note on the reverse side hereof.)

The collateral stated on the face of this note is also pledged and/or granted as security for all other liabilities (primary, secondary, direct, contingent, sole, joint or several), due or to become due or which may be hereafter contracted or acquired, of each Maker (including each Maker and any other person) to Bank. The surrender of this Note upon payment or otherwise, shall not affect the right of Bank to retain the collateral or its interest therein for such other liabilities, and makers do hereby waive all rights under Ark. Stat. Ann. 585-9-

Additions to, reductions or exchanges of, or substitutions for the Collateral, payments on account of this loan or increases of the same, or other loans made partially or wholly upon the Collateral, may from time to time be made without affecting the provisions of this note. Holder shall exercise reasonable care in the custody and preservation of the Collateral to the extent required by applicable statute, and shall be deemed to have exercised reasonable care if it takes such action for that purpose as Maker shall reasonably request in writing, but no omission to do any act not requested by Maker shall be deemed a failure to exercise reasonable care, and no omission to comply with any request of Maker shall of itself be deemed a failure to exercise reasonable care. Holder shall not be bound to take any steps necessary to preserve any rights in the Collateral against prior parties and Maker shall take all necessary steps for such purposes. Holder or its nominee need not collect interest on or principal of any Collateral or give any notice with respect to it.

If the Collateral shall at any time become unsatisfactory to Holder, Maker shall within one day after demand pledge and deposit with Holder as part of the Collateral additional property which is satisfactory to Holder.

If Holder deems itself insecure, or upon the happening of any of the following events, each of which shall constitute a default hereunder, all liabilities of each Maker to Holder shall thereupon or thereafter, at the option of Holder, without notice or demand, become due and payable: (a) failure of any Obligor (which term shall mean and include each Maker, endorser, surety and guarantor of this note) to perform any agreement hereunder, to pay interest or principal when due, or to pay any other liability whatsoever to Holder when due; (b) the death of any Obligor; (c) the filing of any petition under the Bankruptcy Act, or any similar federal or state statute, by or against any Obligor; (d) any application for the appointment of a receiver for, the making of a general assignment for the benefit of creditors by, or the insolvency of any Obligor; (e) the entry of a judgment against any Obligor; (f) the issuing of any attachment or garnishment, or the filing of any lien, against any property of any Obligor; (g) the taking of possession of any substantial part of the property of any Obligor at the instance of any governmental authority; (h) the dissolution, merger, consolidation, or reorganization of any Obligor; (i) the assignment by any Maker of any equity in any of the Collateral without the written consent of Holder.

Bank shall have, but shall not be limited to, the following rights, each of which may be exercised at any time whether or not this note is due: (i) to pledge or transfer this note and the Collateral and Holder shall thereupon be relieved of all duties and responsibilities hereunder and relieved from any and all liability with respect to any Collateral so pledged or transferred, and any pledgee or transferee shall for all purposes stand in the place of Holder hereunder and have all the rights of Holder hereunder; (ii) to transfer the whole or any part of the Collateral into the name of itself or its nominee; (iii) to vote the Collateral; (iv) to notify the Obligors on any Collateral to make payment to Bank of any amounts due or to become due thereon; (v) to demand, sue for, collect, or make any compromise or settlement it deems desirable with reference to the Collateral; and (vi) to take control of any proceeds of Collateral.

Holder is hereby given a lien upon and a security interest in all property of each Obligor now or at any time hereafter in the possession of Holder in any capacity whatsoever, including but not limited to any balance or share of any deposit, trust, or agency account, as security for the payment of this note, and a similar lien upon and security interest in all such property of each maker as security for the payment of all other liabilities of each Maker to Holder (including liabilities of each Maker and any other person); and Holder shall have the same rights as to such property as it has with respect to the Collateral.

If Holder deems itself insecure or upon the occurrence of any default hereunder Holder shall have the remedies of a secured party under the Uniform Commercial Code and, without limiting the generality of the foregoing, Holder shall have the right, immediately and without further action by it, to set off against this note all money owed by Holder in any capacity to each or any Obligor, whether or not due, and also to set off against all other liabilities of each Maker to Holder all money owed by Holder in any capacity to each or any Maker; and Holder shall be deemed to have exercised such right of set-off and to have made a charge against any such money immediately upon the occurrence of such default even though such charge is made or entered on the books of Bank subsequent thereto. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Holder will give Maker reasonable notice of the time and place of any public or private sale thereof. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to any Maker at the address given on the face of this note or at any other address shown on the records of the Holder, at least five days before the time of the sale. Upon disposition of any Collateral after the occurrence of any default hereunder, Maker shall be and remain liable for any deficiency and Holder shall account to Maker for any surplus, but Holder shall have the right to apply all or any part of such surplus (or to hold the same as a reserve against) any and all other liabilities of each or any Maker to Holder.

RECEIVED + Approved
MAY 11 1934
MDH

GUARANTY

For Value Received and in consideration of advances to be made, or credit to be given, or other financial accommodation from time to time afforded or to be afforded to

TOMMY ROBINSON CAMPAIGN COMMITTEE

(hereinafter designated as "Debtor"), by THE TWIN CITY BANK, NORTH LITTLE ROCK, ARKANSAS, or its successor or successors, immediate or remote, by merger, consolidation, sale of a major portion of its assets, or otherwise (all of which are herein after called the "Bank"), the undersigned hereby jointly and severally guarantee the full and prompt payment to said Bank at maturity and at all times thereafter of any and all indebtedness, obligations and liabilities of every kind and nature of said Debtor to said Bank (including liabilities of partnerships created or arising while the Debtor may have been or may be a member thereof), howsoever evidenced, which may hereafter become due, whether direct or indirect, absolute or contingent, or joint or several, and howsoever owned, held or acquired, whether through discount, overdraft, purchase, direct loan or as collateral, or otherwise; and the undersigned further agree to pay all expenses, legal and/or otherwise (including court costs and attorney's fees, paid or incurred by said Bank in endeavoring to collect such indebtedness, obligations and liabilities, or any part thereof, and in enforcing this guaranty). The right of recovery, however, against the undersigned is limited to

THIRTY-TWO THOUSAND AND 00/100

DOLLARS (\$ 32,000.00)

plus interest on all loans and/or advances hereunder and all expenses hereinbefore mentioned.

In case of the death, incompetency, dissolution, liquidation or insolvency (howsoever evidenced) of, or the institution of bankruptcy or receivership proceedings against said Debtor, all of said indebtedness, obligations and liabilities then existing shall, at the option of the Bank, immediately become due or accrued and payable from the undersigned.

All dividends or other payments received from the Debtor, or on account of the debt from whatsoever source, shall be taken and applied as payment in gross, and this guaranty shall apply at the option of said Bank to and secure any ultimate balance that shall remain owing to said Bank.

Any payments made by the undersigned on the indebtedness of the Debtor and resulting in the undersigned having a claim against the Debtor shall be subordinate to any and all then existing indebtedness owed the Bank by the Debtor and also to such subsequent loans or advances which, at the option of the Bank, may be made.

This guaranty shall be a continuing, absolute and unconditional guaranty, and shall remain in full force and effect until written notice of its discontinuance shall be actually received by said Bank, and also until any and all said indebtedness, obligations and liabilities existing before receipt of such notice shall be fully paid. The death, dissolution or withdrawal of any one or more of the undersigned shall not terminate this guaranty until notice of any such death, dissolution or withdrawal shall have been actually received by said Bank, nor until all of said indebtedness, obligations and liabilities existing before receipt of such notice shall be fully paid. And in the event of any such death, dissolution or withdrawal and notice thereof to the Bank, this guaranty shall, notwithstanding, continue and remain in force against the survivor or survivors until discontinued as hereinabove provided.

The liability hereunder shall in no wise be affected or impaired by (and said bank is hereby expressly authorized to make from time to time, without notice to anyone), any sale, pledge, surrender, compromise, settlement, release, renewal, extension, indulgence, alteration, substitution, exchange, change in, modification or other disposition of any of said indebtedness, obligations and liabilities, either express or implied, or of any contract or contracts evidencing any thereof, or of any security or collateral therefor. The liability hereunder shall in no wise be affected or impaired by any acceptance by said Bank of any security for or other guaranty upon any of said indebtedness, obligations or liabilities, or by any failure, neglect or omission on the part of said Bank to realize upon or protect any of said indebtedness, obligations or liabilities, or any collateral or security therefor, or to enforce any lien upon or right of appropriation of any moneys, credits or property of said Debtor, possessed by said Bank, toward the liquidation of said indebtedness, obligations or liabilities, or by any application of payments or credits thereon. Said Bank shall have the exclusive right to determine how, when and what application of payments and credits, if any, shall be made on said indebtedness, obligations and liabilities, or any part of them. In order to hold the undersigned liable hereunder, there shall be no obligation on the part of the said Bank at any time to first resort to or exhaust its remedies against the Debtor, or other persons, corporations, their properties or estates, or to resort to and exhaust its remedies against any collateral, security, property, liens or other rights whatsoever. It is expressly agreed that said Bank may at any time and at demand for payment or payments on, or bring suit against, the undersigned guarantors, jointly or severally, or any one or more of the undersigned, less than all, without impairing the rights of the Bank against the others of the undersigned; and that the Bank may compound with any one or more of the undersigned for such sums as it may see fit and release such of the undersigned from all further liability to the Bank for such indebtedness without impairing the right of the Bank to demand and collect the balance of such indebtedness from others of the undersigned and not so released.

All diligence in collection or protection, and all presentment, demand, protest and/or notice, as to any and everyone, of dishonor and of default and of non-payment and of the creation and existence of any and all of said indebtedness, obligations and liabilities, and of any security and collateral therefor, and of the acceptance of this guaranty, and of any and all extensions of credit and indulgence hereunder, are hereby expressly waived.

The granting of credit from time to time by said Bank to said Debtor in excess of the amount to which the right of recovery under this guaranty is limited and without notice to the undersigned, is hereby also authorized and shall in no way affect or impair this guaranty.

All paper discounted for said Debtor and all loans made to said Debtor, when paid, shall be deemed to have been paid by said Debtor, unless express notice in writing is given to said Bank at the time by the undersigned that it has been paid by them.

No act of commission or omission of any kind, or at any time, upon the part of said Bank in respect to any matter whatsoever, shall in any way affect or impair this guaranty.

Said Bank may, without any notice whatsoever to any one, sell, assign or transfer all of said indebtedness, obligations and liabilities, or any part thereof, and in that event each and every immediate and successive assignee, transferee, or holder of all or any part of said indebtedness, obligations and liabilities, shall have the right to enforce this guaranty, by suit or otherwise, for the benefit of such assignee, transferee or holder, as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits; but the said Bank shall have an unimpaired right, prior and superior to that of any said assignee, transferee or holder, to enforce this guaranty for the benefit of said Bank, as to so much of said indebtedness, obligations and liabilities that it has not sold, assigned or transferred.

Notice to the undersigned guarantors of the acceptance of this guaranty and of the making or renewing of any loan or paper is hereby expressly waived by the undersigned.

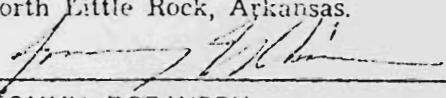
No release or discharge of any one or more of the undersigned shall release or discharge any of the other of the undersigned, unless and until all of said indebtedness, obligations and liabilities shall have been fully paid and discharged.

This guaranty shall be construed according to the law of the State of Arkansas, in which State it shall be performed by the undersigned.

This guaranty and every part thereof, shall be binding upon the undersigned, jointly and severally, and upon the heirs, legal representatives, successors and assigns of all the undersigned, and each of them, respectively.

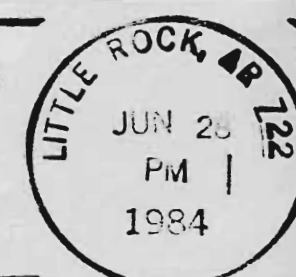
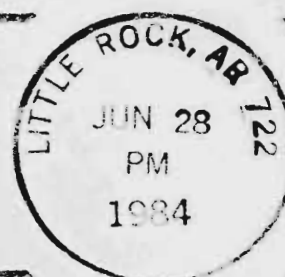
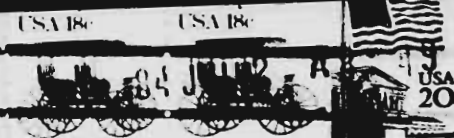
Any part of this guaranty invalid under the law of this State shall not invalidate other parts of this guaranty.

After having carefully read this instrument consisting of the front and back of this page the same was signed, sealed and delivered by the undersigned, this 17th day of May, 1984, and was thereafter received and accepted by said Bank at North Little Rock, Arkansas.



TOMMY ROBINSON

8 6 0 4 0 5 5 4 0 2



TWIN CITY BANK
ONE RIVERFRONT PLACE
NORTH LITTLE ROCK, ARKANSAS 72114

To:

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

FIRST CLASS MAIL

W. RUSSELL MEEKS, III
ATTORNEYS AT LAW
1151 FIRST COMMERCIAL BUILDING
LITTLE ROCK, ARKANSAS 72201
501-376-4660

RECEIVED
HAND DELIVERED
84 JUL 5 9:18
60-3918

W. RUSSELL MEEKS, III
TIMOTHY DAVIS FOX

June 28, 1984

Honorable Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1721

Dear Mr. Gross:

We are the attorneys for one of the respondent banks in the captioned matter. We are the attorneys for Stephens Security Bank, Stephens, Arkansas.

To avoid undue delay, and to assist you in understanding the organization of the bank, which is controlled by a bank holding company, we attach and submit herewith additional materials in the form of the "Affidavit of Richard T. Smith". Mr. Smith is the proper respondent for Stephens Security Bank, and your records should reflect this change from Mr. James Morgan, President. The Affidavit, I believe, clarifies the situation in this respect.

You may also treat this letter as additional response by Stephens Security Bank. The documents, which consist entirely of newspaper clippings, contain no evidence of any violation of any Federal Election Commission regulation. Neither the articles themselves, nor any contents therein, are of any probative value. Instead, it is apparent that there has been public scrutiny over the dispute between two opposite political forces, and the bank's loan transaction has been caught in the middle.

There have not been sufficient allegations made, through the articles, nor through the June 2, 1984 letter complaint from the complainants, that give rise to a substantial belief that there has been any violation of 11 CFR 100.7 (a)(1)(i)(C), or 11 CFR 100.7 (b)(11), or of 11 CFR 104.3 (a)(4)(iv). Instead, what has been presented does not appear to be substantial enough to even require additional investigation.

Honorable Kenneth A. Gross
June 28, 1984
Page 2

The time, cost and expense of engaging in this process is not something that a bank takes into consideration at the time it engages in any loan transaction, and it certainly is not something that should be entertained, purely upon suspicions, innuendos, and perhaps "sour grapes", of complaintants. Instead, because of the lack of any probative evidence, the complaint should be formally dismissed, and as a practical matter should be ignored.

There has been no violation of any state or federal banking regulation, nor has there been any violation of any Federal Election Commission law, nor has there been any other violation of any other type law. We point out that upon our investigation, one of the complaintants, Mr. James E. McClain, Jr., is an attorney, and this possibly explains the "legal reading" of the June 2, 1984 letter complaint. To be sure, there has been no "clear violation" of 2 U.S.C. 431 (8)(A)(1) or of 2 U.S.C. 431 (8)(B)(vii). There has been no violation.

To the extent the complaint contains matters that tend to editorialize the "concern over the impropriety of these loans", the opinions and editorial comments of the complaintants should be properly discarded.

In conclusion, while the position of the bank might seem harsh, it is not callous, but instead is made with a clear understanding that important procedures such as the one at present, cannot be engaged in with reckless abandon. The motivation cannot be based upon spite, vindictiveness, or retaliation and retribution against a victorious political candidate. The cost and expense placed on a respondent bank is too great to treat these matters lightly.

Any further communication with respect to SABCO, Stephens Security Bank, Richard T. Smith, James Morgan, or any other officers or directors of those entities, may and should be made to the undersigned attorney on their behalf. The Affidavit sets forth all persons for whom this office is acting as counsel.

We thank you for your participation and attention, and we will be happy to respond in other ways which may be of assistance, should it be required. We would like to be advised, immediately, upon any action taken by the Commission. We would also request to be provided with copies of any and all documents

Honorable Kenneth A. Gross
June 28, 1984
Page 3

submitted by the present complaintants, any other complaintants,
and all respondents.

We are providing a copy of this letter and of the attached
Affidavit to Mr. Peter Kynch, the staff person assigned by your
office to handle this matter. We would appreciate receiving
written confirmation from either you, or Mr. Kynch, advising
of your receipt of this letter and Affidavit.

Yours very truly,


W. Russell Meeks, III

WRM:bj

Enclosure

cc: Peter Kynch
w/encl.

James Morgan, President
Stephens Security Bank
w/encl.

Richard T. Smith
Chairman of the Board
SABCO
w/encl.

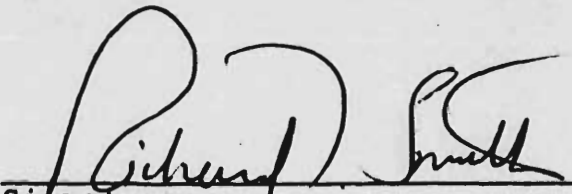
86040505405

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721
NAME OF COUNSEL: W. Russell Meeks, III
ADDRESS: 1151 First Commercial Building
Little Rock, AR 72201
501-376-4660
TELEPHONE: _____

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

6/28/84
Date


Signature
RICHARD T. SMITH

RESPONDENT'S NAME: Stephens Security Bank
ADDRESS: & Richard T. Smith, Chairman
Smith Associated Banking Corporation
800 Tower Building
Little Rock, AR 72201
HOME PHONE: 501-225-5322
BUSINESS PHONE: 501-374-8822

8 6 0 4 0 5 3 5 4 0 7

STATE OF ARKANSAS)
) ss.
COUNTY OF PULASKI)

I, Richard T. Smith, state on oath:

1. James Morgan, President, Stephens Security Bank, has been forwarded a formal notification from the Federal Election Commission that a Complaint has been filed against him, as President, and against the Stephens Security Bank, Stephens, Arkansas. The matter has been numbered MUR1721.

2. Stephens Security Bank, Stephens, Arkansas, is a state chartered banking institution located in Ouachita County, Arkansas.

3. Stephens Security Bank is controlled by a bank holding company, organized and existing under and by virtue of the laws of the State of Arkansas. The name of the holding company is Smith Associated Banking Corporation (hereafter "SABCO").

4. I, Richard T. Smith, am Chairman of the Board of SABCO. In such capacity, I am making the response to the Commission on behalf of SABCO, on my behalf, on behalf of James Morgan as President of Stephens Security Bank, on behalf of Stephens Security Bank, and on behalf of any officers, directors or employees of either SABCO or Stephens Security Bank.

5. Because of the confidentiality between Stephens Security Bank ("Bank"), and all of its customers and borrowers, the Bank requests that this matter remain confidential in accordance with 2 U.S.C. Sec. 437 G (a)(4)(B) and Sec. 437 G (a)(12)(A).

6. The Stephens Security Bank was approached by Tommy F. Robinson, (hereafter "Borrower"), and advised of his desire to borrow funds from the Bank. Affiant states that prior to his assuming the position as Chairman of the Board of SABCO, he was a Vice-President with Worthen Bank and Trust Company, N.A, a national banking institution located in Little Rock, Pulaski County, Arkansas. In said capacity, the undersigned was the per-

sonal loan officer for several loans involving the Borrower. The loan experience, including the timely repayment of all loans, was excellent. Affiant was and is personally familiar with the Borrower, and is familiar with his previous borrowing record, and with the details of the loan transactions involving the Borrower and Worthen Bank, with respect to those transactions which occurred while Affiant was a loan officer. Based upon that knowledge, past dealing, previous course of conduct, personal acquaintance with the Borrower, and based upon other good and sound banking practices, the Affiant approved the loan by Stephens Security Bank to Borrower, based upon the terms and conditions of a promissory note executed on the 11 day of April, 1984.

7. The promissory note, referred to above, is attached as Exhibit "A". The promissory note was not guaranteed by any individual, nor endorsed by anyone. The maker of the note is Tommy F. Robinson. There are no other makers, endorsers, guarantors, or sureties.

8. Affiant states that neither he, SABCO, or Stephens Security Bank, have previously been involved in any Federal Election Commission investigation. Because of the confidentiality between bank borrower and the bank, Affiant respectfully declines the opportunity to present additional legal and factual information concerning any other details or matters involved in this loan transaction.

9. Affiant denies any allegations set forth by the Complainants, with whom he is not acquainted, and with whom he is not personally familiar, and further states that any other details of the political disagreement of the Complainants, and the Borrower, are (as evidenced by the exhibits) of a highly publicized nature, and appear to be more in the form of "sour grapes" than in the form of legitimate complaints. Affiant believes this should be considered in view of the time, costs and expense associated with the Bank's participation in any investigation conducted by the Federal Election Commission.

8 6 0 4 0 5 8 5 4 0 2
Richard T. Smith
RICHARD T. SMITH

SWORN TO AND SUBSCRIBED before me, this 28 day of June, 1984.

Barbara Herbert
NOTARY PUBLIC

MY COMMISSION EXPIRES:

Feb. 15, 1992



7303656
6038404

Single Payment or Monthly Installment Note

(In this contract, the words **I, me, mine** and **my** mean each and all of those signing as Borrower. The words **you, your** and **yours** mean Stephens Security Bank.)

I promise to pay to you or to your order One Hundred Thousand & 00 dollars (\$ 100,000.00), according to the payment schedule below.

"Tommy Robinson for Congress-Committee"
Basic Credit Information

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate. Prime + 2% _____ % e	FINANCE CHARGE The dollar amount the credit will cost me. \$ <u>3,452.05</u> e	AMOUNT FINANCED The amount of credit provided to me or on my behalf. \$ <u>100,000.00</u>	TOTAL OF PAYMENTS The amount I will have paid after I have made all payments as scheduled. \$ <u>103,452.05</u> e
--	--	---	---

My payment schedule will be:

NUMBER OF PAYMENTS

AMOUNT OF PAYMENTS

WHEN PAYMENTS ARE DUE

1

103,452.05 e

90 days-
July 10, 1984

SECURITY: I am giving a security interest in my ☐ stock or bonds, ☐ savings account, ☐ motor vehicle, or other property _____, and any account or property of mine now in or coming into your possession, I should see the Security Agreement or Pledge I have given you for a full description. Collateral securing other loans with you will also secure this loan. - 75% of the

FILING FEES: \$ _____ initial contributions from Camp. & \$100,000 life

LATE CHARGE: If a payment is late, I will be charged 8% of the payment, but no more than eight dollars (\$8.00). insur. policy

PREPAYMENT: If I pay off early, I may be entitled to a refund of part of the **FINANCE CHARGE**, but I may have to pay a penalty.

I should see the rest of the contract documents for additional information about nonpayment, default, any required repayment in full before the scheduled date, security interest, and prepayment refunds and penalties.

Itemization of the Amount Financed of \$ 100,000.00

\$ _____ Amount paid on my account with you.

\$ 100,000.00 Amount paid me directly.

Amount paid to others on my behalf:

\$ _____ to Public Officials

\$ _____ to Insurance Company (Property Insurance)

\$ _____ to Insurance Company (Credit/Disability Insurance)

\$ _____ to _____

\$ _____ to _____

\$ _____ prepaid Finance Charge

PREPAYMENT REBATE AND PENALTY. If I prepay this note, you will refund any unearned **FINANCE CHARGE**, figured by the Rule of 78, a commonly used formula for figuring rebates on installment loans. However, if I prepay after the first day of a monthly installment period, you may deduct and keep the **FINANCE CHARGE** for the entire installment period as a prepayment penalty. In case my loan is \$200.00 or less, you may charge me a prepayment penalty equal to the unearned **FINANCE CHARGE** figured by the Rule of 78, or \$8.00, whichever is less.

INSURANCE I agree to maintain theft and physical damage insurance on the property covered by the Security Agreement for its full insurable value, and I understand that I can buy this insurance through a person of my own choosing.

PROPERTY INSURANCE

☐ I voluntarily request that you obtain the following insurance coverages to protect against loss to the property.

☐ \$ _____ deductible collision

☐ Comprehensive

☐ Fire and Broad Form Theft

☐ Towing and Labor Costs

for a term of _____ months. The total cost of the premium if obtained from or through you is \$ _____

☐ I do not want you to obtain insurance coverage for me. I will arrange coverage as required under this contract.

Borrower

CREDIT INSURANCE

I understand you do not require Credit Life or Disability Insurance in connection with this contract. You will not provide such insurance for me unless I sign below.

☐ credit life and disability insurance

I Want ☐ disability insurance only

☐ credit life insurance only

at a Total Premium of \$ _____ for the term of this contract.

You may have all the proceeds of the insurance necessary to pay off this contract. I or my estate can have the remainder. I may inspect the policy(ies) upon request.

Borrower to be insured

Borrower to be insured

DEFAULT. I'll be in default

1. If I don't pay an installment on time, or
2. If I begin, or someone begins against me, a bankruptcy or insolvency proceeding, which is not dismissed within 30 days; or
3. If I don't fulfill my other obligations in this or any other contract with you; or
4. If I violate any provision of any document signed by me as security for this note.

You can then demand immediate payment of the full balance of this note, minus the part of the **FINANCE CHARGE** which hasn't been earned figured by the Rule of 78. You will also have other legal rights; for instance, the right to repossess and sell the property in which I have given you a security interest, and apply the proceeds to the obligations under this note.

COSTS AFTER DEFAULT If I'm in default and you demand full payment of the balance of this note, I agree to pay you interest on the unpaid balance thereafter at the highest rate permitted by law per year, after allowance for the unearned part of the **FINANCE CHARGE**. If you have to sue me, I will pay you a reasonable attorney's fee, but not more than 10% of the amount due, plus all court costs.

EACH SIGNER LIABLE. If there is more than one person signing this note, each will be jointly and individually liable for the whole obligation. Each will pay the note even if you agree with the other to renew or extend it, revise its terms or release any security.

RIGHT OF SET-OFF. If I'm in default, you can apply toward my indebtedness any of my money on deposit with you and the proceeds of any drafts, checks, notes, or acceptances which you collect for my account.

RIGHTS PRESERVED. You can delay or omit enforcing any of your rights at any time under this note without losing them in the future.

COPY. I acknowledge receipt of a fully completed copy of this note.

Date April 11, 1984

Darrell Glascock
Campaign Chm.)

Borrower's Signature(s)

Address

Tommy Robinson
Per. Guarantee)

University Tower Bldg. St. 900

8 6 0 4 0 5 8 5 4 1 1

HAND DELIVERED
84 JUL 5 A9:10

W. RUSSELL MEEKS, III

ATTORNEY AT LAW

1151 FIRST NATIONAL BUILDING
LITTLE ROCK, ARKANSAS 72201

To Honorable Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

FIRST CLASS MAIL

Gcc# 3864

JUN 28 11:28 AM '84

P 3:14

THE TOMMY ROBINSON FOR CONGRESS COMMITTEE
425 West Broadway, Suite K
North Little Rock, Arkansas 72114

June 26, 1984

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: MUR 1721

Dear Mr. Gross:

On June 18, my campaign committee received your letter giving notice of a complaint which had been filed against me individually, and my committee. The purpose of this letter is to clarify any uncertainty as to the validity and legality of the loans in question.

In April of this year I approached several lending institutions in Arkansas seeking loans to finance my campaign. Each of the loans was made by FDIC banking institutions and in accordance with Arkansas and Federal banking laws. Specifically, each loan bears a market interest and each carries a definite due date and amortization schedule. I believe that each note was the bank's standard form.

It appears that the complaint raises some question as to whether these loans were made on a basis which assures payment. I feel this allegation is totally without merit. As I have previously stated, the loans were reviewed by each bank and were approved in accordance with bank policy. At no time was there a question raised as to my campaign committee's ability to repay the indebtedness. Clearly, each bank which made loans to me, or the committee, felt secure in its loan.

None of the banks requested a personal guaranty from anyone other than me. No other guaranty, expressed or implied, was given to any of the banks.

Inasmuch as I won the democratic nomination for Congress, I feel certain that the loans can be quickly repaid.

Mr. Kenneth A. Gross
June 26, 1984
Page Two

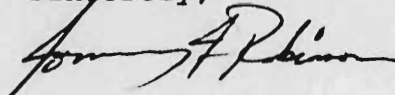
I feel confident that once your committee reviews the transactions in question, you will have no doubt as to the validity of the loans.

I will be pleased to furnish any documentation that you specifically request.

This letter shall serve as the response of Mr. George M. Felkins, Treasurer of my campaign committee. If he needs to respond personally, please let me know.

If I may be the source of any additional information, I shall be happy to respond upon request.

Sincerely,



Tommy F. Robinson

TFR:mmr

cc: Mr. Larry C. Wallace
House, Wallace & Jewell, P.A.
1500 Tower Building
Little Rock, AR 72201

Mr. George M. Felkins, Treasurer
The Tommy Robinson for Congress Committee
425 West Broadway, Suite K
North Little Rock, AR 72114

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1721

NAME OF COUNSEL: Larry C. Wallace

ADDRESS: House, Wallace & Jewell, P.A.

1500 Tower Building

Little Rock, AR 72201

TELEPHONE: (501) 375-9151

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

6/28/84
Date

Darrell Glascock
Signature
Chairman

RESPONDENT'S NAME: Darrell Glascock

ADDRESS: Tommy F. Robinson Campaign Committee

425 West Broadway, Suite K

North Little Rock, AR 72114

HOME PHONE: _____

BUSINESS PHONE: (501) 372-4816

86040505414

RECEIVED AT THE FEC
6a# 3789
84 JUN 25 P 1:28

June 22, 1984

General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

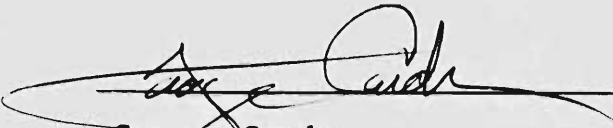
Re: Initiation of Compliance Matters by Complaint Lodged
Against the Tommy Robinson for Congress Committee, et al

Dear Counsel:

As Complainants in the above styled Initiation of Compliance
Matters by Complaint, we hereby state our request to withdraw
the Complaint.

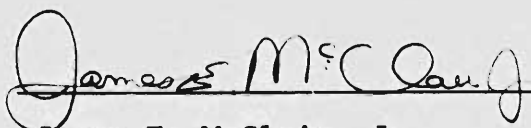
The basic issue in the Complaint is whether the subject loans
were made "in the ordinary course of business" by the named
banks. Upon further research of both the federal election
law and Arkansas banking practices, we have concluded that,
while we continue to look askance at the entire procedure,
an FEC investigation is not warranted at this time.

We, therefore, respectfully request permission to withdraw
the above named Complaint.


George Carder
216 Indian Trail
Searcy, Arkansas 72143

STATE OF ARKANSAS)

COUNTY OF PULASKI)


James E. McClain, Jr.
10601 Crestdale Lane
Little Rock, Arkansas 72212

George Carder and James E. McClain, Jr. subscribed and sworn to
before me, a Notary Public, on this 22nd day of June, 1984.

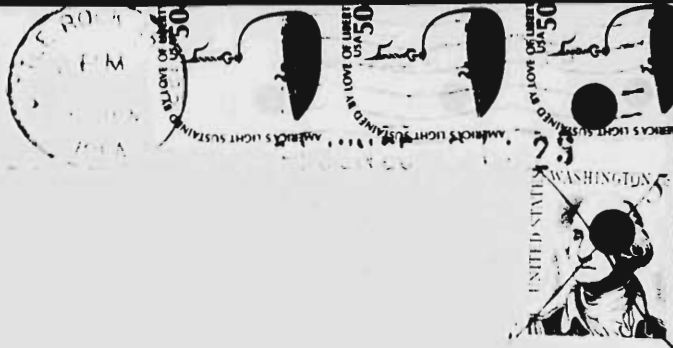
My Commission Expires:

My Commission Expires January 25, 1992


Notary Public

86040535415

James McClain
601 Crestdale
Little Rock, AR 72212



CERTIFIED MAIL

General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D. C. 20463

P 292 094

600# 3768
RECEIVED AT THE REC

HOUSE. WALLACE & JEWELL. P. A4 JUN 25 A8:48

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201
(501) 375-9151

LARRY C. WALLACE

June 20, 1984

JUN 25 AM:23

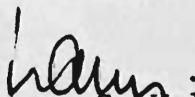
Mr. Peter Kynch
Office of General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Dear Peter:

Let me express my appreciation for the curtesy you extended to me by telephone today regarding my initial inquiry on MUR 1721. Within the next several days, Tommy F. Robinson Campaign Committee and The Twin City Bank will forward to you the Statement of Designation of Counsel.

If I can assist in your review of this matter, please never hesitate to give me a call.

Sincerely,


Larry C. Wallace

LCW:mmr

HOUSE, WALLACE & JEWELL, P. A.

ATTORNEYS AT LAW

1500 TOWER BUILDING
LITTLE ROCK, ARKANSAS 72201



Mr. Peter Kynch
Office of General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

36040305413

FIRST COMMERCIAL CORPORATION

200 FIRST COMMERCIAL BUILDING
P.O. BOX 1331
LITTLE ROCK, ARKANSAS 72203
TELEPHONE 501-371-7000

Kypnck *6cc# 3843*
RECEIVED THE FEC
84 JUN 28 A 8:38
JUN 28 1984 13

June 21, 1984

Mr. Charles N. Steel
General Counsel
The Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

Dear Mr. Steel:

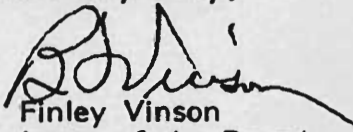
Several weeks ago the Associated Press reporter here in Arkansas attributed several comments to me that might have been misconstrued in newspaper accounts of my reaction to our Bank's loans to the campaign committee of Mr. Tommy Robinson. As you are aware, Mr. Robinson is the Democratic nominee to the United States House of Representatives from the Second Congressional District in Arkansas. A complaint has recently been filed with your office and has been docketed under your matter number MUR 1721.

The purpose of this letter is to assure you that my unofficial remarks to the AP reporter were based on an opinion written for First National Bank two years ago in a situation which appeared to be similar. This opinion was used as a base for a policy which disallowed such loans in our Bank, which was merged with another Bank last year, resulting in First Commercial Bank as the new entity. Whether Mr. Robinson's campaign committee bank loans violated any provision of the rules and regulations of the Federal Election Commission would naturally have to be decided by your office, not by our policies or by the newspapers.

Additionally, I certainly did not express an opinion on the loans other banking institutions extended to Mr. Robinson, except to the effect that if the collateral was what his campaign manager was quoted as saying it was, then the banks had some questionable loans. Obviously, I was not privy to the bankers' reasons for extending those other credits.

You and I know that news reporters, in their eagerness to dig up facts or to get a story, will ask questions and then sometimes try to help give the answers. Unfortunately, this may add to the confusion rather than help find the answers.

Yours very truly,


B. Finley Vinson
Chairman of the Board

BFV:ccj
D4/Q



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1984

James E. McClain, Jr.
10601 Crestdale Lane
Little Rock, Arkansas 72212

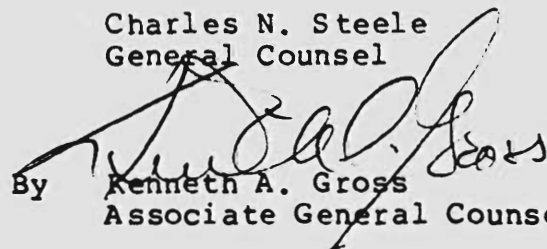
Dear Mr. McClain:

This letter is to acknowledge receipt of your complaint which we received on June 4, 1984, against Tommy Robinson; George M. Felkins; The Tommy Robinson for Congress Committee; Al Harkins; First State Bank; B. Finley Vinson; First Commercial Bank, N.A.; James Morgan; Stephen's Security Bank; Leonard Dunn; First American Bank; Gene Forston; Worthen Bank & Trust Company; Terrence Renaird and Twin City Bank, which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondent will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedure for handling complaints. If you have any questions, please contact Barbara A. Johnson at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By 
Kenneth A. Gross
Associate General Counsel

Enclosure

6/13/84

PS Form 3871, Oct. 1980

● **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space
on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☐ Show to whom and date delivered —¢
☒ Show to whom, date, and address of delivery.. —¢

2. ☐ **RESTRICTED DELIVERY** —¢
(The restricted delivery fee is charged in addition to
the return receipt fee.)

TOTAL \$ _____

3. **ARTICLE ADDRESSED TO:** James E. McClain
10601 Crestdale Lane
Little Rock, Arkansas 72212

4. **TYPE OF SERVICE:** **ARTICLE NUMBER**
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD 943984
☐ EXPRESS MAIL

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Pat McClain

5. **DATE OF DELIVERY**
6-19-84

6. **ADDRESSEE'S ADDRESS (Only if requested)**

7. **UNABLE TO DELIVER BECAUSE:** 7b. **EMPLOYEE'S INITIALS**

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL.

MMR 1721 KYNCH

85040505422



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1984

George Carder
216 Indian Trail
Searcy Arkansas 72143

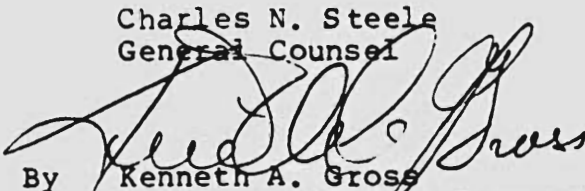
Dear Mr. Carder:

This letter is to acknowledge receipt of your complaint which we received on June 4, 1984, against Tommy Robinson; George M. Felkins; The Tommy Robinson for Congress Committee; Al Harkins; First State Bank; B. Finley Vinson; First Commercial Bank, N.A.; James Morgan; Stephen's Security Bank; Leonard Dunn; First American Bank; Gene Forston; Worthen Bank & Trust Company; Terrence Renaird and Twin City Bank, which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondent will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedure for handling complaints. If you have any questions, please contact Barbara A. Johnson at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By  Kenneth A. Gross
Associate General Counsel

Enclosure

86040505423

6/23/84

PS Form 3811, Oct. 1980

● **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).

☐ Show to whom and date delivered —f

☒ Show to whom, date, and address of delivery.. —f

2. ☐ **RESTRICTED DELIVERY** —f

(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. **ARTICLE ADDRESSED TO:** George Carder
916 Indian Trail
Searcy, Arkansas 72143

4. **TYPE OF SERVICE:**

☐ REGISTERED ☐ INSURED

☒ CERTIFIED ☐ CRO

☐ EXPRESS MAIL

ARTICLE NUMBER

943985

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

Wendy Rollett

5. **DATE OF DELIVERY**

6-18-84

6. **ADDRESSEE'S ADDRESS** (Only if requested)

72

7. **UNABLE TO DELIVER BECAUSE:**

MAN 1721 Kynch



RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

8 5 0 4 0 5 6 5 4 2 4



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

George M. Felkins, Treasurer
The Tommy Robinson for Congress
Committee
425 West Broadway, Suite K
North Little Rock, Arkansas 72114

Re: MUR 1721

Dear Mr. Felkins:

This letter is to notify you that on June 4, 1984 the Federal Election Commission received a complaint which alleges that the committee and you, individually, and as treasurer, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1721. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against the committee and you, individually, and as treasurer, in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

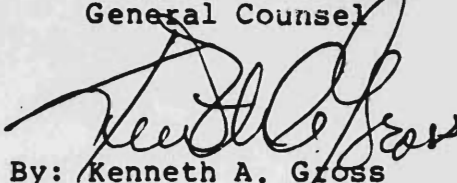
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

2604055425

If you have any questions, please contact Peter Kynch, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

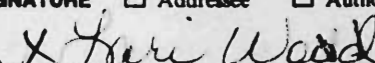

Enclosures

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

8 6 0 4 0 5 8 5 4 2 6

PS Form 3811, Oct. 1980

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, 3, and 4. Add your address in the "RETURN TO" space on reverse.	
(CONSULT POSTMASTER FOR FEES)	
1. The following service is requested (check one). <input type="checkbox"/> Show to whom and date delivered <input checked="" type="checkbox"/> Show to whom, date, and address of delivery.. 2. <input type="checkbox"/> RESTRICTED DELIVERY (The restricted delivery fee is charged in addition to the return receipt fee.)	
TOTAL \$	
3. ARTICLE ADDRESSED TO: George M. Felkins, Jr. The Tommy Robinson for Congress Cmte 425 West Broadway, Suite K North Little Rock, Arkansas 72114	
4. TYPE OF SERVICE: <input type="checkbox"/> REGISTERED <input type="checkbox"/> INSURED <input checked="" type="checkbox"/> CERTIFIED <input type="checkbox"/> COD <input type="checkbox"/> EXPRESS MAIL	ARTICLE NUMBER 943977
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent X 	
5. DATE OF DELIVERY 6/18/84	POSTMARK 
6. ADDRESSEE'S ADDRESS (Only if requested) 425 W. Bway. Suite K No. Little Rock, Ark. 72114	
7. UNABLE TO DELIVER BECAUSE:	7a. EMPLOYEE'S INITIALS

mur 1721 Kynch



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Tommy F. Robinson
P.O. Box 105
Jacksonville, Arkansas 72076

Re: MUR 1721

Dear Mr. Robinson:

This letter is to notify you that on June 4, 1984 the Federal Election Commission received a complaint which alleges that you, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1721. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you, in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

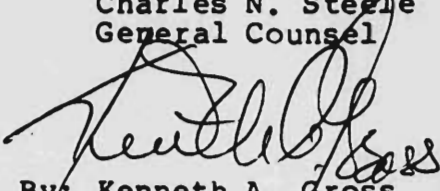
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

86040585427

If you have any questions, please contact Peter Kynch, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosures

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

6/13/84

PS Form 3811, Dec. 1980

● **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☐ Show to whom and date delivered
☒ Show to whom, date, and address of delivery..
2. **RESTRICTED DELIVERY**
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

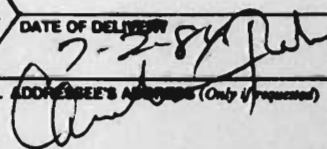
3. **ARTICLE ADDRESSED TO:** Tommy F. Robinson
P.O. Box 105
Jacksonville, Arkansas 72076

4. **TYPE OF SERVICE:** ☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER
943976


(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

5. **DATE OF DELIVERY**
7-2-84

6. **ADDRESSEE'S ADDRESS** (Only if requested)


7. **UNABLE TO DELIVER BECAUSE:**

7a. **EMPLOYEE'S INITIALS**
MUR 1721 RYNCH



86040585428



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Al Harkins, President
First State Bank
P.O. Box 6009
Sherwood, Arkansas 72116

Re: MUR 1721

Dear Mr. Harkins:

This letter is to notify you that on June 4, 1984 the Federal Election Commission received a complaint which alleges that the bank and you, individually, and as president, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1721. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against the bank and you, individually, and as president, in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

85040565429

If you have any questions, please contact Peter Kynch, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross
By: Kenneth A. Gross
Associate General Counsel

Enclosures

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

86040565430

10/13/84

PS Form 3811, Oct. 1980

● SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☐ Show to whom and date delivered
☒ Show to whom, date, and address of delivery..
2. ☐ RESTRICTED DELIVERY
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO: Al Hartkins, President
First State Bank
P.O. Box 6009
Sherwood, Arkansas 72114

4. TYPE OF SERVICE:
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER
943975

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Stickup Robertson

5. DATE OF DELIVERY
6/18/84

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EXPLANATION
INITIALS
OC

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

NORTH LITTON, ARK.
JUN 18 1984
POST OFFICE

MUR 1721 Kynch



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

B. Finley Vinson, Chairman
First Commercial Bank, N.A.
Capitol and Broadway Streets
Little Rock, Arkansas 72201

Re: MUR 1721

Dear Mr. Vinson:

This letter is to notify you that on June 4, 1984 the Federal Election Commission received a complaint which alleges that the bank and you, individually, and as chairman, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1721. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against the bank and you, individually, and as chairman, in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

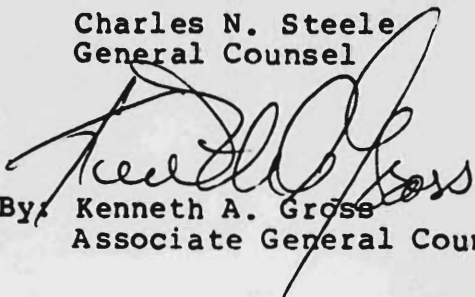
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Peter Kynch, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosures

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

85040385432

6/19/84

PS Form 3811, Dec. 1980

● SENDER: Complete items 1, 2, 3, and 4. Add your address in the "RETURN TO" space on reverse.	
(CONSULT POSTMASTER FOR FEES)	
1. The following service is requested (check one). <input type="checkbox"/> Show to whom and date delivered —\$ <input checked="" type="checkbox"/> Show to whom, date, and address of delivery.. —\$	
2. <input type="checkbox"/> RESTRICTED DELIVERY —\$ (The restricted delivery fee is charged in addition to the return receipt fee.)	
TOTAL \$	
3. ARTICLE ADDRESSED TO: B. Finley Vinson, Chm First Commercial Bank, N.A. Capitol and Broadway Sts Little Rock, Arkansas 72201	
4. TYPE OF SERVICE: <input type="checkbox"/> REGISTERED <input type="checkbox"/> INSURED <input checked="" type="checkbox"/> CERTIFIED <input type="checkbox"/> COD <input type="checkbox"/> EXPRESS MAIL	ARTICLE NUMBER 943974
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input checked="" type="checkbox"/> Authorized agent	
5. DATE OF DELIVERY JUN 19 1984	6. ADDRESSEE'S ADDRESS (Only if requested) MUR 1721
7. UNABLE TO DELIVER BECAUSE:	7a. EMPLOYEE'S INITIALS Kynch



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James Morgan, President
Stephen's Security Bank
P.O. Box 7
Stephens, Arkansas 71764

Re: MUR 1721

Dear Mr. Morgan:

This letter is to notify you that on June 4, 1984 the Federal Election Commission received a complaint which alleges that the bank and you, individually, and as president, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1721. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against the bank and you, individually, and as president, in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

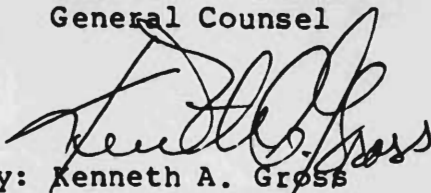
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Peter Kynch, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosures

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

6/13/84

PS Form 3811, Dec. 1980

● SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☐ Show to whom and date delivered
☒ Show to whom, date, and address of delivery..
2. ☐ RESTRICTED DELIVERY
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO: James Morgan, Pres
Stephen's Security Bank
P.O. Box 7
Stephens, Arkansas 71764

4. TYPE OF SERVICE:
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER
943973

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Linda Thomas

5. DATE OF DELIVERY
6-18-84

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYER'S INITIALS

POSTMARK
81
NMI

MUR 1721 Kynch

86040585434



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 13, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Leonard Dunn, President
First American Bank
P.O. Box 1799
Hot Springs, Arkansas 71913

Re: MUR 1721

Dear Mr. Dunn:

This letter is to notify you that on June 4, 1984 the Federal Election Commission received a complaint which alleges that the bank and you, individually, and as president, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1721. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against the bank and you, individually, and as president, in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

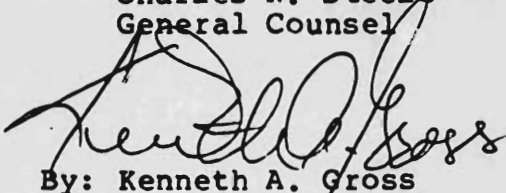
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Peter Kynch, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosures

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

6/13/84

PS Form 3811, Dec. 1980

● SENDER: Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☐ Show to whom and date delivered
☒ Show to whom, date, and address of delivery..
2. ☐ RESTRICTED DELIVERY
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. ARTICLE ADDRESSED TO: LEONARD DUNN, Pres
First American Bank
P.O. Box 1799
Hot Springs, Arkansas 71913

4. TYPE OF SERVICE: ☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER
943972

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
JOE COOK

5. DATE OF DELIVERY 6/18/84

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE

7a. EMPLOYEE'S INITIALS
COO

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

mur 1721 Kynch

8604065436



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Gene Forston, Chairman
Worthen Bank & Trust Company
Capitol and Broadway Streets
Little Rock, Arkansas 72201

Re: MUR 1721

Dear Mr. Forsten:

This letter is to notify you that on June 4, 1984 the Federal Election Commission received a complaint which alleges that the bank and you, individually, and as chairman, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1721. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against the bank and you, individually, and as chairman, in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

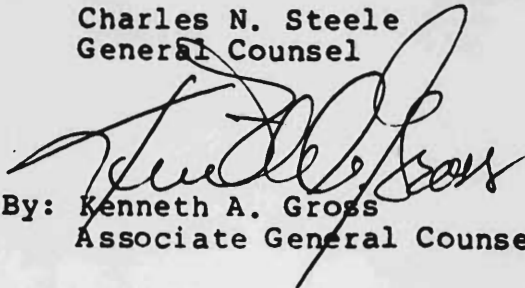
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

86040565437

If you have any questions, please contact Peter Kynch, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosures

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

6/13/84

PS Form 3811, (Rev. 1980)

● **SENDER:** Complete Items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
☐ Show to whom and date delivered
☒ Show to whom, date, and address of delivery..
2. ☐ **RESTRICTED DELIVERY**
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$ _____

3. **ARTICLE ADDRESSED TO:** GENE Forston, Chairman
Worthen Bank & Trust Company
Capitol and Broadway Streets
Little Rock, Arkansas 72201

4. **TYPE OF SERVICE:**
☐ REGISTERED ☐ INSURED
☒ CERTIFIED ☐ COD
☐ EXPRESS MAIL

ARTICLE NUMBER
943971

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

5. **DATE OF DELIVERY**
JUN 19 1984

POSTMARK
LITTLE ROCK AR 6/19/84

6. **ADDRESSEE'S ADDRESS (Only if requested)**
MURKIN

7. **UNABLE TO DELIVER BECAUSE:**

7a. **EMPLOYEE'S INITIALS**

MUR 1721 Kynch

86040565438



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Terrence Renaud, Chairman
Twin City Bank
North Little Rock, Arkansas

Re: MUR.1721

Dear Mr. Renaud:

This letter is to notify you that on June 4, 1984 the Federal Election Commission received a complaint which alleges that the bank and you, individually, and as chairman, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1721. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against the bank and you, individually, and as chairman, in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

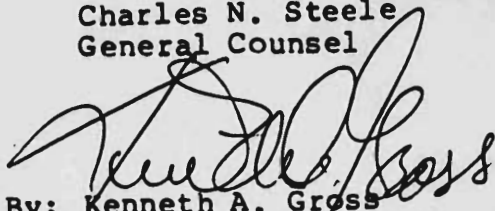
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

9 6 0 4 0 5 6 5 4 3 2

If you have any questions, please contact Peter Kynch, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosures

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

8 6 0 4 0 5 5 4 4 0

6/13/84

PS Form 3811, Dec. 1980

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June 2, 1984

General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: Initiation of Compliance Matters by Complaint Lodged Against
the Tommy Robinson for Congress Committee, et.al.

Dear Counsel:

Pursuant to 2 U.S.C. 437g(a)(1), we wish to initiate a compliance action involving what we believe is the improper, perhaps unlawful, activities in the financing of a candidate's race for the Second Congressional District here in Arkansas.

The respondents in this matter are:

Tommy F. Robinson
425 West Broadway, Suite K
North Little Rock, Arkansas 72114

The Tommy Robinson for Congress Campaign
425 West Broadway, Suite K
North Little Rock, Arkansas 72114

The Federal Election Commission Regulations which we believe have been violated are:

- 11 CFR 100.7(a)(1)(i)(C) (loan endorsements & guarantees)
- 11 CFR 100.7(b)(11) (bank loans)
- 11 CFR 104.3(a)(4)(iv) (loan endorsements & guarantees)

The matters of fact in this case are:

After filing as a candidate for the United States House of Representatives in the Democratic primary on April 3, 1984, Respondent Robinson was granted personal loans in the following amounts from the listed banks:

First Commercial Bank, N.A., Little Rock, AR	\$35,000
First American Bank, Hot Springs, AR	\$50,000
Stephens Security Bank, Stevens, AR	\$100,000
First State Bank, Sherwood, AR	\$20,070

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Federal Election Commission
Page Two

The loan proceeds were then contributed by the Respondent to his Respondent Campaign Committee. As we understand FEC regulations regarding bank loans, these funds must meet several strict tests before they may be expended in a congressional campaign. First, they must bear the bank's "usual and customary interest rate"; that appears to be the case here, as all the loans are alleged to involve interest rates at least one point over prime. Second, they must be "evidenced by a written instrument"; again, that appears to be the case, although the Respondents have not publically disclosed copies of the loan agreements. Third, the loans evidently have a due date or amortization schedule.

However — and most critically — none of the lending was "made on a basis which assures repayment" through collateralization or other forms of security (which is limited to the respondents) which are sufficient to justify over \$200,000 in loans. In our opinion, this renders them contributions by the respective banking corporations, in clear violation of the FEC regulations.

Further, statements in the press by the Respondent and his campaign manager, Mr. Darrell Glascock (see attachments), suggest that the loans may have been guaranteed by third parties in amounts well in excess of the \$1,000 personal contribution limits. The Respondent and his campaign manager have also alluded to "pledges" to cover the loan amounts; the names of the people making these "pledges" have never been disclosed.

The banks involved have — with one exception to be noted in a moment — refused to disclose any details of the loans, as has the Respondent and his campaign manager, other than the enclosed media statements.

The issue is clear: Are these loans ones made in the ordinary course of business? Would Respondent Robinson ordinarily be permitted to borrow \$205,000 secured only by a promise to pay in the future and based upon some "proven ability as a fund raiser"? We might add that this "proven ability" involves a candidate who, as recently as six weeks ago, still had unpaid campaign loans from his race for Pulaski County Sheriff two years ago.

This week, it was learned that Respondent Robinson has retired two of the initial loans (First Commercial Bank and First American Bank) by having the Respondent Committee take out two more loans at other banks and using that money to pay off the previous loans taken out by Respondent Robinson personally. The two new loans are at these banks:

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Federal Election Commission
Page Three

Worthen Bank and Trust Company, N.A., Little Rock, AR \$50,479
Twin City Bank, North Little Rock, AR \$32,000

It is difficult to believe -- given the press attention surrounding the Respondent's campaign financing practices -- that these loans were made "in accordance with applicable law and in the ordinary course of business".

These transactions, to our mind, are a clear violation of 2 USC 431(8)(A)(i) and 2 USC 431(8)(B)(vii), as well as the above cited FEC Regulations.

Concern over the impropriety of these loans now extends to the highest levels of this state's banking community. Mr. B. Finley Vinson, chairman of the board of the holding company which owns First Commercial Bank, has told the Associated Press that his bank sought repayment of its \$35,000 loan to the Respondent immediately after the bank's upper-level management learned of the loan in a newspaper article. The loan was repaid May 17, a day after the first news reports about the Respondent's heavy borrowing.

Mr. Vinson told the AP that repayment was ordered because "it's not the kind of loan we make". He went on to say that he hoped "as a citizen that all the facts will be brought out by a proper authority, federal or state". We believe this public statement reinforces our contention that there is wrong-doing in this matter and that it merits your immediate attention.

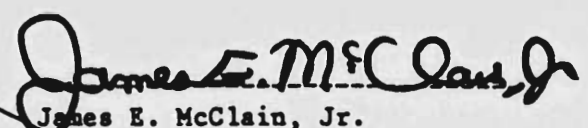
Your office is in possession of the financial reports filed by Respondent Committee, so we will not include them here. We have attached copies of the relevant news reports which we believe to be true accounts of the Respondent's actions.

We will appreciate your prompt consideration of this complaint.


George Carder

216 Indian Trail
Searcy, AR 72143

501-268-4448 (home)
501-268-2401 (office)


James E. McClain, Jr.

10601 Crestdale Lane
Little Rock, AR 72212

501-224-2114 (home)
501-227-7301 (office)

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Federal Election Commission

Page Four

Subscribed and sworn to before me this Second day of June 1984.

Lydia Bumberg
Notary Public

My Commission expires 7-1 19 91

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— Staff Photo by Gene Prescott

Riviere asks Robinson to tell worth; reply labels challenge 'hysterical.'

Sheriff's Loans Total \$287,549; Riviere Spending Put at \$229,157

By JOHN BRUMMETT
and
BOB STOVER

Gazette Staff

Pulaski County Sheriff Tommy Robinson's second finance report on his campaign for the Democratic nomination for Congress from the Second District shows that he has borrowed \$82,479 in two more short-term bank loans since he first reported borrowing \$205,070 in four bank loans.

Neither of the latest loans was reported as being secured. The report was mailed Thursday to the federal Election Commission.

Robinson's runoff opponent, Secretary of State Paul Riviere, also filed his campaign finance report, showing that he'd spent \$229,157 and had received \$161,090 in contributions. Riviere's first campaign finance report showed that he had taken out three loans totaling \$34,600 — \$9,600 from First Commercial Bank of Little Rock, \$15,000

No One Endorsed By Russ, Collins

State Senator Stanley Russ of Conway and investment broker Thedford Collins of Little Rock, who ran neck-and-neck for third place in the primary race Tuesday for the Democratic nomination for the Second District congressional seat, apparently won't endorse either Pulaski County Sheriff Tommy Robinson or Secretary of State Paul Riviere in the June 12 runoff.

Russ, who got 14.6 per cent of the vote, said in a telephone interview Thursday that he was "99 per cent sure" he would not

(See ENDORSEMENTS, 9A.)

from the National Bank of Arkansas in North Little Rock and \$10,000 from the Metropolitan National

Bank of Little Rock. There were no new loans in the second reporting period.

In a related development Thursday, B. Finley Vinson, chairman of the holding company that owns First Commercial Bank, told the Associated Press that the bank sought repayment of a \$35,000 loan to Robinson after the bank's upper management learned of the loan in newspaper article. The loan was repaid May 17, a day after first news reports about Robinson's heavy borrowing.

Vinson told the AP that the bank management told the loan officer to get the loan repaid because "it's not the kind of loan we make." When asked by the AP if the bank had different attitudes about the loans to Riviere and Robinson because of some key differences between the loans, he said only, "There is."

Vinson said the loan to Riviere

(See FINANCIAL, B-1)

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Financial Reports Released

Continued from Page 1A.

didn't have to be secured because it was for less than \$10,000.

Robinson reported raising \$58,610 in campaign contributions through May 23, the reporting date for the financial disclosure form mailed for Thursday's federal deadline.

The report also said that as of the May 23 reporting date, the campaign's checking account was overdrawn by \$45,444. Darrell Glascock, the campaign manager for Robinson, said the problem was rectified the next day and the current balance is about \$7,000. Glascock also said that none of the loans had been called due.

The newly reported lenders are the Worthen Bank and Trust Company of Little Rock, which May 18 gave Robinson a 12-day unsecured loan for \$50,479 that was repaid in full May 30 at an interest rate 2 percentage points higher than the prime lending rate, and the Twin City Bank of North Little Rock, which gave him an unsecured \$32,000 one-month loan May 17 at an interest rate tied to the prime lending rate.

Neither Gene Fortson, the chairman of Worthen, nor Terence Renaud, the chairman of Twin City, could be reached late Thursday for comment about the loans. James P. Jett, the Worthen president, said he couldn't comment because of the confidentiality of a bank-customer relationship.

Apparently, Robinson took out the new loans to pay off the First Commercial loan and one of the other earlier reported loans for \$50,000 from the First American Bank of Hot Springs.

Vinson told the AP that he also couldn't comment further about Robinson's loan from First Commercial because of privacy laws. He said, "I am completely and heartily in accord with what you're doing and I hope as a citizen that all the facts

will be brought out by a proper authority, federal or state. As much as I would like to tell, I still draw money from the bank, and I have to adhere to our policy of obeying the law," meaning federal privacy laws.

Riviere has been critical of Robinson's heavy borrowing, suggesting that the sheriff is fiscally irresponsible and has something to hide about his financial backing. Thursday, Riviere released his personal financial statement and challenged Robinson to do the same. Robinson, who was said to be campaigning in White County and couldn't be found, said in a press release issued by Glascock that personal and campaign finances were not issues in the race. He said Riviere's challenge was "hysterical."

Riviere's statement said his net worth was \$34,900. He said Robinson had borrowed large sums of money to finance his campaign and that the sheriff had said the banks lent the money based on his assets and his ability to raise money for a campaign. Riviere said the voters should know what those assets are. If the assets aren't backing the loans, then voters should know who is backing the loans, he said.

Robinson's first campaign finance report listed the \$205,070 in four bank loans — the \$35,000 from First Commercial and \$50,000 from First American Bank of Hot Springs in addition to a \$100,000 loan from the Stephens Security Bank of Stephens and a \$20,070 loan from the First State Bank of Sherwood. At the time, he'd reported raising only \$28,000 in contributions. The level of campaign borrowing exceeded anything in the memory of longtime observers of Arkansas politics. Robinson used the money for a massive television advertising campaign.

His current loan status is this: He's borrowed a total of \$287,549 in six bank loans and repaid three of them worth \$135,479 (the \$35,000 to First Commercial, \$50,000 to First American in Hot Springs and the \$50,479 12-day loan from Worthen). That leaves his debt at \$152,070, with the Stephens Bank holding a \$100,000 note, Twin City a note for \$32,000 and the Sherwood bank a note for \$20,070.

Robinson's personal assets are limited, and several questions have been raised about his ability to borrow this sum of money without security. He and Glascock repeatedly has said only that the money was loaned mainly on the assurance that the sheriff could raise contributions to repay the loans because of his association with several people of known fund-raising ability. But no one could legally guarantee for him more than \$1,000 in loans, since a

Endorsements Withheld by 2

Continued from Page 1A.

take a public position. Russ had been critical during the primary race of both the runoff contenders, moreso of Robinson, whom he called a "weenie."

Collins, who received 14.0 per cent of the vote and ran a strong third in Pulaski County, said he was staying out of the contest as well. "I'm not comfortable in taking a public position and telling my supporters what to do. I'm not going to

by Candidates in Second District Race

loan counts the same as a contribution under federal law and \$1,000 is the federal limit on individual and corporate contributions. Glascock has said Robinson pledged a couple of life insurance policies.

Glascock said the two newest loans were made to Robinson's congressional campaign committee, but that Robinson was the personal guarantor, meaning they were his loans.

Robinson's first report listed \$194,190 in payments to his advertising agency, Cranford Johnson and Associates of Little Rock, for production of advertising and the purchase of television time. His newest report lists \$72,357 in payments since that time to Cranford Johnson and Associates, with \$63,967 still owed the agency. That means that Robinson's total bill to the advertising agency as of May 23, six days before the election, was \$328,517.

Robinson's latest report listed maximum contributions of \$1,000 from Gene C. Jones of Little Rock, a housewife; Jerral Wayne Jones Jr. of Little Rock, a student; P. A. McCoy of Fort Smith, a housewife; Mike McCoy of Fort Smith, a businessman; George A. Hays of Little Rock, a businessman; Charlotte Jones of Little Rock, a student; Stephen Jones of Little Rock, a student; D. E. Sullenberger of Little Rock, a businessman; Jerry W. Jones of Little Rock, a businessman; Elwin A. Hoover of Fort Smith, a businessman, and Anna M. Sullenberger of Little Rock, a housewife.

He listed political action committee contributions of \$1,500 from the Peabody Political Action Committee of St. Louis, \$700 from the Kerr-McGee Corporation Political Action Committee of Oklahoma City, \$500 from the Jones, Walker, Waechter, Poitevent, Carrere and Denegre Political Action Committee of New Orleans and the Mike Wilson Campaign Fund of Jacksonville and \$250 from the Arkansas Medical Society Political Action Committee.

Riviere released his financial

personal financial statement that he said showed "all our worldly goods" at a press conference at which he challenged Robinson to do the same.

Riviere and his wife listed total assets of \$170,000 that covered their home in Maumelle, valued at \$100,000; rental property in Little Rock, valued at \$60,000; \$4,500 in marketable securities, an automobile worth \$2,500 and \$3,000 cash in the bank.

Their liabilities totaled \$135,100, including a \$72,000 mortgage on the home, a \$33,600 mortgage on the rental property, \$25,000 in unsecured loans and a \$4,500 note "related" to the securities.

Riviere's campaign finance report showing contributions for May 10 through May 23. They totaled \$38,668 and pushed his total funding for the campaign to near \$250,000 and his total for the year to \$161,090. Combined with \$84,871 he raised last year, the total contributed to his campaign is \$245,961. He is now in the process of raising money for his runoff campaign. It showed the campaign owed \$32,406 May 23.

The \$25,000 that Riviere listed as a personal debt on his personal finance statement was money that he borrowed and contributed to the campaign earlier this year. He said his wife, Carolyn, was the sole guarantor of the loan.

The statement listed these new contributions of more than \$1,000:

Communications Workers of America, \$2,000; Machinists Non-Partisan Political League, \$3,000, and the United Steelworkers of America Political Action Fund, \$2,500.

New contributions of \$1,000 were from Joyce Allison of Little Rock, a housewife; Mary Carroum of Little Rock, an administrative assistant at E. F. Hutton; Jerry L. Coates of Little Rock, an account executive at E. F. Hutton; David Dickey of Little Rock, an account executive at E. F. Hutton; Hazel Dill of England, a housewife; Daniel P. Donovan of

Hicksville, N.Y., an oil company manager; Donald Evans of Little Rock, an architect; Steve Glenn of Little Rock, president of U.S. Express; Jane Livingston of Dallas, an employee of Insurance Recruiters, Inc.; Linda McCarty of Little Rock, a housewife; W. Brannon McCarty of Little Rock, an account executive with E. F. Hutton; Michael O. Moore of Little Rock, the owner of an investments company; Christine Ragar of Little Rock, a real estate agent, and Don Ragar of Little Rock, an account executive with E. F. Hutton.

Riviere, Robinson Agree to Debates

Secretary of State Paul Riviere and Pulaski County Sheriff Tommy Robinson have accepted two offers to debate on television the weekend before the June 12 runoff for the Democratic nomination for United States Representative from the Second Congressional District.

One debate will be at 8:30 p.m. Saturday, June 9, on KARK-TV, Channel 4. The other would be at 1 p.m. Sunday, June 10, on KATV, Channel 7.

Glascock repeatedly
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Robinson's Amended Report Shows Additional \$20,000 in Contributions

By JOHN BRUMMETT

Gazette Staff

Sheriff Tommy Robinson filed an amended campaign finance report Thursday, disclosing that he'd raised about \$20,000 in the 48 hours since he initially filed a report with the Federal Election Commission and the secretary of state's office. The amendment listed \$10,000 in itemized contributions from Jerry W. Jones of Little Rock and Jones' family and business associates.

Also Thursday, it was learned that Robinson had paid off one of his bank loans — a loan for \$35,000 at 13 per cent interest from First Commercial Bank of Little Rock. That leaves \$170,070 in loans from three other banks that will come due in the summer.

Jones, president of Arkoma Productions, Inc., an oil and gas company, has been mentioned in the last few days as a major financial backer of Robinson whose support helped the sheriff receive \$205,070 in four short-term, high-interest bank loans to finance extensive television advertising.

The additional contributions brought the total amount of Robinson's campaign fund-raising exclusive of the loans to about \$45,000.

The amendment listed contributions of \$1,000, the maximum individual gift allowed under federal law, from Jones, his wife and these others: Mike McCoy of Fort Smith, an employee of Jones, and his wife, Pat McCoy; George A. Hays of Little Rock, a Jones employee; D. E. Sullenberger of Little Rock, a business associate of Jones, and Anna M. Sullenberger; Elwin A. Hoover of Fort Smith, a business associate of Jones, and Jones' son and daughter, who are students.

The First Commercial loan was a one-month loan made in late April and was almost due. Bank officials declined to discuss the loan or the repayment, but Darrell Glascock, Robinson's campaign manager, confirmed that it had been paid off by Robinson's campaign committee Thursday.

Meanwhile Thursday, Richard T. Smith of Little Rock, owner of the Stephens Security Bank in Stephens, which lent \$100,000 for three months to Robinson at an interest rate two percentage points higher than the prime lending rate, said in a telephone interview that Robinson offered "several pieces of collateral" and that he was "personally confident" that the loan was secure.

He said he could not discuss the

specific collateral. "But there is collateral assigned to the loan that in my opinion is worth the \$100,000," Smith said.

Glascock has said that the four short-term bank loans received by Robinson in April and May were secured in part by two life insurance policies pledged by the sheriff and in part by the lenders' informal understanding that Robinson, through his association with certain people of known fund-raising ability, would be able to repay the loans.

"I don't know about that," Smith said in reference to Glascock's statement about informal understandings of future campaign contributions. "But I have checked over there to see how the campaign contributions are coming in, and I know that they're coming in fast and furious," Smith said.

Smith, whose family has substantial oil holdings in South Arkansas, bought the Stephens bank last fall. Before that, Smith was a loan officer for Worthen Bank and Trust Company, and in that role he had handled loans to Robinson. "I've had good experience with Tommy before, and I have confidence in his ability and capacity to repay the loan," Smith said.

Related article on Page 5A.

Robinson's Financial Situation Raises Multitude of Questions With Few Answers

By JOHN BRUMMETT

Arkansas Staff

Sheriff Tommy Robinson's financing for his congressional campaign — his over-all financial situation, in fact — raises a multitude of questions for which no definitive answers were forthcoming last week.

First, a brief explanation of the situation as it unfolded when Robinson filed his first campaign finance report with the Federal Election Commission:

The sheriff reported raising only about \$25,000 in contributions to his congressional campaign from the time he filed, April 3, to the date of the report, May 9. But he had reported spending about \$330,000,

nearly all of it for television advertising. Most of the money came from \$205,070 in four short-term bank loans of \$100,000, \$50,000, \$35,000 and \$20,070.

His campaign manager, Darrell Glascock, said that since Robinson entered the race so late, he couldn't wait for conventional fund-raising. He borrowed the money on the assurance to lenders that he would raise the money to repay the loans in the course of his campaign, and those funds are now pouring in as expected, Glascock said. The sheriff also pledged a couple of \$100,000 life insurance policies, Glascock said. Three of the loans were made to Robinson's formal congressional

committee, but Robinson signed the notes and assumed personal liability, while the fourth loan, for \$50,000 from the First American Bank of Hot Springs, was made to Robinson himself.

Now, for some of the questions:

Are the loans secured by collateral of value, or are they only informally secured through assurances to the bankers that Robinson would raise enough contributions to repay them? The answer to that question is not known because the lending bankers won't talk, citing confidentiality.

If formally secured through traditional collateral, what was that collateral? Robinson's assets are

limited. He makes \$31,000 a year as sheriff. According to a personal financial report filed with the clerk of the House of Representatives, he has less than \$5,000 interest in something called Investment Properties III. Other than that, he lists only liabilities — four debts of less than \$50,000 each to two tanks, to oilman Jerry Jones of Little Rock and to Barrett Hamilton, a Little Rock wholesale liquor distributor.

Is it legal, or at least accepted lending practice, for a bank to lend \$100,000, as did the Stephens Security Bank in Stephens, to a man whose assets are that limited — on the assumption that he will raise money later in campaign contribu-

tions to repay it? A regulator with the office of the federal Comptroller of the Currency in Memphis was asked about that last week. He said federal banking and election laws require simply that banks making political loans do so in the ordinary course of business in accordance with laws and regulations. In other words, the loan should be "well-secured or the borrower [must have] sufficient financial worth to guarantee repayment," he said.

What about borrowing money on the expectation of campaign contributions? The regulator said, "Betting on the come, you mean? We would look almost askance at that."

Federal law limits corporate con-

tributions to \$1,000 and says a loan is the same as a contribution. So, if a bank loaned Robinson an amount exceeding his personal assets, would that be the same as a contribution that would exceed the federal limit? The answer is not known.

Marlin Jackson, state bank commissioner, said bank examiners primarily want to know whether a loan was made on a sound basis and whether all potential borrowers are treated the same.

Who are all these people who are contributing or raising the money to repay the loans? So far, only Jones, a lifelong friend of the sheriff's, has been named among the big-money supporters. The next full campaign finance report is due May 30, the day after the primary. But federal law requires 48-hour reports from now until election day of those making the maximum contributions of \$1,000.

Jerry Maulden, president of the Arkansas Power and Light Company, is an old buddy of Robinson's. Asked last week if he was raising money for the sheriff, he said only that he'd made three or four calls — as "Jerry Maulden, the individual, not as an official of Arkansas Power and Light" — to friends asking for contributions to "three or four candidates." Asked if Robinson was among them, he said he didn't have to say and wouldn't say.

There's one more complicating and curious twist to all this. Until his last-minute filing for Congress, Robinson had been accepting contributions for a re-election fund for sheriff. He has not filed any report about the size, makeup and expenditures regarding that fund. Glascock said only that the fund had been used to pay off Robinson's old campaign debts from previous sheriff's races. None of that money has been applied to the congressional race because that would be illegal, he said. But no report has been made or will be made because none is required since Robinson didn't run for sheriff, Glascock said.

But that's another matter for legal interpretation.

If the money was used to pay off debts from past sheriff's races, then state Statute 3-1111 might be applicable. It says a candidate for county office who collects contributions after a final campaign finance report must file a supplemental report making disclosures about those contributions within 30 days of receiving them.

If the money was accepted as part of a plan to run for re-election as sheriff this year, then the same statute might again apply because it says a candidate for county office must file pre-election reports itemizing contributions. Though Robinson never filed as a candidate for re-election as sheriff, the law defines "candidate" as any person who has "taken affirmative action, including solicitation of funds, for the purpose of seeking nomination for or election to any public office."

Robinson reveals race still in red

BY CARL T. HALL
Democrat Staff Writer

Although he says he has paid back three bank loans totaling more than \$135,000, Pulaski County Sheriff Tommy Robinson revealed Thursday that he continues to run his 2nd District congressional campaign deeply in the red.

On a campaign-finance disclosure form distributed to the news media Thursday afternoon, Robinson said he had borrowed a total of \$291,050.10 through May 23, the last day covered by the report and six days before Tuesday's Democratic primary election, in which Robinson won a position in a runoff election set for June 12.

Including about \$152,071 in outstanding bank loans and \$82,262 in other debts owed at the end of the reporting period, the Robinson campaign was running a \$234,333 deficit, the finance report indicated.

About \$205,000 in bank loans were disclosed in a previous report covering the period that ended May 9. Since then, two additional loans totaling about \$82,500 were taken out, according to the new report. The report stated that \$135,479 in loans were repaid, but questions remained as to what funds were used to make the repayments.

Contributions haven't kept up with the borrowing, the report indicates. During the two-

Money

• Continued from Page One

week period last month, \$32,809 in contributions were received, according to the report, which listed the donors. The new donations brought the total given to the Robinson campaign as of May 23 to \$58,610, according to Robinson's figures.

Robinson has bought extensive television and radio advertising, making a media blitz the centerpiece of his campaign. The ads are among the factors believed to have been responsible for Robinson's success in Tuesday's election. He was the top vote-getter in the district, outdistancing four other contenders for the Democratic nomination with 40 percent of the vote. He won pluralities in seven of eight counties.

The sheriff now faces a runoff June 12 against Secretary of State Paul Riviere, who finished second Tuesday with 28 percent of the vote. Riviere nearly tied Robinson in Pulaski County, but he was outpolled by more than a 2-1 margin in the other counties.

Riviere has been insinuating for weeks that Robinson may have broken federal election laws by taking out five- and six-figure bank loans without much visible financial strength of his own to back the credit. He again challenged Robinson on financial issues Thursday, insisting he wasn't slinging mud but was simply "raising hard questions."

Riviere has yet to produce any evidence of wrongdoing in connection with Robinson's deficit-financed campaign, even though he has said Robinson's money-handling ought to be the No. 1 issue of the race.

Both men are seeking to get on the Nov. 6 ballot against the lone Republican nominee, state Rep. Judy Petty of Little Rock, and independent Jim Taylor of Little Rock, a former journalist and current employee of a media consulting firm.

On Thursday, Riviere filed his 12-day pre-runoff election finance report with the secretary of state's election services office.

Robinson didn't file his report. But Darrell Glascock, Robinson's spokesman, said the Federal Election Commis-

• • ARKANSAS DEMOCRAT • FRIDAY, JUNE 1, 1984 • 3A

sion report was mailed Thursday, which apparently would meet the FEC deadline. He provided copies to the media after being asked for them.

Asked for his reaction to Riviere's latest attacks, Glascock, who kept Robinson under wraps, said: "I think the people told him (Riviere) Tuesday they (Robinson's loans) weren't an issue. The real issue is leadership - Riviere hasn't shown any."

"I don't recall what collateral the campaign committee used for the loans," Glascock said. "I think insurance policies and other securities. The candidate endorsed the loan."

He said that was as much detail as he would offer.

"I'm not going to get into that (question of collateral) 'cause it's personal, confidential," Glascock said.

Also on Thursday, Riviere filed a special 48-hour form disclosing four \$1,000 contributions received after the May 23 period ended. Such disclosure of large contributions is required by law up to election day.

No new 48-hour report came in from Robinson. Glascock said Robinson hasn't received many \$1,000 donations so he

didn't need to file many 48-hour pre-election reports.

"Tommy's base is from working people - not the elite," he said.

In the report given to the media, Robinson's campaign was said to have taken in \$32,809 in contributions during the two-week period that ended May 23, bringing the year-to-date cumulative total to \$58,610.

The campaign had a net cash deficit of \$45,624.02, the report stated. Total expenditures were listed as \$49,322.37 for the period. All year, the campaign had spent about \$260,000, compared with Riviere's total spending of about \$256,000. However, Riviere started campaigning in 1983.

Robinson's two new loans were listed as follows:

- \$50,479.45 from Worthen Bank & Trust Co. in Little Rock, borrowed May 18 at 2 percentage points above the prime interest rate. This loan was due Wednesday, and Robinson said it was repaid May 23.

- \$32,000 from Twin City Bank in North Little Rock, borrowed May 17 and due June 15. No specific interest rate was disclosed.

Arkansas Press 14B
Forum 13B

SUNDAY, JUNE 3, 1964

Editorial Section

Robinson Raises \$300,000 by Stacking Loans

Tommy Robinson is the most unconventional politician Arkansas has seen in a long time, but when it comes to financing a political campaign he is absolutely bizarre.



Ernest
Dumas

Associate Editor

Ten days before the runoff primary to settle the Democratic congressional nomination it is still a mystery who is paying for what is the most elaborate media campaign for Congress in the state's history, although big help clearly is coming to him from energy industries, including Arkansas Power and Light Company and Middle South Utilities.

The most astonishing aspect of the Robinson campaign is that he has been able to finance a campaign that is exceeding \$300,000 — most of it television spending — with an elaborate system of pyramiding bank loans. By May 23, he had obtained almost \$300,000 in bank loans, most of it unsecured. That is what is most amazing to many businessmen, who can't get loans under such easy conditions.

According to Robinson's unilluminating federal financial report Thursday, he had borrowed \$287,935 from six banks. He had repaid \$135,479, although he had collected only \$58,610 in campaign contributions. The only conclusion is that there have been further loans to help retire those. That won't be known until campaign reports later this summer, after the primary, and Robinson's

campaign people aren't answering questions about it now.

The campaign has been financed so far through an innovative kind of loan-stacking arrangement.

Not many of the sheriff's supporters are identified but one is Middle South Utilities

Robinson, whose commercials tell voters they know he can be depended on to tell the truth, hasn't been very forthcoming about his financing.

The first four loans were reported on Robinson's first federal report, May 18. One of the loans was \$38,000 from First Commercial National Bank at Little Rock. Robinson said the loans were secured, but First Commercial officials said this one wasn't. First Commercial's top officers were unaware of the loan and the conditions, or lack of them, until the loan was reported in the morning papers. It was a demand note and the loan was called before 8 a.m. Robinson's spokesman insisted at the time that it was not called, but bank officials now confirm that it was. "Sure we called it," one of them said. "It was illegal."

The First Commercial loan apparently was repaid that morning with the help of another loan, for \$32,000, from Twin City Bank of North Little Rock.

Another loan was for \$50,000 at the First American National Bank at Hot Springs, which is owned by First Arkansas Bankstock Corporation (FABCO). That loan was approved upon the recommendation of an executive of Worthen Bank and Trust Com-

pany of Little Rock, the flagship bank in the FABCO chain.

The \$30,000 principal and \$479.45 of interest was repaid on May 18, two days after the loan was reported, and on the same day Robinson obtained a loan of \$50,479.45 from Worthen.

When Robinson was asked on a televised debate four days before the first primary if he had obtained loans in addition to the four he had reported on May 18 he said he didn't know. When he was asked if the First Commercial and First American loans were retired by obtaining additional loans, he said he didn't know what the questioner was talking about.

All this raises several questions that need to be answered since the position in the U. S. House of Representatives belongs to the public. There should be no private, confidential transactions for a congressional seat. Who, if anyone, provided the informal guarantees that paved the way for the loans? How will the loans be repaid, and who will do it?

The sheriff said he had obtained the original loans because of his known ability as a fundraiser, but the week before the primary he had raised only \$58,000.

The most surprising part of Robinson's disclosure was that he had raised only \$58,000, about a fifth of his expenditures. A candidate who obligates himself to more than \$300,000 surely knows where it is to come from.

The reporting of the first \$58,000 gives only a little indication. It also suggests what a handful of influential friends can do.

Robinson's most visible supporter is Jerral W. Jones of Little Rock, a longtime friend who is a millionaire oil and gas producer

and a board member of Arkia, Inc. Jones's immediate family gave \$5,000 in \$1,000 contributions each from Jones, his wife and three children.

Another friend whose name does not appear on the report is Jerry Maulden, president of Arkansas Power and Light Company. Maulden's name does not appear as a contributor, but there is plenty of evidence of AP and L influence.

Among the listed contributions so far are:

★ \$200 from the political action committee of Middle South Services of New Orleans, a subsidiary that provides services for AP and L and the other Middle South operating companies.

★ \$500 from the big corporate law firm of Jones, Walker, Waechter, Poltevest, Carrere and Denegre of New Orleans, which represents many giants of industry, including Middle South Utilities.

★ \$1,500 from the PAC of the Peabody Coal Company of St. Louis, which has been a big supplier of Wyoming coal for Middle South plants.

★ \$250 from the PAC of General Electric at Fairfield, Ct. General Electric has been a major supplier of generating equipment for Middle South plants.

★ \$700 from the PAC of the Kerr-McGee Corporation at Oklahoma City. Kerr-McGee is a giant energy company that has contracted to sell uranium and coal for the Middle South plants.

Sheriff Robinson has said he would go to Washington and help solve Arkansas's problem of having to pay for generating costs elsewhere in the Middle South system. The solutions should prove interesting.

Counterattack Delayed Because Hitler Still Asleep

By Alice Siegert

Chicago Tribune

Bonn.

Col. Hans von Luck was at his command post near Caen after midnight when he heard the drone of Allied night bombers overhead.

Lock, commanding officer of a regiment of the 21st Panzer Division, believed the aircraft were en route to a routine bombing mission in occupied France or Germany until they began bombing the German shore defenses. Soon reports were coming in from forward-based units that airborne assault troops were being dropped on the Normandy coast.

Yet Luck's request for permission to attack the invaders was turned down on the grounds that the division was under orders not to launch a counterattack without the specific permission of Field Marshal Erwin Rommel, who had assumed command of the German Army Group B in France in the winter of 1943-44. And Rommel was in Germany on June 6 on his way to a conference with Hitler at Obersalzberg in the Bavarian mountains.

Valuable time was lost, and it was not before midday that the 21st Panzer Division was able to react. By that time, the allied landing forces had consolidated their positions, and bombers of the allied expeditionary air forces concentrated their attacks on key centers of communication behind the German lines.

Lock, now a Hamburg businessman, said there was another reason for the delay. "At the time, it was being assumed that this was just a large-scale diversionary operation and not yet the main assault," he said. "Furthermore, Hitler was a

late worker and a late riser. Nobody dared to wake him, and news of the invasion did not reach him until hours later."

Thus during the critical hours of the campaign, the German high command was caught unaware as to the extent of the assault and the place of the landings, which generally had been expected in the Calais region.

While Hitler's much-heralded "Atlantic Wall" began to crumble, disaster was also looming at the

Panzer division commander says the Germans knew neither the size nor the position of Allied forces.

eastern front, where the Russian armies had been advancing westward and were about to launch another major attack.

Brig. Gen. Kurt Krafftman, then chief of the staff of the Panzer-Lehr Division, said the Normandy operation and the enormous casualties suffered by the German armored units caused him nightmarish for years afterward.

"It was a feeling of complete helplessness," he recalled. "Allied materiel and air superiority were so disastrous the task (of beating back the invasion) was unsolvable. You cannot fight a war on two fronts with that kind of force balance."

The Panzer-Lehr Division, located in the area of Le Mans-Chartres about 100 miles from the front, was an elite unit that had been assembled in France the previous January. According to one of

(See BEFORE on Page 14B.)

China's

1962

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1962

usually referred to the period as an "economic disaster" or a "famine"

at the U.S. Bureau of the Census. As Louis Kinnaman, deputy director

ished women may suffer from

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June 2, 1984

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General Counsel
Federal Election Commission
1325 "K" Street, N.W.
Washington, D.C. 20463

RE: Initiation of Compliance Matters by Complaint Lodged Against
the Tommy Robinson for Congress Committee, et.al.

Dear Counsel:

Pursuant to 2 U.S.C. 437g(a)(1), we wish to initiate a compliance
action involving what we believe is the improper, perhaps unlawful,
activities in the financing of a candidate's race for the Second
Congressional District here in Arkansas.

The respondents in this matter are:

Tommy F. Robinson
425 West Broadway, Suite K
North Little Rock, Arkansas 72114

The Tommy Robinson for Congress Campaign
425 West Broadway, Suite K
North Little Rock, Arkansas 72114

The Federal Election Commission Regulations which we believe have
been violated are:

- 11 CFR 100.7(a)(1)(i)(C) (loan endorsements & guarantees)
- 11 CFR 100.7(b)(11) (bank loans)
- 11 CFR 104.3(a)(4)(iv) (loan endorsements & guarantees)

The matters of fact in this case are:

After filing as a candidate for the United States House of
Representatives in the Democratic primary on April 3, 1984,
Respondent Robinson was granted personal loans in the following
amounts from the listed banks:

First Commercial Bank, N.A., Little Rock, AR	\$35,000
First American Bank, Hot Springs, AR	\$50,000
Stephens Security Bank, Stevens, AR	\$100,000
First State Bank, Sherwood, AR	\$20,070

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Federal Election Commission
Page Two

The loan proceeds were then contributed by the Respondent to his Respondent Campaign Committee. As we understand FEC regulations regarding bank loans, these funds must meet several strict tests before they may be expended in a congressional campaign. First, they must bear the bank's "usual and customary interest rate"; that appears to be the case here, as all the loans are alleged to involve interest rates at least one point over prime. Second, they must be "evidenced by a written instrument"; again, that appears to be the case, although the Respondents have not publically disclosed copies of the loan agreements. Third, the loans evidently have a due date or amortization schedule.

However -- and most critically -- none of the lending was "made on a basis which assures repayment" through collateralization or other forms of security (which is limited to the respondents) which are sufficient to justify over \$200,000 in loans. In our opinion, this renders them contributions by the respective banking corporations, in clear violation of the FEC regulations.

Further, statements in the press by the Respondent and his campaign manager, Mr. Darrell Glascock (see attachments), suggest that the loans may have been guaranteed by third parties in amounts well in excess of the \$1,000 personal contribution limits. The Respondent and his campaign manager have also alluded to "pledges" to cover the loan amounts; the names of the people making these "pledges" have never been disclosed.

The banks involved have -- with one exception to be noted in a moment -- refused to disclose any details of the loans, as has the Respondent and his campaign manager, other than the enclosed media statements.

The issue is clear: Are these loans ones made in the ordinary course of business? Would Respondent Robinson ordinarily be permitted to borrow \$205,000 secured only by a promise to pay in the future and based upon some "proven ability as a fund raiser"? We might add that this "proven ability" involves a candidate who, as recently as six weeks ago, still had unpaid campaign loans from his race for Pulaski County Sheriff two years ago.

This week, it was learned that Respondent Robinson has retired two of the initial loans (First Commercial Bank and First American Bank) by having the Respondent Committee take out two more loans at other banks and using that money to pay off the previous loans taken out by Respondent Robinson personally. The two new loans are at these banks:

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Federal Election Commission
Page Three

Worthen Bank and Trust Company, N.A., Little Rock, AR	\$50,479
Twin City Bank, North Little Rock, AR	\$32,000

It is difficult to believe — given the press attention surrounding the Respondent's campaign financing practices — that these loans were made "in accordance with applicable law and in the ordinary course of business".

These transactions, to our mind, are a clear violation of 2 USC 431(8)(A)(i) and 2 USC 431(8)(B)(vii), as well as the above cited FEC Regulations.

Concern over the impropriety of these loans now extends to the highest levels of this state's banking community. Mr. B. Finley Vinson, chairman of the board of the holding company which owns First Commercial Bank, has told the Associated Press that his bank sought repayment of its \$35,000 loan to the Respondent immediately after the bank's upper-level management learned of the loan in a newspaper article. The loan was repaid May 17, a day after the first news reports about the Respondent's heavy borrowing.

Mr. Vinson told the AP that repayment was ordered because "it's not the kind of loan we make". He went on to say that he hoped "as a citizen that all the facts will be brought out by a proper authority, federal or state". We believe this public statement reinforces our contention that there is wrong-doing in this matter and that it merits your immediate attention.

Your office is in possession of the financial reports filed by Respondent Committee, so we will not include them here. We have attached copies of the relevant news reports which we believe to be true accounts of the Respondent's actions.

We will appreciate your prompt consideration of this complaint.


George Carder

216 Indian Trail
Searcy, AR 72143

501-268-4448 (home)
501-268-2401 (office)


James E. McClain, Jr.

10601 Crestdale Lane
Little Rock, AR 72212

501-224-2114 (home)
501-227-7301 (office)

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Federal Election Commission

Page Four

Subscribed and sworn to before me this Second day of June 1984.

Lydia Bumberg
Notary Public

My Commission expires 7-1 1991

86040603455



— Staff Photo by Gene Prescott

Riviere asks Robinson to tell worth; reply labels challenge 'hysterical.'

Sheriff's Loans Total \$287,549; Riviere Spending Put at \$229,157

By JOHN BRUMMETT
and
BOB STOVER

Gazette Staff

Pulaski County Sheriff Tommy Robinson's second finance report on his campaign for the Democratic nomination for Congress from the Second District shows that he has borrowed \$82,479 in two more short-term bank loans since he first reported borrowing \$205,070 in four bank loans.

Neither of the latest loans was reported as being secured. The report was mailed Thursday to the federal Election Commission.

Robinson's runoff opponent, Secretary of State Paul Riviere, also filed his campaign finance report, showing that he'd spent \$229,157 and had received \$161,090 in contributions. Riviere's first campaign finance report showed that he had taken out three loans totaling \$34,600 — \$9,600 from First Commercial Bank of Little Rock, \$15,000

No One Endorsed By Russ, Collins

State Senator Stanley Russ of Conway and investment broker Thedford Collins of Little Rock, who ran neck-and-neck for third place in the primary race Tuesday for the Democratic nomination for the Second District congressional seat, apparently won't endorse either Pulaski County Sheriff Tommy Robinson or Secretary of State Paul Riviere in the June 12 runoff.

Russ, who got 14.6 per cent of the vote, said in a telephone interview Thursday that he was "99 per cent sure" he would not

(See ENDORSEMENTS, 9A.)

from the National Bank of Arkansas in North Little Rock and \$10,000 from the Metropolitan National

Bank of Little Rock. There were no new loans in the second reporting period.

In a related development Thursday, B. Finley Vinson, chairman of the holding company that owns First Commercial Bank, told the Associated Press that the bank sought repayment of a \$35,000 loan to Robinson after the bank's upper management learned of the loan in newspaper article. The loan was repaid May 17, a day after first news reports about Robinson's heavy borrowing.

Vinson told the AP that the bank management told the loan officer to get the loan repaid because "it's not the kind of loan we make." When asked by the AP if the bank had different attitudes about the loans to Riviere and Robinson because of some key differences between the loans, he said only, "There is."

Vinson said the loan to Riviere

(See FINANCIAL on Page 9A.)

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Financial Reports Released

Continued from Page 1A.

didn't have to be secured because it was for less than \$10,000.

Robinson reported raising \$58,610 in campaign contributions through May 23, the reporting date for the financial disclosure form mailed for Thursday's federal deadline.

The report also said that as of the May 23 reporting date, the campaign's checking account was overdrawn by \$45,444. Darrell Glascock, the campaign manager for Robinson, said the problem was rectified the next day and the current balance is about \$7,000. Glascock also said that none of the loans had been called due.

The newly reported lenders are the Worthen Bank and Trust Company of Little Rock, which May 18 gave Robinson a 12-day unsecured loan for \$50,479 that was repaid in full May 30 at an interest rate 2 percentage points higher than the prime lending rate, and the Twin City Bank of North Little Rock, which gave him an unsecured \$32,000 one-month loan May 17 at an interest rate tied to the prime lending rate.

Neither Gene Fortson, the chairman of Worthen, nor Terence Renaud, the chairman of Twin City, could be reached late Thursday for comment about the loans. James P. Jett, the Worthen president, said he couldn't comment because of the confidentiality of a bank-customer relationship.

Apparently, Robinson took out the new loans to pay off the First Commercial loan and one of the other earlier reported loans for \$50,000 from the First American Bank of Hot Springs.

Vinson told the AP that he also couldn't comment further about Robinson's loan from First Commercial because of privacy laws. He said, "I am completely and heartily in accord with what you're doing and I hope as a citizen that all the facts

will be brought out by a proper authority, federal or state. As much as I would like to tell, I still draw money from the bank, and I have to adhere to our policy of obeying the law," meaning federal privacy laws.

Riviere has been critical of Robinson's heavy borrowing, suggesting that the sheriff is fiscally irresponsible and has something to hide about his financial backing. Thursday, Riviere released his personal financial statement and challenged Robinson to do the same. Robinson, who was said to be campaigning in White County and couldn't be found, said in a press release issued by Glascock that personal and campaign finances were not issues in the race. He said Riviere's challenge was "hysterical."

Riviere's statement said his net worth was \$34,900. He said Robinson had borrowed large sums of money to finance his campaign and that the sheriff had said the banks lent the money based on his assets and his ability to raise money for a campaign. Riviere said the voters should know what those assets are. If the assets aren't backing the loans, then voters should know who is backing the loans, he said.

Robinson's first campaign finance report listed the \$295,070 in four bank loans — the \$35,000 from First Commercial and \$50,000 from First American Bank of Hot Springs in addition to a \$100,000 loan from the Stephens Security Bank of Stephens and a \$20,070 loan from the First State Bank of Sherwood. At the time, he'd reported raising only \$28,000 in contributions. The level of campaign borrowing exceeded anything in the memory of longtime observers of Arkansas politics. Robinson used the money for a massive television advertising campaign.

His current loan status is this: He's borrowed a total of \$287,549 in six bank loans and repaid three of them worth \$135,479 (the \$35,000 to First Commercial, \$50,000 to First American in Hot Springs and the \$50,479 12-day loan from Worthen). That leaves his debt at \$152,070, with the Stephens Bank holding a \$100,000 note, Twin City a note for \$32,000 and the Sherwood bank a note for \$20,070.

Robinson's personal assets are limited, and several questions have been raised about his ability to borrow this sum of money without security. He and Glascock repeatedly has said only that the money was loaned mainly on the assurance that the sheriff could raise contributions to repay the loans because of his association with several people of known fund-raising ability. But no one could legally guarantee for him more than \$1,000 in loans, since a

Endorsements Withheld by 2

Continued from Page 1A.

take a public position. Russ had been critical during the primary race of both the runoff contenders, moreso of Robinson, whom he called a "weenie."

Collins, who received 14.0 per cent of the vote and ran a strong third in Pulaski County, said he was staying out of the contest as well. "I'm not comfortable in taking a public position and telling my supporters what to do. I'm not going to

by Candidates in Second District Race

loan counts the same as a contribution under federal law and \$1,000 is the federal limit on individual and corporate contributions. Glascock has said Robinson pledged a couple of life insurance policies.

Glascock said the two newest loans were made to Robinson's congressional campaign committee, but that Robinson was the personal guarantor, meaning they were his loans.

Robinson's first report listed \$194,190 in payments to his advertising agency, Cranford Johnson and Associates of Little Rock, for production of advertising and the purchase of television time. His newest report lists \$72,357 in payments since that time to Cranford Johnson and Associates, with \$63,967 still owed the agency. That means that Robinson's total bill to the advertising agency as of May 23, six days before the election, was \$328,517.

Robinson's latest report listed maximum contributions of \$1,000 from Gene C. Jones of Little Rock, a housewife; Jerral Wayne Jones Jr. of Little Rock, a student; P. A. McCoy of Fort Smith, a housewife; Mike McCoy of Fort Smith, a businessman; George A. Hays of Little Rock, a businessman; Charlotte Jones of Little Rock, a student; Stephen Jones of Little Rock, a student; D. E. Sullenberger of Little Rock, a businessman; Jerry W. Jones of Little Rock, a businessman; Elwin A. Hoover of Fort Smith, a businessman, and Anna M. Sullenberger of Little Rock, a housewife.

He listed political action committee contributions of \$1,500 from the Peabody Political Action Committee of St. Louis, \$700 from the Kerr-McGee Corporation Political Action Committee of Oklahoma City, \$500 from the Jones, Walker, Waechter, Poitevent, Carrere and Denegre Political Action Committee of New Orleans and the Mike Wilson Campaign Fund of Jacksonville and \$250 from the Arkansas Medical Society Political Action Committee.

Riviere released his financial

personal financial statement that he said showed "all our worldly goods" at a press conference at which he challenged Robinson to do the same.

Riviere and his wife listed total assets of \$170,000 that covered their home in Maumelle, valued at \$100,000; rental property in Little Rock, valued at \$60,000; \$4,500 in marketable securities, an automobile worth \$2,500 and \$3,000 cash in the bank.

Their liabilities totaled \$135,100, including a \$72,000 mortgage on the home, a \$33,600 mortgage on the rental property, \$25,000 in unsecured loans and a \$4,500 note "related" to the securities.

Riviere's campaign finance report showing contributions for May 10 through May 23. They totaled \$38,668 and pushed his total funding for the campaign to near \$250,000 and his total for the year to \$161,090. Combined with \$84,871 he raised last year, the total contributed to his campaign is \$245,961. He is now in the process of raising money for his runoff campaign. It showed the campaign owed \$32,406 May 23.

The \$25,000 that Riviere listed as a personal debt on his personal finance statement was money that he borrowed and contributed to the campaign earlier this year. He said his wife, Carolyn, was the sole guarantor of the loan.

The statement listed these new contributions of more than \$1,000:

Communications Workers of America, \$2,000; Machinists Non-Partisan Political League, \$3,000, and the United Steelworkers of America Political Action Fund, \$2,500.

New contributions of \$1,000 were from Joyce Allison of Little Rock, a housewife; Mary Carroum of Little Rock, an administrative assistant at E. F. Hutton; Jerry L. Coates of Little Rock, an account executive at E. F. Hutton; David Dickey of Little Rock, an account executive at E. F. Hutton; Hazel Dill of England, a housewife; Daniel P. Donovan of

Hicksville, N.Y., an oil company manager; Donald Evans of Little Rock, an architect; Steve Glenn of Little Rock, president of U.S. Express; Jane Livingston of Dallas, an employee of Insurance Recruiters, Inc.; Linda McCarty of Little Rock, a housewife; W. Brannon McCarty of Little Rock, an account executive with E. F. Hutton; Michael O. Moore of Little Rock, the owner of an investments company; Christine Ragar of Little Rock, a real estate agent, and Don Ragar of Little Rock, an account executive with E. F. Hutton.

Riviere, Robinson Agree to Debates

Secretary of State Paul Riviere and Pulaski County Sheriff Tommy Robinson have accepted two offers to debate on television the weekend before the June 12 runoff for the Democratic nomination for United States Representative from the Second Congressional District.

One debate will be at 8:30 p.m. Saturday, June 9, on KARK-TV, Channel 4. The other would be at 1 p.m. Sunday, June 10, on KATV, Channel 7.

and Glascock repeatedly only that the money was only on the assurance that he could raise contributions he loans because of his as- with several people of rd-raising ability. But no legally guarantee for him \$1,000 in loans, since a

Robinson's Financial Situation Raises Multitude of Questions With Few Answers

By JOHN BRUMMETT

Gazette Staff

Sheriff Tommy Robinson's financing for his congressional campaign — his over-all financial situation, in fact — raises a multitude of questions for which no definitive answers were forthcoming last week.

First, a brief explanation of the situation as it unfolded when Robinson filed his first campaign finance report with the Federal Election Commission:

The sheriff reported raising only about \$25,000 in contributions to his congressional campaign from the time he filed, April 3, to the date of the report, May 9. But he had reported spending about \$230,000,

nearly all of it for television advertising. Most of the money came from \$205,070 in four short-term bank loans of \$100,000, \$50,000, \$35,000 and \$20,070.

His campaign manager, Darrell Glascock, said that since Robinson entered the race so late, he couldn't wait for conventional fund-raising. He borrowed the money on the assurance to lenders that he would raise the money to repay the loans in the course of his campaign, and those funds are now pouring in as expected, Glascock said. The sheriff also pledged a couple of \$100,000 life insurance policies, Glascock said. Three of the loans were made to Robinson's formal congressional

committee, but Robinson signed the notes and assumed personal liability, while the fourth loan, for \$50,000 from the First American Bank of Hot Springs, was made to Robinson himself.

Now, for some of the questions.

Are the loans secured by collateral of value, or are they only informally secured through assurances to the bankers that Robinson would raise enough contributions to repay them? The answer to that question is not known because the lending bankers won't talk, citing confidentiality.

If formally secured through traditional collateral, what was that collateral? Robinson's assets are

limited. He makes \$31,000 a year as sheriff. According to a personal financial report filed with the clerk of the House of Representatives, he has less than \$5,000 interest in something called Investment Properties III. Other than that, he lists only liabilities — four debts of less than \$30,000 each to two banks, to oilman Jerry Jones of Little Rock and to Barrett Hamilton, a Little Rock wholesale liquor distributor.

Is it legal, or at least accepted lending practice, for a bank to lend \$100,000, as did the Stephens Security Bank in Stephens, to a man whose assets are that limited — on the assumption that he will raise money later in campaign contribu-

tions to repay it? A regulator with the office of the Federal Comptroller of the Currency in Memphis was asked about that last week. He said federal banking and election laws require simply that banks making political loans do so in the ordinary course of business in accordance with laws and regulations. In other words, the loan should be "well-secured or the borrower [must have] sufficient financial worth to guarantee repayment," he said.

What about borrowing money on the expectation of campaign contributions? The regulator said, "Betting on the come, you mean? We would look almost aghast at that."

Federal law limits corporate con-

tributions to \$1,000 and says a loan is the same as a contribution. So, if a bank loaned Robinson an amount exceeding his personal assets, would that be the same as a contribution that would exceed the federal limit? The answer is not known.

Marlin Jackson, state bank commissioner, said bank examiners primarily want to know whether a loan was made on a sound basis and whether all potential borrowers are treated the same.

Who are all these people who are contributing or raising the money to repay the loans? So far, only Jones, a lifelong friend of the sheriff's, has been named among the big-money supporters. The next full campaign finance report is due May 30, the day after the primary. But federal law requires 48-hour reports from now until election day of those making the maximum contributions of \$1,000.

Jerry Maulden, president of the Arkansas Power and Light Company, is an old buddy of Robinson's. Asked last week if he was raising money for the sheriff, he said only that he'd made three or four calls — as "Jerry Maulden, the individual, not as an official of Arkansas Power and Light" — to friends asking for contributions to "three or four candidates." Asked if Robinson was among them, he said he didn't have to say and wouldn't say.

There's one more thing missing and missing that is all this. Until his last report, Robinson had been reporting contributions for a re-election fund for sheriff. He has not filed any report about the size, makeup and expenditures regarding that fund. Glascock said only that the fund had been used to pay off Robinson's old campaign debts from previous sheriff's races. None of that money had been applied to the congressional race because that would be illegal, he said. But no report has been made or will be made because none is required since Robinson didn't run for sheriff, Glascock said.

But that's another matter for legal interpretation.

If the money was used to pay off debts from past sheriff's races, then state Statute 3-1111 might be applicable. It says a candidate for county office who collects contributions after a final campaign finance report must file a supplemental report making disclosures about those contributions within 30 days of receiving them.

If the money was accepted as part of a plan to run for re-election as sheriff this year, then the same statute might again apply because it says a candidate for county office must file pre-election reports itemizing contributions. Though Robinson never filed as a candidate for re-election as sheriff, the law defines "candidate" as any person who has "taken affirmative action, including solicitation of funds, for the purpose of seeking nomination for or election to any public office."

Robinson's Amended Report Shows Additional \$20,000 in Contributions

By JOHN BRUMMETT

Gazette Staff

Sheriff Tommy Robinson filed an amended campaign finance report Thursday, disclosing that he'd raised about \$20,000 in the 48 hours since he initially filed a report with the Federal Election Commission and the secretary of state's office. The amendment listed \$10,000 in itemized contributions from Jerry W. Jones of Little Rock and Jones' family and business associates.

Also Thursday, it was learned that Robinson had paid off one of his bank loans — a loan for \$35,000 at 13 per cent interest from First Commercial Bank of Little Rock. That leaves \$170,070 in loans from three other banks that will come due in the summer.

Jones, president of Arkoma Productions, Inc., an oil and gas company, has been mentioned in the last few days as a major financial backer of Robinson whose support helped the sheriff receive \$205,070 in four short-term, high-interest bank loans to finance extensive television advertising.

The additional contributions brought the total amount of Robinson's campaign fund-raising exclusive of the loans to about \$45,000.

The amendment listed contributions of \$1,000, the maximum individual gift allowed under federal law, from Jones, his wife and these others: Mike McCoy of Fort Smith, an employee of Jones, and his wife, Pat McCoy; George A. Hays of Little Rock, a Jones employee; D. E. Sullenberger of Little Rock, a business associate of Jones, and Anna M. Sullenberger; Elwin A. Hoover of Fort Smith, a business associate of Jones, and Jones' son and daughter, who are students.

The First Commercial loan was a one-month loan made in late April and was almost due. Bank officials declined to discuss the loan or the repayment, but Darrell Glascock, Robinson's campaign manager, confirmed that it had been paid off by Robinson's campaign committee Thursday.

Meanwhile Thursday, Richard T. Smith of Little Rock, owner of the Stephens Security Bank in Stephens, which lent \$100,000 for three months to Robinson at an interest rate two percentage points higher than the prime lending rate, said in a telephone interview that Robinson offered "several pieces of collateral" and that he was "personally confident" that the loan was secure.

He said he could not discuss the

specific collateral. "But there is collateral assigned to the loan that in my opinion is worth the \$100,000," Smith said.

Glascock has said that the four short-term bank loans received by Robinson in April and May were secured in part by two life insurance policies pledged by the sheriff and in part by the lenders' informal understanding that Robinson, through his association with certain people of known fund-raising ability, would be able to repay the loans.

"I don't know about that," Smith said in reference to Glascock's statement about informal understandings of future campaign contributions. "But I have checked over there to see how the campaign contributions are coming in, and I know that they're coming in fast and furious," Smith said.

Smith, whose family has substantial oil holdings in South Arkansas, bought the Stephens bank last fall. Before that, Smith was a loan officer for Worthen Bank and Trust Company, and in that role he had handled loans to Robinson. "I've had good experience with Tommy before, and I have confidence in his ability and capacity to repay the loan," Smith said.

Related article on Page 5A.

Robinson reveals race still in red

BY CARL T. HALL
Democrat Staff Writer

Although he says he has paid back three bank loans totaling more than \$135,000, Pulaski County Sheriff Tommy Robinson revealed Thursday that he continues to run his 2nd District congressional campaign deeply in the red.

On a campaign-finance disclosure form distributed to the news media Thursday afternoon, Robinson said he had borrowed a total of \$291,050.10 through May 23, the last day covered by the report and six days before Tuesday's Democratic primary election, in which Robinson won a position in a runoff election set for June 12.

Including about \$152,071 in outstanding bank loans and \$82,262 in other debts owed at the end of the reporting period, the Robinson campaign was running a \$234,333 deficit, the finance report indicated.

About \$205,000 in bank loans were disclosed in a previous report covering the period that ended May 9. Since then, two additional loans totaling about \$82,500 were taken out, according to the new report. The report stated that \$135,479 in loans were repaid, but questions remained as to what funds were used to make the repayments.

Contributions haven't kept up with the borrowing, the report indicates. During the two-

Money

• Continued from Page One

week period last month, \$32,809 in contributions were received, according to the report, which listed the donors. The new donations brought the total given to the Robinson campaign as of May 23 to \$58,610, according to Robinson's figures.

Robinson has bought extensive television and radio advertising, making a media blitz the centerpiece of his campaign. The ads are among the factors believed to have been responsible for Robinson's success in Tuesday's election. He was the top vote-getter in the district, outdistancing four other contenders for the Democratic nomination with 40 percent of the vote. He won pluralities in seven of eight counties.

The sheriff now faces a runoff June 12 against Secretary of State Paul Riviere, who finished second Tuesday with 28 percent of the vote. Riviere nearly tied Robinson in Pulaski County, but he was outpolled by more than a 2-1 margin in the other counties.

Riviere has been insinuating for weeks that Robinson may have broken federal election laws by taking out five- and six-figure bank loans without much visible financial strength of his own to back the credit. He again challenged Robinson on financial issues Thursday, insisting he wasn't slinging mud but was simply "raising hard questions."

Riviere has yet to produce any evidence of wrongdoing in connection with Robinson's deficit-financed campaign, even though he has said Robinson's money-handling ought to be the No. 1 issue of the race.

Both men are seeking to get on the Nov. 6 ballot against the lone Republican nominee, state Rep. Judy Petty of Little Rock, and independent Jim Taylor of Little Rock, a former journalist and current employee of a media consulting firm.

On Thursday, Riviere filed his 12-day pre-runoff election finance report with the secretary of state's election services office.

Robinson didn't file his report. But Darrell Glascock, Robinson's spokesman, said the Federal Election Commis-

sion report was mailed Thursday, which apparently would meet the FEC deadline. He provided copies to the media after being asked for them.

Asked for his reaction to Riviere's latest attacks, Glascock, who kept Robinson under wraps, said: "I think the people told him (Riviere) Tuesday they (Robinson's loans) weren't an issue. The real issue is leadership - Riviere hasn't shown any."

"I don't recall what collateral the campaign committee used for the loans," Glascock said. "I think insurance policies and other securities. The candidate endorsed the loan."

He said that was as much detail as he would offer.

"I'm not going to get into that (question of collateral) 'cause it's personal, confidential," Glascock said.

Also on Thursday, Riviere filed a special 48-hour form disclosing four \$1,000 contributions received after the May 23 period ended. Such disclosure of large contributions is required by law up to election day.

No new 48-hour report came in from Robinson. Glascock said Robinson hasn't received many \$1,000 donations so he

didn't need to file many 48-hour pre-election reports.

"Tommy's base is from working people - not the elite," he said.

In the report given to the media, Robinson's campaign was said to have taken in \$32,809 in contributions during the two-week period that ended May 23, bringing the year-to-date cumulative total to \$58,610.

The campaign had a net cash deficit of \$45,624.02, the report stated. Total expenditures were listed as \$49,322.37 for the period. All year, the campaign had spent about \$260,000, compared with Riviere's total spending of about \$256,000. However, Riviere started campaigning in 1983.

Robinson's two new loans were listed as follows:

- \$50,479.45 from Worthen Bank & Trust Co. in Little Rock, borrowed May 18 at 2 percentage points above the prime interest rate. This loan was due Wednesday, and Robinson said it was repaid May 23.

- \$32,000 from Twin City Bank in North Little Rock, borrowed May 17 and due June 15. No specific interest rate was disclosed.

Editorial Section

SUNDAY, JUNE 3, 1964

Robinson Raises \$300,000 by Stacking Loans

Tommy Robinson is the most unconventional politician Arkansas has seen in a long time, but when it comes to financing a political campaign he is absolutely bizarre.



Ernest Dumas
Associate Editor

Ten days before the runoff primary to settle the Democratic congressional nomination it is still a mystery who is paying for what is the most elaborate media campaign for Congress in the state's history, although big help clearly is coming to him from energy industries, including Arkansas Power and Light Company and Middle South Utilities.

The most astonishing aspect of the Robinson campaign is that he has been able to finance a campaign that is exceeding \$300,000—most of it television spending—with an elaborate system of pyramiding bank loans. By May 23, he had obtained almost \$300,000 in bank loans, most of it unsecured. That is what is most amazing to many businessmen, who can't get loans under such easy conditions.

According to Robinson's unilluminating federal financial report Thursday, he had borrowed \$287,555 from six banks. He had repaid \$135,479, although he had collected only \$58,610 in campaign contributions. The only conclusion is that there have been further loans to help retire those. That won't be known until campaign reports later this summer, after the primary, and Robinson's

campaign people aren't answering questions about it now. The campaign has been financed so far through an innova-

Not many of the sheriff's supporters are identified but one is Middle South Utilities

tive kind of loan-kiting arrangement. Robinson, whose commercials tell voters they know he can be depended on to tell the truth, hasn't been very forthcoming about his financing.

The first four loans were reported on Robinson's first federal report, May 16. One of the loans was \$30,000 from First Commercial National Bank at Little Rock. Robinson said the loans were secured, but First Commercial officials said this one wasn't. First Commercial's top officers were unaware of the loan and the conditions, or lack of them, until the loan was reported in the morning papers. It was a demand note and the loan was called before 8 a.m. Robinson's spokesman insisted at the time that it was not called, but bank officials now confirm that it was. "Sure we called it," one of them said. "It was illegal."

The First Commercial loan apparently was repaid that morning with the help of another loan, for \$32,000, from Twin City Bank of North Little Rock.

Another loan was for \$50,000 at the First American National Bank at Hot Springs, which is owned by First Arkansas Bankstock Corporation (FABCO). That loan was approved upon the recommendation of an executive of Worthen Bank and Trust Com-

pany of Little Rock, the flagship bank in the FABCO chain.

The \$50,000 principal and \$479.45 of interest was repaid on May 18, two days after the loan was reported, and on the same day Robinson obtained a loan of \$50,479.45 from Worthen.

When Robinson was asked on a televised debate four days before the first primary if he had obtained loans in addition to the four he had reported on May 16 he said he didn't know. When he was asked if the First Commercial and First American loans were retired by obtaining additional loans, he said he didn't know what the questioner was talking about.

All this raises several questions that need to be answered since the position in the U. S. House of Representatives belongs to the public. There should be no private, confidential transactions for a congressional seat. Who, if anyone, provided the informal guarantees that paved the way for the loans? How will the loans be repaid, and who will do it?

The sheriff said he had obtained the original loans because of his known ability as a fundraiser, but the week before the primary he had raised only \$58,000.

The most surprising part of Robinson's disclosure was that he had raised only \$58,000, about a fifth of his expenditures. A candidate who obligates himself to more than \$300,000 surely knows where it is to come from.

The reporting of the first \$58,000 gives only a little indication. It also suggests what a handful of influential friends can do.

Robinson's most visible supporter is Jerral W. Jones of Little Rock, a longtime friend who is a millionaire oil and gas producer

and a Board member of Arkla, Inc. Jones's immediate family gave \$5,000 in \$1,000 contributions each from Jones, his wife and three children.

Another friend whose name does not appear on the report is Jerry Maulden, president of Arkansas Power and Light Company. Maulden's name does not appear as a contributor, but there is plenty of evidence of AP and L influence.

Among the listed contributions so far are:

- * \$300 from the political action committee of Middle South Services of New Orleans, a subsidiary that provides services for AP and L and the other Middle South operating companies.

- * \$500 from the big corporate law firm of Jones, Walker, Waechter, Poltevent, Carrere and Denegre of New Orleans, which represents many giants of industry, including Middle South Utilities.

- * \$1,500 from the PAC of the Peabody Coal Company of St. Louis, which has been a big supplier of Wyoming coal for Middle South plants.

- * \$250 from the PAC of General Electric at Fairfield, Ct. General Electric has been a major supplier of generating equipment for Middle South plants.

- * \$700 from the PAC of the Kerr-McGee Corporation at Oklahoma City. Kerr-McGee is a giant energy company that has contracted to sell uranium and coal for the Middle South plants.

Sheriff Robinson has said he would go to Washington and help solve Arkansas's problem of having to pay for generating costs elsewhere in the Middle South system. The solutions should prove interesting.

Counterattack Delayed Because Hitler Still Asleep

By Alice Siegert
Chicago Tribune

Bonn.

Col. Hans von Luck was at his command post near Caen after midnight when he heard the drone of Allied night bombers overhead.

Luck, commanding officer of a regiment of the 21st Panzer Division, believed the aircraft were en route to a routine bombing mission in occupied France or Germany until they began bombing the German shore defenses. Soon reports were coming in from forward-based units that airborne assault troops were being dropped on the Normandy coast.

Yet Luck's request for permission to attack the invaders was turned down on the grounds that the division was under orders not to launch a counterattack without the specific permission of Field Marshal Erwin Rommel, who had assumed command of the German Army Group B in France in the winter of 1943-44. And Rommel was in Germany on June 6 on his way to a conference with Hitler at Obersalzberg in the Bavarian mountains.

Valuable time was lost, and it was not before midday that the 21st Panzer Division was able to react. By that time, the allied landing forces had consolidated their positions, and bombers of the allied expeditionary air forces concentrated their attacks on key centers of communication behind the German lines.

Luck, now a Hamburg businessman, said there was another reason for the delay. "At the time, it was being assumed that this was just a large-scale diversionary operation and not yet the main assault," he said. "Furthermore, Hitler was a

late worker and a late riser. Nobody dared to wake him, and news of the invasion did not reach him until hours later."

Thus during the critical hours of the campaign, the German high command was caught unaware as to the extent of the assault and the place of the landings, which generally had been expected in the Calais region.

While Hitler's much-heralded "Atlantic Wall" began to crumble, disaster was also looming at the

Panzer division commander says the Germans knew neither the size nor the position of Allied forces.

eastern front, where the Russian armies had been advancing westward and were about to launch another major attack.

Brig. Gen. Kurt Krafftman, then chief of the staff of the Panzer-Lehr Division, said the Normandy operation and the enormous casualties suffered by the German armored units caused him nightmares for years afterward.

"It was a feeling of complete helplessness," he recalled. "Allied material and air superiority were so disastrous the task (of beating back the invasion) was unsolvable. You cannot fight a war on two fronts with that kind of force balance."

The Panzer-Lehr Division, located in the area of Le Mans-Chartres about 100 miles from the front, was an elite unit that had been assembled in France the previous January. According to one of

(See BEFORE on Page 14B)

China's

usually referred to the period as an "economic disaster" or a "farm

at the U.S. Bureau of the Census. As Louis Kinnaman, deputy director

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