



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3939

DATE FILMED 8-31-94 CAMERA NO. 2

CAMERAMAN JM II

24043563193

STEPHENS

U.S. CONGRESS

FROM THE DISTRICT . . . FOR THE DISTRICT

4232 N. Brandywine Drive • Suite E • Peoria, Illinois 61614
Phone (309) 679-0400 • Fax (309) 679-0429

MUR 3939

February 28, 1994

Office of General Counsel
United States Federal Election Commission
999 "E" Street, NW
Washington, DC 20463

Dear Sirs:

I am filing a sworn complaint and request that the Federal Election Commission (FEC) investigate a report by Mr. Tom Homer, candidate for Congress in Illinois' 18th Congressional District, that he accepted an illegal \$10,000 contribution to his campaign. Should Mr. Homer's report be accurate, I request that you direct Mr. Homer to immediately return this illegal contribution. I further request that you investigate the use of Mr. Homer's state campaign committee funds to secure a loan to Mr. Homer's federal campaign.

On the Receipts and Disbursements Report filed by Mr. Homer with the Federal Elections Commission on January 31, 1994, Mr. Homer lists a contribution, in the form of a loan, to his campaign from Canton State Bank, in Canton Illinois, in the amount of \$10,000. The report lists this contribution as a loan unsecured by any collateral except that of the personal guarantees of Mr. Homer and Mr. Gary E. Barnhart of Canton, Illinois. The amount guaranteed by Mr. Barnhart is listed on the report as \$10,000.

FEC regulation 11 CFR 110.1(b)(1) stipulates that no person shall make a contribution to any candidate that in the aggregate exceeds \$1,000.

FEC regulation 11 CFR 100.7(a)(1)(i)(c) stipulates that a guarantor to a loan shall be deemed to have contributed that portion of the loan for which he or she agreed to be liable in a written agreement. Mr. Barnhart is listed on the report as having accepted liability for the full \$10,000.

In effect, Mr. Homer's report lists Mr. Barnhart as having contributed \$10,000 to Mr. Homer's campaign. Should Mr. Homer's report be accurate, I request that you immediately direct Mr. Homer to return the illegal \$10,000 contribution to State Canton Bank before the election to be held March 15, 1994.

Paid for by the Stephens for Congress Committee, Inc.
Contributions are not tax deductible on Federal Income Tax Returns.
A copy of our financial report is or will be filed with the Federal Election Committee.
18th Congressional District includes Putnam, Stark, Marshall, Woodford, Peoria,
Tazewell, Mason, Cass, Menard, Logan, Morgan and parts of Macon, McLean, and Sangamon Counties
including the western part of the city of Springfield.

94043563175

I further request that you investigate whether or not Mr. Homer informed the State Canton Bank that he would take state campaign committee funds as personal income to make good on his personal guarantee to this loan.

Although Mr. Homer is no longer eligible to run for state office in the current election, his state campaign committee holds over \$55,000 in funds according to the contributions and expenditures report filed by the committee on January 31, 1994. While Illinois state law permits candidates for state office to take funds from a state campaign committee as personal income, Federal law prohibits funds donated to state campaign committees from being used in a federal election.

FEC regulation 11 CFR 110.3 (d) prohibits the transfer of funds or assets from a candidate's non-federal campaign committee to his or her federal campaign committee.

FEC regulation 11 CFR 110.8 (d)(2) prohibits the transfer of any funds, goods, or services including loans and loan guarantees.

Mr. Homer may have violated federal law by promising to take funds in his state campaign committee funds as personal income in order to secure a loan to his federal campaign, thus using his state campaign funds as a loan guarantee for a loan to his federal campaign. Because the loan to the federal campaign was secured with no collateral, the question arises as to what circumstance was used to establish the worth of Mr. Homer's personal guarantee and as to whether that circumstance was a promise to take state campaign funds as personal income.


In advance, I thank you for your consideration of this matter.

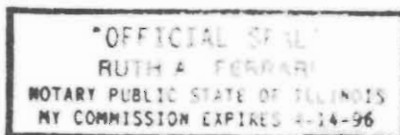
Sincerely,



G. Doug Stephens
Candidate for Congress
Illinois 18th Congressional District

Subscribed and sworn to before me, a notary public for the County of Peoria, State of Illinois, this 28th day of February, 1994.


Notary Public



LOANS

LINE NUMBER 13(a)
(Use separate schedules
for each numbered line)

Name of Committee (In Full) HOMER FOR CONGRESS			
A. Full Name, Mailing Address and ZIP Code of Loan Source Canton State Bank 2 North Main Street Canton, IL 61520	Original Amount of Loan \$10,000.00	Cumulative Payment To Date 0.00	Balance Outstanding at Close of This Period \$10,000.00
Election: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred <u>10/19/93</u> Date Due <u>04/19/94</u> Interest Rate <u>9</u> % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (If any) to Item A			
1. Full Name, Mailing Address and ZIP Code Thomas J. Homer 62 Redwood Circle Canton, IL 61520	Name of Employer State of Illinois Occupation Legislator Amount Guaranteed Outstanding \$ 10,000.00		
2. Full Name, Mailing Address and ZIP Code Gary E. Barnhart 400 Rosewood Drive Canton, IL 61520	Name of Employer Claudon, Lloyd, Barnhart & Beal Occupation Attorney Amount Guaranteed Outstanding \$ 10,000.00		
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$		
B. Full Name, Mailing Address and ZIP Code of Loan Source Canton State Bank 2 North Main Street Canton, IL 61520			
		Original Amount of Loan \$65,000.00	Cumulative Payment To Date 0.00
		Balance Outstanding at Close of This Period \$65,000.00	
Election: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred <u>12/30/93</u> Date Due <u>04/01/94</u> Interest Rate <u>9</u> % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (If any) to Item B			
1. Full Name, Mailing Address and ZIP Code Thomas J. Homer 62 Redwood Circle Canton, IL 61520	Name of Employer State of Illinois Occupation Legislator Amount Guaranteed Outstanding \$ 65,000.00		
2. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding \$		
SUBTOTALS: This Period This Page (optional)			
TOTALS This Period (last page in this line only)			\$75,000.00
Carry outstanding balances only to LINE D, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.			

94043563796

HOMER FOR CONGRESS COMMITTEE
121 W ELM ST
CANTON, IL 61520-2699

CANTON STATE BANK
2 NORTH MAIN STREET
CANTON, IL 61520-2606

Loan Number _____
Date OCTOBER 19, 1993
Maturity Date APRIL 19, 1994
Loan Amount \$ 10,035.00
Renewal Of _____

BORROWER'S NAME AND ADDRESS
"I" includes each borrower above, joint and severally

LENDER'S NAME AND ADDRESS
"You" means the lender, its successors and assigns.

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of TEN THOUSAND THIRTY FIVE AND NO/100 Dollars \$ 10,035.00

☒ **Single Advance:** I will receive all of this principal sum on OCTOBER 19, 1993. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____

I will receive the amount of \$ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from OCTOBER 19, 1993 at the rate of 9.000 % per year until APRIL 19, 1994

☐ **Variable Rate:** This rate may then change as stated below:

☐ **Index Rate:** The future rate will be _____ the following index rate: _____

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☐ **Frequency and Timing:** The rate on this note may change as often as _____
A change in the interest rate will take effect _____

☐ **Limitations:** During the term of this loan, the applicable annual interest rate will not be more than _____ % or less than _____ %

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will change. ☐ The amount of the final payment will change.

☐ _____

ACCUAL METHOD: Interest will be calculated on a ACTUAL/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☒ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to _____

☐ **LATE CHARGE:** If a payment is made more than _____ days after it is due, I agree to pay a late charge of _____

☐ **ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above: _____

PAYMENTS: I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest ON DEMAND, BUT IF NO DEMAND IS MADE WITH THE PRINCIPAL

☒ **Principal:** I agree to pay the principal ON DEMAND, BUT IF NO DEMAND IS MADE THEN ON APRIL 19, 1994

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of \$ _____ and will be due _____ A payment of \$ _____ will be due _____

thereafter. The final payment of the entire

unpaid balance of principal and interest will be due _____

ADDITIONAL TERMS: _____

PURPOSE: The purpose of this loan is BUSINESS: CAMPAIGN EXPENSES

Signature for Lender: _____

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.

HOMER FOR CONGRESS COMMITTEE

BY: Thomas Homer
THOMAS HOMER

BY: Gary E. Barnhart, TREAS.
GARY BARNHART



FORM

D-2

REPORT OF CAMPAIGN CONTRIBUTIONS AND EXPENDITURES
(CHECK APPROPRIATE BOXES) (PLEASE TYPE OR PRINT IN BLACK INK)

☒ Pre-Election Report — Election Date _____
☐ Semi-Annual Report
☐ Non-Participation — Election Date _____
☐ FINAL REPORT
Amendment of Report indicated above

PRINCIPAL OFFICE
STATE BOARD OF ELECTIONS

1994 JAN 31 PM 3:52

Full name and complete mailing address of Political Committee

TOM HOMER CAMPAIGN COMMITTEE
147 W ELM ST
CANTON IL 61520

S02946

11

FOR OFFICE USE ONLY

IDENTIFICATION NO.

12946-11

☐ CHECK IF ADDRESS CHANGE

REPORTING PERIOD 07/01/93 12/31/93 FROM THRU	FUNDS AVAILABLE AT THE BEGINNING OF THE REPORTING PERIOD \$ 88,409.42	STATE POLITICAL COMMITTEES RETURN TO: STATE BOARD OF ELECTIONS 1020 SOUTH SPRING STREET PO BOX 4187 SPRINGFIELD, IL 62708	LOCAL POLITICAL COMMITTEES AND STATE AND LOCAL POLITICAL COMMITTEES RETURN ORIGINAL TO: STATE BOARD OF ELECTIONS AND COPY TO APPROPRIATE COUNTY CLERK
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SEE GUIDE TO CAMPAIGN DISCLOSURE FOR INSTRUCTIONS

COMPLETE 17 FOR PRE-ELECTION REPORTS

COMPLETE ALL SECTIONS FOR
SEMI-ANNUAL AND FINAL REPORTS

SECTION A — RECEIPTS

1. Individual Contributions:
a. Itemized (from Schedule A) .. \$ 500.00 (1a)
b. Not-Itemized .. \$ 250.00 (1b)
2. Transfers In:
a. Itemized (from Schedule A) .. \$ 1,000.00 (2a)
b. Not-Itemized .. \$ -0- (2b)
3. Loans Received:
a. Itemized (from Schedule A) .. \$ -0- (3a)
b. Not-Itemized .. \$ -0- (3b)
4. Other Receipts:
a. Itemized (from Schedule A) .. \$ 1,927.58 (4a)
b. Not-Itemized .. \$ 45.56 (4b)
TOTAL RECEIPTS (1-4) .. \$ 3,723.14

5. In-kind Contributions:
a. Itemized (from Schedule I) .. \$ -0- (5a)
b. Not-Itemized .. \$ -0- (5b)
TOTAL IN-KIND .. \$ -0-

SECTION B — EXPENDITURES

6. Transfers Out:
a. Itemized (from Schedule B) .. \$ -0- (6a)
b. Not-Itemized .. \$ 310.00 (6b)
7. Loans Made:
a. Itemized (from Schedule B) .. \$ -0- (7a)
b. Not-Itemized .. \$ -0- (7b)
8. Expenditures:
a. Itemized (from Schedule B) .. \$ 16,428.17 (8a)
b. Not-Itemized .. \$ 16,584.60 (8b)
TOTAL EXPENDITURES (6-8) .. \$ 33,422.77

SECTION C — DEBTS AND OBLIGATIONS

(Include previously reported unpaid debts)

9. a. Itemized (from Schedule C) .. \$ -0- (9a)
b. Not-Itemized .. \$ -0- (9b)
TOTAL DEBTS & OBLIGATIONS .. \$ -0-

SECTION D — FUNDS BALANCE

- Funds available at the beginning of
the reporting period .. \$ 88,409.42 (A)
- Total Receipts (Section A) .. \$ 3,723.14 (B)
- Subtotal .. \$ 93,132.56 (C)
- Total Expenditures (Section B) .. \$ 33,422.77 (D)
- Funds available at the close of
the reporting period .. \$ 58,709.79 (E)

VERIFICATION

I DECLARE THAT THIS REPORT OF CAMPAIGN CONTRIBUTIONS OR THIS SEMI-ANNUAL REPORT OF CAMPAIGN CONTRIBUTIONS AND EXPENDITURES (INCLUDING ACCOMPANYING SCHEDULES AND STATEMENTS) HAS BEEN EXAMINED BY ME AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IS A TRUE, CORRECT AND COMPLETE REPORT AS REQUIRED BY ARTICLE 9 OF THE ELECTION CODE. I UNDERSTAND THAT THE PENALTY FOR WILLFULLY FILING A FALSE STATEMENT SHALL BE A FINE NOT TO EXCEED \$500 OR IMPRISONMENT IN A PENAL INSTITUTION OTHER THAN THE PENITENTIARY NOT TO EXCEED 6 MONTHS, OR BOTH FINE AND IMPRISONMENT.

SIGNATURE OF TREASURER OR CANDIDATE

January 29, 1994

DATE



FEDERAL ELECTION COMMISSION

MARCH 9, 1994

G. Doug Stephens
Stephens for Congress
4232 N. Brandywine Drive, Suite E
Peoria, IL 61614

RE: MUR 3939

Dear Mr. Stephens:

This letter acknowledges receipt on March 1, 1994, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 3939. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure
Procedures

24043563799



FEDERAL ELECTION COMMISSION

MARCH 9, 1994

Gary E. Barnhart, Treasurer
Homer for Congress
P.O. Box 5006
Peoria, IL 61601

RE: MUR 3939

Dear Mr. Barnhart:

The Federal Election Commission received a complaint which indicates that Homer for Congress ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3939. Please refer to this number in all future correspondence.

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

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

Gary E. Barnhart, Treasurer
Homer for Congress
Page 2

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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

24043563601



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20543

MARCH 9, 1994

Gary E. Barnhart, Treasurer
Tom Homer Campaign Committee
147 West Elm Street
Canton, IL 61520

RE: MUR 3939

Dear Mr. Barnhart:

The Federal Election Commission received a complaint which indicates that Tom Homer Campaign Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3939. Please refer to this number in all future correspondence.

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

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Gary E. Barnhart, Treasurer
Tom Homer Campaign Committee
Page 2

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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

94043563503



FEDERAL ELECTION COMMISSION

MARCH 9, 1994

Gary E. Barnhart
400 Rosewood Drive
Canton, IL 61520

RE: MUR 3939

Dear Mr. Barnhart:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3939. Please refer to this number in all future correspondence.

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

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

94043563804

Gary E. Barnhart
Page 2

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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

24043563305



FEDERAL ELECTION COMMISSION

MARCH 9, 1994

Thomas J. Homer
62 Redwood Circle
Canton, IL 61520

RE: MUR 3939

Dear Mr. Homer:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3939. Please refer to this number in all future correspondence.

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

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

24043563806

Thomas J. Homer
Page 2

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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

94043563307

06C 687

MAR 28 8 59 AM '94



March 24, 1994

Office of General Counsel
United States Federal Election Commission
999 "E" Street, NW
Washington, D.C. 20463

Attention: Mary L. Taksar

RE: MUR 3939

Dear Ms. Taksar:

I am writing in response to the complaint dated February 28, 1994, by G. Douglas Stephens, who is a candidate for the Democratic nomination for Congress in the Illinois 18th Congressional District. The Homer For Congress Committee desires that this matter remain confidential in accordance with 2 U.S.C. Sec. 437g(a)(4)(B) and Sec. 437g(a)(12)(A). We do not deem it necessary to designate Counsel at this time.

The Homer For Congress Committee borrowed \$10,035.00 from the Canton State Bank on October 19, 1993. To the extent that Schedule C of our reports indicate that the original amount of the loan was \$10,000.00, they are in error and I apologize for that. The Bank apparently charged us a \$35.00 document preparation fee which was added to the principal balance of the approved loan request. An amendment to correct this inadvertent mistake will be forthcoming shortly.

Additionally, I am enclosing a complete copy of the Homer For Congress Committee promissory note in question. The copy that you forwarded to me in your letter contained only the front page of this document. There was a back page to the loan document and I am providing it to you so that you will have a complete copy.

At the time of the making of this \$10,000.00 loan, the Committee, frankly, did not thoroughly investigate 11 CFR in order to determine exactly how to "structure" the loan.

HOMER FOR CONGRESS COMMITTEE

P. O. BOX 5006 • PEORIA, ILLINOIS 61601-5006



PAID FOR BY THE HOMER FOR CONGRESS COMMITTEE. CONTRIBUTIONS ARE NOT TAX DEDUCTIBLE ON FEDERAL INCOME TAX RETURNS.

United States Federal Election Commission
March 14, 1994
Page 2

24043563309
We think the promissory note itself shows the intention of the transaction. The Homer For Congress Committee, as a committee, desired to obtain a loan from the Canton State Bank, which is a State chartered bank on the bank's usual and customary terms and conditions. That loan was to be personally guaranteed by the candidate, Mr. Homer. I personally delivered to the Canton State Bank, Mr. Homer's personal financial statement in connection with this loan. Without waiving any rights of privacy Mr. Homer has, I can certainly tell you that his financial statement was more than adequate to cover this rather small loan. Since the Treasurer is the only officer of a federal political committee and is the only person actually authorized to accept contributions and make expenditures on behalf of the committee, it seemed logical to me that I would sign this document as Treasurer of the Committee. Accordingly, I signed the loan, not individually, but as Treasurer of the Homer For Congress Committee.

It was intended that this loan be repaid by the Committee. The Canton State Bank is the Homer For Congress Committee depository and the Bank had the right of set off against the Committee's depository account in the event there was a default at any time concerning this loan. The Bank also had Mr. Homer's personal guarantee. Mr. Homer has had a long and substantial relationship with the Canton State Bank and is well known to the Bank as being worthy, individually, to guarantee the Committee's loan.

When it came time to report the loan in question, several months later I never, for a moment, felt that the Committee or I had done anything improper. However, in filling out Schedule C concerning this particular loan, the Committee was asked to "...List all endorsers or guarantors (if any) to ..." this \$10,000.00 loan. We felt that the candidate, Mr. Homer, by being the guarantor should certainly be disclosed in response to this question. We felt that I was a "endorser" on this loan although it was clear that I was an endorser in the representative capacity as the Treasurer of the campaign. We therefor disclosed me as an "endorser". To be sure we had made full disclosure, I believe we attached a copy of the front page of this note

United States Federal Election Commission
March 14, 1994
Page 3

showing the endorsement by me to have been in a representative capacity as the Treasurer of the Committee. With the advantage of 20/20 hindsight, the report of the "Amount Guaranteed Outstanding" of \$10,000.00 next to my name is perhaps an error. We really weren't sure how to answer this particular question since we felt the outstanding amount which was \$10,000.00 was in fact guaranteed by Mr. Homer. Accordingly, the report on Schedule C was the best way we knew how to make full disclosure of this transaction. Obviously, we felt there was nothing improper about this transaction.

In retrospect, I can see that it is possible for someone reading this report to be unable to reach a conclusion whether I was a guarantor or an endorser. However, I think anyone reading the promissory note itself would reach the conclusion that I was signing only as the Treasurer of the Homer For Congress Committee and not signing individually. Perhaps Mr. Stephens, in filing his complaint, did not have the promissory note available to him or neglected to consider it thoroughly.

If you deem the form of this transaction to be improper, we can certainly have the note in question replaced by a note signed only by the candidate. However, it seems that the Treasurer of a Federal Election Committee should have authority to sign on behalf of the committee for loans that the committee may make from time to time based upon a candidate's outstanding personal guarantee. If a Treasurer of a committee should never sign a promissory note for a loan to a federal election committee, then please advise me and I will act accordingly. We have tried our very best here to comply with the myriad of rules which govern a federal election. We want to continue to do our best and accurately and fully report what is required by law.

Finally, for the record, you should know that I did not pledge or transfer any of my personal assets as collateral for the loan in question. Furthermore, I did not, by any separate document, individually guarantee the loan in question.

United States Federal Election Commission
March 14, 1994
Page 4

24043563311

With regard to Mr. Stephens' allegations that Mr. Homer utilized his State campaign funds in violation of federal law as set out in Mr. Stephens' letter, such charges are, frankly, baseless. Mr. Homer has never promised to anyone to utilize his State campaign funds as collateral for any loan to a federal campaign. Mr. Homer has personal net worth more than adequate to pay this loan. Mr. Homer is a practicing lawyer and his wife has advanced degrees and is capable of significant employment. To my knowledge, in almost 20 years in public life, neither Mr. Homer nor one of his committees have ever defaulted on a loan. There was no request that any collateral be provided concerning Mr. Homer's State campaign fund. Mr. Stephens has indulged in the grossest form of speculation in making these allegations. Mr. Stephens admitted there were no facts behind his allegations in the March 5, 1994, edition of the Peoria Journal Star, a copy of which I enclose to you. I have underscored in yellow, the pertinent portion concerning that admission by Mr. Stephens.

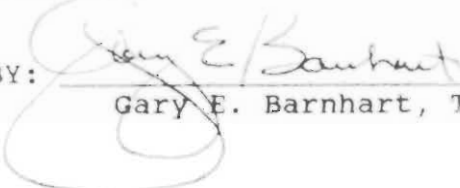
I have never known anyone in my life with more integrity than Mr. Homer. His reputation for honesty and fair dealing is beyond reproach. I can say nothing further about Mr. Stephens' allegations except that they are totally without merit and untrue.

Thank you for your consideration of our response in this matter. If you need any further information from me, do not hesitate to contact me.

Sincerely,


HOMER FOR CONGRESS COMMITTEE,

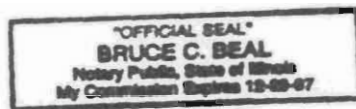
BY:


Gary E. Barnhart, Treasurer

GEB/sb
Enclosure

SUBSCRIBED AND SWORN TO BEFORE ME this 24th day
of March, 1994.


Notary Public



24043563312

Stephens targets Homer loan

□ Campaign denies charge that move violated federal limits for contributions

By TONY ECKERT

SPRINGFIELD — Democratic congressional candidate O. Douglas Stephens on Friday couped a call for campaign reform with an accusation that one of his opponents took a contribution that exceeded federal limits.

Stephens released a letter he wrote to the Federal Election Commission alleging that a \$10,000 loan taken out by Tom Homer to help fund his campaign violated contribution limits because Homer's campaign treasurer, Gary Barnhart, was listed as an endorser or guarantor of the loan.

Homer's campaign denied the charge, calling it "another example of the negative campaign tactics that have become a characteristic of the Stephens campaign."

Federal campaign laws put a \$1,000 limit on individual contributions to congressional candidates, including loans. Homer is free to spend as much personal money as he wants on the campaign, but other individuals can guarantee or endorse loans only up to the \$1,000 level, Stephens said, citing FEC rules.

He demanded that Homer repay the loan to Canton State Bank, with interest.

"If Tom doesn't return this now after it being made public ... I don't know how he can look any voter in the face and talk about being candid and honest," Stephens said.

Homer was in Chicago and could not be reached for comment. But in a written statement, his campaign said:

"It was Mr. Homer and not Mr. Barnhart who was the guarantor of the loan. ... Doug Stephens has attempted to make an issue over an ambiguity on (Homer's campaign spending report). ... The fact is Gary Barnhart is the campaign's treasurer and signed the loan on behalf of the Homer for Congress Committee."

In a telephone interview, Barnhart said he put

up no collateral for the loan and it is backed only by Homer's personal guarantee of repayment.

Stephens also asked the FEC to investigate whether Homer, a state representative from Canton, used his legislative campaign fund to back the loan, which would be illegal. He acknowledged that he had no evidence that had happened, and Homer's campaign called the suggestion "baseless and ... an outright falsehood."

The charges came just days after the candidates released their latest spending reports. They show Homer has raised nearly \$65,000 since Jan. 1, while Stephens raised \$46,000, including \$23,000 in loans.

The third Democratic candidate, Tim Howard, raised \$31,000, which included a \$15,000 loan.

Stephens made his charges against Homer after proposing a series of congressional campaign reforms that included:

- Twelve- to 16-year term limits for all members of Congress.

- Caps on campaign spending that would vary by region. For central Illinois, the limit should be \$400,000 to \$600,000 for the general election, he said.

- Lowering federal contribution limits to \$2,500 for political action committees and \$500 for individuals. The current caps are \$5,000 and \$1,000, respectively.

- Banning the use of taxpayer-funded mass mailings, except to announce town meetings conducted by members of Congress.

- Prohibiting legislators and other state officials from dipping into their campaign coffers for personal expenses, a practice allowed under Illinois law.

- Instituting a four-year waiting period before former members of Congress could lobby the government. Political appointees would have a three-year waiting period.

- Requiring congressional candidates to live in the districts they seek to represent. Homer lives outside the 18th District but has promised to move into the district if he wins the primary.

JOURNAL STAR 3/5/91

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JUN 30 3 55 PM '94

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of

)
) Enforcement Priority
)

GENERAL COUNSEL'S QUARTERLY REPORT

I. INTRODUCTION

This report is the second Enforcement Priority System Quarterly Report. The purpose of this Quarterly Report is to recommend that the Commission no longer pursue the identified lower priority and stale cases.

II. CASES RECOMMENDED FOR CLOSING

A. Cases Not Warranting Further Pursuit Relative to Other Cases Pending Before the Commission

A critical component of the Priority System is identifying those pending cases that do not warrant the further expenditure of resources. Each incoming matter is evaluated using Commission approved criteria

By closing such cases the Commission is able to use its limited resources to focus on more important cases.

Having evaluated incoming matters, this Office has identified 16 cases which do not warrant further pursuit relative to the other pending cases.¹ A short

1. These matters are: MUR 3920; MUR 3930; MUR 3934; MUR 3939; MUR 3942; MUR 3943; MUR 3945; MUR 3948; MUR 3953; MUR 3955; MUR 3957; MUR 3964; MUR 3965; MUR 3967; RAD 94L-22; and RAD 94L-25.

description of each case and the factors leading to assignment of a relatively low priority and consequent recommendation not to pursue each case is attached to this report. See Attachments 1-16. For the Commission's convenience, the narratives for externally-generated matters are immediately followed by the complaint and response(s) and the narratives for internally-generated matters are immediately followed by the referral.

B. Stale Cases

Investigations are severely impeded and require relatively more resources when the activity and evidence are old. Consequently, the Office of General Counsel recommends that the Commission focus its efforts on cases involving more recent activity. Such efforts will also generate more impact on the current electoral process and are a more efficient allocation of our limited resources. To this end, this Office has identified 42 cases that

do not warrant further investment of significant Commission resources.² Since the recommendation not to pursue the identified cases is based on staleness, this Office has not prepared separate

2. These matters are: MUR 3132; MUR 3432; MUR 3466; MUR 3470; MUR 3473; MUR 3495; MUR 3558; MUR 3575; MUR 3581; MUR 3594; MUR 3600; MUR 3625; MUR 3647; MUR 3663; MUR 3684; MUR 3698; MUR 3712; MUR 3733; MUR 3744; MUR 3749; MUR 3756; MUR 3759; MUR 3767; MUR 3776; MUR 3779; RAD 92L-26, RAD 93L-25; RAD 93L-26; RAD 93L-29; RAD 93L-31; RAD 93L-33; RAD 93L-35; RAD 93L-36; RAD 93L-38; RAD 93L-39; RAD 93NF-02; RAD 93NF-03; RAD 93NF-06; RAD 93NF-10; RAD 93NF-12; RAD 93NF-15; and RAD 93NF-20.

narratives for these cases. However, for externally-generated matters in which the Commission has made no findings, the complaint and response(s) are attached to the report and for internally-generated matters in which the Commission has made no findings, the referral is attached. See Attachments 17-53. Because the Commission has already made findings in five of the stale cases, no additional information is being attached to this report in regard to these cases.³

3. These matters are: MUR 3132, MUR 3432, MUR 3466, MUR 3495, and MUR 3733.

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This Office recommends that the Commission exercise its prosecutorial discretion and no longer pursue the identified cases effective August 1, 1994. This will allow the Legal Review Team adequate time to prepare the Pre-MUR and MUR files so that the cases can appear on the public record by September 1, 1994, within 30 days of the August 1, 1994, closing date. This timeframe also will enable this Office to prepare closing letters so that the letters can be mailed on August 2, 1994. Additionally, the Press Office will need time to review the files for inclusion in one of its press releases.

III. RECOMMENDATIONS

A. Decline to open a MUR and close the file in the following matters to be effective on August 1, 1994:

- 1) RAD 92L-26
- 2) RAD 93L-25
- 3) RAD 93L-26
- 4) RAD 93L-29
- 5) RAD 93L-31
- 6) RAD 93L-33
- 7) RAD 93L-35
- 8) RAD 93L-36
- 9) RAD 93L-38
- 10) RAD 93L-39
- 11) RAD 94L-22
- 12) RAD 94L-25
- 13) RAD 93NF-02
- 14) RAD 93NF-03
- 15) RAD 93NF-06
- 16) RAD 93NF-10
- 17) RAD 93NF-12
- 18) RAD 93NF-15
- 19) RAD 93NF-20

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B. Take no action, close the file effective on August 1, 1994, and approve the appropriate letter in the following matters:

- 1) MUR 3470
- 2) MUR 3473
- 3) MUR 3558
- 4) MUR 3575
- 5) MUR 3581
- 6) MUR 3594
- 7) MUR 3600
- 8) MUR 3625
- 9) MUR 3647
- 10) MUR 3663
- 11) MUR 3684
- 12) MUR 3698
- 13) MUR 3712
- 14) MUR 3744
- 15) MUR 3749
- 16) MUR 3756
- 17) MUR 3759
- 18) MUR 3767
- 19) MUR 3776
- 20) MUR 3779
- 21) MUR 3920
- 22) MUR 3930
- 23) MUR 3934
- 24) MUR 3939
- 25) MUR 3942
- 26) MUR 3943
- 27) MUR 3945
- 28) MUR 3948
- 29) MUR 3953
- 30) MUR 3955
- 31) MUR 3957
- 32) MUR 3964
- 33) MUR 3965
- 34) MUR 3967

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C. Take no further action, close the file effective on August 1, 1994, and approve the appropriate letter in the following matters:

- 1) MUR 3132
- 2) MUR 3432
- 3) MUR 3466
- 4) MUR 3495
- 5) MUR 3733

Date

6/30/94



Lawrence M. Noble
General Counsel

24043563619

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Enforcement Priority

)
) Agenda Document
) #X94-72

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on July 19, 1994, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions with respect to Agenda Document #X94-72:

A. Decline to open a MUR and close the file in the following matters to be effective on August 1, 1994:

- 1) RAD 92L-26
- 2) RAD 93L-25
- 3) RAD 93L-26
- 4) RAD 93L-29
- 5) RAD 93L-31
- 6) RAD 93L-33
- 7) RAD 93L-35
- 8) RAD 93L-36
- 9) RAD 93L-38
- 10) RAD 93L-39
- 11) RAD 94L-22
- 12) RAD 94L-25
- 13) RAD 93NF-02
- 14) RAD 93NF-03
- 15) RAD 93NF-06
- 16) RAD 93NF-10
- 17) RAD 93NF-12
- 18) RAD 93NF-15
- 19) RAD 93NF-20

(continued)

94043563320

Federal Election Commission
Certification: Enforcement Priority
July 19, 1994

Page 2

- B. Take no action, close the file effective on August 1, 1994, and approve the appropriate letter in the following matters:

- 1) MUR 3470
2) MUR 3473
3) MUR 3558
4) MUR 3575
5) MUR 3581
6) MUR 3594
7) MUR 3600
8) MUR 3625
9) MUR 3647
10) MUR 3663
11) MUR 3684
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16) MUR 3756
17) MUR 3759
18) MUR 3767
19) MUR 3776
20) MUR 3779
21) MUR 3920
22) MUR 3930
23) MUR 3934
24) MUR 3939
25) MUR 3942
26) MUR 3943
27) MUR 3945
28) MUR 3948
29) MUR 3953
30) MUR 3955
31) MUR 3957
32) MUR 3964
33) MUR 3965
34) MUR 3967

(continued)

24043563321

C. Take no further action, close the file effective on August 1, 1994, and approve the appropriate letter in the following matters:

- 1) MUR 3132
- 2) MUR 3432
- 3) MUR 3466
- 4) MUR 3495
- 5) MUR 3733

Commissioners Aikens, Elliott, McDonald, McGarry, Potter, and Thomas voted affirmatively for the decision.

Attest:

7-20-94
Date

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

24043563322



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 2, 1994

G. Doug Stephens
Stephens for Congress
4232 N. Brandywine Drive, Suite E
Peoria, IL 61614

RE: MUR 3939

Dear Mr. Stephens:

On March 1, 1994, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against the respondents. See attached narrative. Accordingly, the Commission closed its file in this matter on August 1, 1994. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Sincerely,

Mary L. Taksar

Mary L. Taksar
Attorney

Attachment
Narrative

94043563023

MUR 3939
HOMER FOR CONGRESS

In his complaint, G. Doug Stephens, alleges that the Tom Homer for Congress Committee accepted a contribution that was either impermissible or excessive in the form of a guarantee of a \$10,000 bank loan. The loan was guaranteed by both the candidate, Tom Homer, and the treasurer of the Committee, Gary E. Barnhart. The complainant also alleges that Tom Homer may have guaranteed the loan with excessive funds from his state campaign committee, which according to Illinois law he is able to take from his state campaign committee as personal funds.

In regard to the loan at issue, the respondents indicate that when completing its disclosure reports, the Committee attempted to fully disclose the loan; however, the respondents now realize that the reports may not clearly reflect the loan transaction. According to the respondents, a loan was made to the Committee and personally guaranteed by the candidate, who had adequate personal non-campaign funds to repay the loan. The Committee stated that the treasurer did not pledge any personal assets as collateral for the loan or individually guarantee the loan but signed the promissory note as the Committee's representative with the intent that the Committee, not Mr. Barnhart, pay the loan back. The Committee indicated that Mr. Barnhart was listed on Schedule C as being an endorser of the loan only in his representative capacity as treasurer of the Committee. The Committee offered to take any remedial action necessary to properly disclose the loan.

The players in this matter were inexperienced and there is no evidence of serious intent to violate FECA. The activities do not appear to have had an impact on the process and it involved a limited amount of money.

94043563624



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 2, 1994

Gary E. Barnhart, Treasurer
Homer for Congress
P.O. Box 5006
Peoria, IL 61601

RE: MUR 3939

Dear Mr Barnhart:

On March 9, 1993, the Federal Election Commission notified Homer for Congress ("Committee") and you, as treasurer, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against the Committee and you, as treasurer. See attached narrative. Accordingly, the Commission closed its file in this matter on August 1, 1994.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar
Attorney

Attachment
Narrative

94043563025

MUR 3939
HOMER FOR CONGRESS

In his complaint, G. Doug Stephens, alleges that the Tom Homer for Congress Committee accepted a contribution that was either impermissible or excessive in the form of a guarantee of a \$10,000 bank loan. The loan was guaranteed by both the candidate, Tom Homer, and the treasurer of the Committee, Gary E. Barnhart. The complainant also alleges that Tom Homer may have guaranteed the loan with excessive funds from his state campaign committee, which according to Illinois law he is able to take from his state campaign committee as personal funds.

In regard to the loan at issue, the respondents indicate that when completing its disclosure reports, the Committee attempted to fully disclose the loan; however, the respondents now realize that the reports may not clearly reflect the loan transaction. According to the respondents, a loan was made to the Committee and personally guaranteed by the candidate, who had adequate personal non-campaign funds to repay the loan. The Committee stated that the treasurer did not pledge any personal assets as collateral for the loan or individually guarantee the loan but signed the promissory note as the Committee's representative with the intent that the Committee, not Mr. Barnhart, pay the loan back. The Committee indicated that Mr. Barnhart was listed on Schedule C as being an endorser of the loan only in his representative capacity as treasurer of the Committee. The Committee offered to take any remedial action necessary to properly disclose the loan.

The players in this matter were inexperienced and there is no evidence of serious intent to violate FECA. The activities do not appear to have had an impact on the process and it involved a limited amount of money.

94043563328



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 2, 1994

Gary E. Barnhart
400 Rosewood Drive
Canton, IL 61520

RE: MUR 3939

Dear Mr. Barnhart:

On March 9, 1994, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against you. See attached narrative. Accordingly, the Commission closed its file in this matter on August 1, 1994.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

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Sincerely,

Mary L. Taksar

Mary L. Taksar
Attorney

Attachment
Narrative

24043563327

MUR 3939
HOMER FOR CONGRESS

In his complaint, G. Doug Stephens, alleges that the Tom Homer for Congress Committee accepted a contribution that was either impermissible or excessive in the form of a guarantee of a \$10,000 bank loan. The loan was guaranteed by both the candidate, Tom Homer, and the treasurer of the Committee, Gary E. Barnhart. The complainant also alleges that Tom Homer may have guaranteed the loan with excessive funds from his state campaign committee, which according to Illinois law he is able to take from his state campaign committee as personal funds.

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94043563328



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

August 2, 1994

Thomas J. Homer
62 Redwood Circle
Canton, IL 61520

RE: MUR 3939

Dear Mr. Homer:

On March 9, 1994, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against you. See attached narrative. Accordingly, the Commission closed its file in this matter on August 1, 1994.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar
Attorney

Attachment
Narrative

MUR 3939
HOMER FOR CONGRESS

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The players in this matter were inexperienced and there is no evidence of serious intent to violate FECA. The activities do not appear to have had an impact on the process and it involved a limited amount of money.

9404356330



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3939

DATE FILMED 8-31-94 CAMERA NO. 2

CAMERAMAN JMW

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