



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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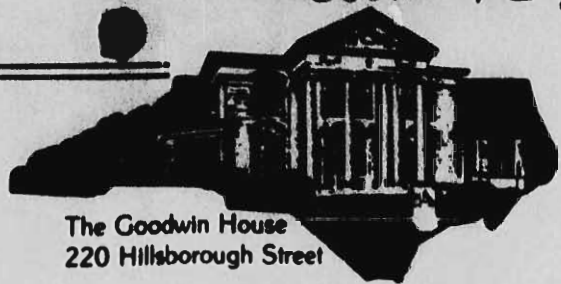
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CAMERAMAN K.A.U.

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The Democratic Party of North Carolina

Post Office Box 12196
Raleigh, North Carolina 27605-2196 • Telephone (919) 821-2777



The Goodwin House
220 Hillsborough Street

October 10, 1986

Mr. John Warren McGarry, Chairman
Federal Election Commission
Washington, D.C. 20463

Re: Unlawful Contributions to the Neighbors
for Epperson Committee
FEC No. 116840

Dear Commissioner McGarry:

As Chairman of the North Carolina Democratic Party, I write this letter pursuant to the provisions of 2 U.S.C. §437g as a formal complaint against the Neighbors for Epperson Committee and WTOB, Inc. I respectfully request that the Commission conduct an immediate investigation of certain in-kind contributions to the Neighbors for Epperson Committee to determine if the Committee is the beneficiary of illegal corporate contributions and excessive contributions from WTOB, Inc.

UPON INFORMATION AND BELIEF, I ALLEGE:

Parties

The following political committees and corporations are the subject of this complaint:

1. Neighbors for Epperson Committee. This committee was established as the principal campaign committee for Stuart W. Epperson, a candidate for the United States Congress from the Fifth District of North Carolina, nominated by the Republican

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Party as its candidate on May 6, 1986.

2. WTOB, Inc., 8025 North Point Boulevard, Winston Salem, North Carolina. WTOB, Inc. is owned or controlled by Stuart Epperson, candidate for Congress from the Fifth Congressional District. (Exhibit A.)

Facts

On the 30th day of December, 1985, Stuart W. Epperson filed a Statement of Candidacy indicating his intention to seek the Republican Party nomination for Congress in the Fifth Congressional District. (Exhibit B.) The Neighbors for Epperson Committee was designated as the principal campaign committee of Stuart Epperson. Following the declaration of his candidacy, Stuart Epperson personally presented a "Point Of View" editorial on WTOB Monday through Friday at 8:25 a.m., 10:31 a.m., 12:25 p.m., 3:31 p.m. and 5:12 p.m. and at various times on Saturday which broadcasts were a repeat of the weekly broadcasts. The "Point Of View" editorial was discontinued as of July 7, 1986. (Exhibit C.)

The WTOB "Point Of View" editorial addressed the subjects described on the list which is attached as Exhibit D, which subjects include among others, certain issues of a purely political nature including, but not limited to, President Gerald Ford, Congressional voting on the subject of AIDS, Congressman

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Stephen Neal's views on Khadafi in the Gulf of Sidra, farm issues, tax reform, Ferdinand Marcos, Cuba and the Contras, nuclear power, pornography, military preparation, Ronald Reagan, and others. Copies of the available transcripts of the editorials are attached hereto as Exhibit E.

The Epperson Committee has not reported receipt of any air time as an in-kind contribution nor has it made payment for such air time. The value of such air time is not presently known but is believed to be in excess of \$10,000.00.

The commentaries provided by Mr. Epperson, while not all expressly advocating his election or the defeat of Congressman Stephen L. Neal, all provide to Mr. Epperson and to the Epperson Committee a thing of value, radio air time, which constitutes and is a thing of value within the meaning of the Federal Election Campaign Act. The commentaries are intended to influence the outcome of the Fifth District Congressional election. Furthermore, to the extent that such commentaries focus on issues of a political nature, particularly matters presently pending before the Congress or to come before the Congress, the expression of the candidates views on such issues have a clear and direct tendency to promote the election of Mr. Epperson, a clearly identified candidate, or the defeat of Congressman Neal, a clearly identified candidate.

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Law

2 U.S.C. §431(8)(A) The term "contribution" includes -
(i) any gift, subscription, loan, advance, or deposit
of money or anything of value made by any person for
the purpose of influencing any election for Federal
office.

2 U.S.C. §441b(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 conventions 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 union, as the case may be
prohibited by this section.

2 U.S.C. 441b(b)(2) for purposes of this section and
section 79(h) of title 15, the term "contribution or
expenditure" shall include any direct or indirect
payment, distribution, loan, advance, deposit, or gift
of money, or any services, or anything of value (except
a loan of money by a national bank or State bank made
in accordance with the applicable banking laws and
regulations and in the ordinary course of business) to
any candidate, campaign committee, or political party
or organization, in connection with any election to any
of the offices referred to in this section.

2 U.S.C. §441a(a)(1)(A) No person shall make
contributions to any candidate and his authorized

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political committees with respect to any election or Federal office which, in the aggregate, exceed \$1,000.00.

11 CFR §100.7(b)(2) Any cost incurred in covering or carrying a news story, commentary, or editorial by any broadcasting station, newspaper, magazine, or other periodical publication is not a contribution unless the facility is owned or controlled by any political party, political committee, or candidate, in which case the cost for a news story (i) which represents a bona fide news account communicated in a publication of general circulation or on a licensed broadcasting facility, and (ii) which is part of a general pattern of campaign-related news accounts which give reasonably equal coverage to all opposing candidates in the circulation or listening area, is not a contribution. (Emphasis added.)

Violations

1. WTOB, Inc. d/b/a WTOB has made an unlawful corporate contribution to the Epperson for Congress Committee.
2. WTOB, Inc. has made an unlawful excessive contribution to the Epperson for Congress Committee.
3. Neighbors for The Epperson Committee has knowingly accepted unlawful corporate contributions and excessive contributions from WTOB, Inc. in violation of 2 U.S.C. §441a(f) and 2 U.S.C. §441b.

Conclusion

As Chairman of the Democratic Party of North Carolina, I respectfully request that the Commission conduct an immediate investigation into these facts to determine if violations of the Federal Election Campaign Act have occurred. I further request

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that the Commission act with dispatch so that the 1986
Congressional election in the Fifth Congressional District is not
tainted by these unlawful contributions.

This the 13th day of October, 1986.

James M. Van Hecke, Jr.
James Van Hecke

SWORN TO AND SUBSCRIBED
before me this 13th day
of October, 1986.

Bessie L. Adams
Notary Public

My Commission Expires: Feb. 24, 1990

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9-18-86

STATE/LOCAL

OBITUARIES
BUSINESS

WINSTON-SALEM JOURNAL

PAGE 13

Epperson Accused of Breaking Vote Law; He Says Not

By Betsy S. Robinson
JOURNAL REPORTER

EXHIBIT A
The chairman of the N.C. Democratic Party said yesterday that he thinks Stuart W. Epperson, the Republican congressional candidate in the 8th District, has broken federal election laws by continuing to broadcast his editorials on radio station WTOB after he announced his candidacy.

Chairman James M. Van Hecke Jr. said that he is considering filing a formal complaint against Epperson with the Federal

Election Commission, which would prompt an investigation of the allegations.

"The Epperson campaign should have paid the radio station for the air time, as any other candidate would have to do," Van Hecke said in a news release.

But Epperson, who owns WTOB, said that his editorials never mentioned his campaign. And, Epperson said, he offered Rep. Stephen L. Neal, his Democratic opponent, equal time on the radio station.

The editorials were broadcast several times daily, except on Sundays, through mid-

July. Epperson announced his candidacy in January.

Karen Finucan, a public affairs specialist with the FEC, said yesterday that the content of Epperson's editorials would be an important factor in an investigation.

"What we would be concerned with primarily is whether or not the communication expressly advocates the election or defeat of a clearly identified candidate," Miss Finucan said. "If that is the case, then it could be considered to be a contribution-in-kind."

Corporations cannot contribute services

to a federal campaign unless they are paid for. Epperson's financial reports show no payments to WTOB for the air time.

Miss Finucan said: "And just the fact that he is being heard and publicized, it could be construed to be a thing of value, which might make it a corporate in-kind contribution. It is not cut and dried."

The fact that Epperson has made broadcasting his career for some time also would be considered by the FEC, Miss Finucan said.

See Epperson, Page 22

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Epperson

Continued From Page 13

"The commission has realized that out in the real world people wear other hats than just that of a candidate. If, for example, a person makes his living by being a disc jockey and then decides to run for office, is it fair for that person to give up his job?" Miss Fineman asked.

Van Hacht said that, legal issues aside, Epperson should have stopped broadcasting his editorials "to avoid even the appearance of this kind of improper relationship."

Neal agreed.

"The law was designed for precisely this kind of situation," Neal said

yesterday in a telephone interview from Washington. "They know a person would have an advantage if he or she owned a radio or television station and could use it at will."

But Epperson said yesterday that his decision to continue editorializing on WTOD was a careful one and that he felt it was his duty to do so.

"We feel that an open discussion of issues and community activities is in the public interest," he said. "We discussed the question ... with legal counsel, and we were advised very strongly that there was absolutely no problem. And Steve Neal knows there is no problem."

Epperson said that his editorial topics ranged from arts performances to drugs. "They had nothing to do with the campaign. I never advocated anyone vote for me."

EXHIBIT B

REGULAR
DEC 30 1985

CENCOS 1384

STATEMENT OF CANDIDACY

1. (a) Name of Candidate (in Full) Stuart Wilson Epperson		2. Identification No.
(b) Address (Number and Street) 3780 Will Scarlet Rd.		3. Party Affiliation Republican
(c) City, State and ZIP Code Winston-Salem, NC 27106		4. (Write in Full) U.S. House of Representatives
		5. District & State of Candidate N.C.

DESIGNATION OF PRINCIPAL CAMPAIGN COMMITTEE

6. I hereby designate the following named public or committee as my Principal Campaign Committee for the 1986 election(s)
(Year of Election)

NOTE: This designation must be filed with the appropriate office noted below.

(a) Name of Committee (in Full)

Neighbors for Epperson

(b) Address (Number and Street)
P.O. Box 5374

(c) City, State and ZIP Code

Winston-Salem, NC 27103

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.

Stuart W. Epperson
(Signature of Candidate)

Dec 30, 1985
(Date)

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. § 4370a.

CANDIDATES FOR -

President mail to:

Federal Election Commission
125 A 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:

Clerk of the House
1036 Longworth Office Bldg.
Washington, D.C. 20515

For further information contact:

Federal Election Commission
Toll Free 800-424-6630
Local 202-623-4088

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REC-104M 2-3-86

STATEMENT OF ORGANIZATION

(See reverse side for instructions)

1. (a) Name of Committee (on Full)	<input type="checkbox"/> Check if name or address is changed.	2. Date
Neighbors for Epperson		December 30, 1985
(b) Address (Number and Street)		3. FEC Identification Number
P.O. Box 5374		116840
(c) City, State and ZIP Code		4. Is this an amended Statement?
Winston-Salem, N.C. 27106		No

5 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.)

Stuart W. Epperson **Republican** **U.S. House of Representatives**
 Name of Candidate Candidate Party Affiliation Office Sought Seat/Office

- ☐ (c) This committee solicits or receives contributions from individuals and is NOT an authorized committee.
- ☐ (d) This committee is a separate segregated fund.
- ☐ (e) This committee supports/opposes more than one Federal candidate and is NOT a separate segregated fund for a party committee.

6. Name of Any Connected Organization or Affiliated Organization	Mailings Address and ZIP Code	Relationship

If the registering political committee has identified a "connected organization" above, please indicate type of organization:

☐ Corporation ☐ Corporation with Capital Stock ☐ Labor Organization ☐ Membership Organization ☐ Trade Association ☐ Cooperative

7 Collection of Records: Identify by name, address (phone number - optional) and position, the person in possession of committee books and records.

Full Name	Mailings Address and ZIP Code	Title or Position
Stephen C. Mathis	P.O. Box 5374 Winston-Salem	Treasurer

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 to a. maintain records.

Full Name	Mailings Address and ZIP Code	Title or Position
Stephen C. Mathis	P.O. Box 5374 Winston-Salem	Treasurer

9 Banks or Other Depositories: List all banks or other depositories in which the committee deposits funds, holds securities, or holds other assets.

Name of Bank, Depository, etc.	Mailings Address and ZIP Code
Wachovia Bank and Trust NA	P.O. Box 3099 Winston-Salem 27106

I certify that I have prepared this Statement and to the best of my knowledge and belief it is true, correct and complete.

Stephen C. Mathis *[Signature]* **12-30-85**
 Type or Print Name of Treasurer SIGNATURE OF TREASURER Date

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalty of 18 U.S.C. § 437a.

For further information on election law, contact: Federal Election Commission, Toll Free 800-424-9530, Local 202-418-6500

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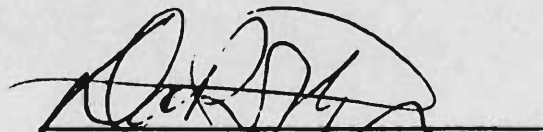


September 12, 1986

To Whom It May Concern:

Stuart Epperson, President and Owner of WTOB Radio, presented "Point of View", an editorial on WTOB Monday through Friday at the following times: 8:25am, 10:31am, 12:25pm, 3:31pm, 5:12pm, and at various times on Saturday which was a repeat of the weekly broadcasts.

The "Point of View" editorial program was discontinued as of July 7, 1986.



David R. Plyler, General Manager
WTOB

DRP/rws

EXHIBIT D

WTOB - POINT OF VIEW MASTER LIST
(Stu Epperson's Editorial Comments)

1. From Russia - Children's Toys
2. First Citizens Bank
3. President Gerald R. Ford
4. Indera Mills/Textile Manufacturers Company - Home/Abroad
5. Bill Elliott - Race Car Driver
6. The Subject - AIDS
7. Family Awareness Week
8. Bill Elliott - Race Car Driver
9. Proctor Silex Company
10. Leontyne Price Concert - Stevens Center
11. Salem Pregnancy Center
12. Illegal Drugs
13. Congress - Votes on the subject AIDS
14. Easter - a holiday
15. U. S. vs. International Law
16. Congressman Stephen Neal - View on Kadafhy Gulf of Sidra
17. Dr. Cleo Thompson, Chancellor of WSSU - View on Turning the University into a top school
18. Small Business - growing fast
19. Small businessmen, growing jobs and government
20. Michael Jordan - NBA basketball player 4/2/86
21. Jean Suttle/receptionist for Benton Convention Center, Exchange Club meeting 4/3/86
22. Dun Bradstreet on jobs/small business accounts for new jobs 4/4/86
23. The American Farmers 4/7/86
24. Nicaragua Rebels 4/8/86

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25.	7-11 Stores/Stop selling <u>Penthouse</u> magazines	4/9/86
26.	Hugh Hefner - <u>Playboy</u> magazine publisher	4/10/86
27.	Tax Reform, Tax Day	4/15/86
28.	Thomas Jefferson birthday	
29.	Marcos/What have you done?	4/13-14/86
30.	Cuba/Contras	4/17/86
31.	Tobacco	4/17/86
32.	Dr. Ruth, Sex Therapist	4/22/86
33.	Winston-Salem Symphony/John Uhell, Guest Conductor	4/28/86
34.	Import farming	4/23/86
35.	Nuclear Power Plant accident in Russia	4/30/86
36.	Birth Control	4/29/86
37.	Little Theater	5/2/86
38.	Stuart Epperson's Dad	5/1/86
39.	Taxes	5/5/86
40.	Mothers	5/11/86
41.	One Vote	5/13/86
42.	Porno	5/20/86
43.	Teachers	5/21/86
44.	Price of Freedom	5/26/86
45.	Pakistan	6/2/86
46.	Porno	6/3/86
47.	Reagan	6/4/86
48.	Roland Regan (??Ronald Reagan??)	6/27/86
49.	Federal Program	6/28/86
50.	Military Preparation	6/29/86

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51. College Education	6/30/86
52. Corp. Prog.	7/1/86
53. Mass Transportation	7/2/86
54. Work Motivation	7/3/86
55. Stu's Day	7/4/86
56. Education	7/5/86
57. Life on Farm/Father's Day	7/6/86
58. SBI	7/7/86

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TRANSCRIPTION OF STUART EPPERSON EDITORIALS

POINT OF VIEW - WTOB Editorials - WTOB President Stuart Epperson:

Why is President Reagan so popular was one of the questions I heard someone ask the other day. It was in Greensboro where Jim Broyhill and some other Republican candidates on Wednesday set a record for a fundraiser for political campaigns, over \$600,000. Later that day he attended the reception in Washington, DC, where the figure was pushed to over a million dollars.

Getting back to our original question, why is President Reagan so popular? He's, well, probably the most popular president in our country certainly since Franklin Delano Roosevelt. I asked this question of Kathy Crosby; she's in town for the Crosby Open which is going on right now at Bermuda Run. Really a class act; you ought to attend if you have the chance. But I asked Kathy Crosby, "You've known President Reagan since when?" She says, "Well, just about forever! Back way before he got into politics." I said, "Well, why is he so popular?" She said, "Stuart, it's because he's always the same. The first time I met him it was at a Theater Guild meeting. He was head of the Actors' Union. He got up and made a talk. I was there and I had questions to ask. It was the same kind of speech, the same tone, the same sincerity, the same way of expressing himself as we heard today in Greensboro." I think she's got something. Ronald Reagan, when he speaks, we all feel good about being part of the audience and I think somehow he has come up with a way to make us feel good about being Americans and that's quite an accomplishment.

Point of View a WTOB editorial with WTOB president Stuart Epperson. WTOB encourages other points of view. Inquiries may be made during regular business hours.

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It's said that nothing comes closer to achieving immortality than a federal program, especially a federal program that spends a lot of money. But we've got some good news today. A number of programs have been ended. Take the Civil Aeronautics Board; it costs \$100 million a year. This regulated the economics of the airline industry and it's gone, thanks to deregulation that began in the late 1970's. If you've flown lately on a discount or a super saver fare, you ought to be thankful that this thing is gone.

And then there is the \$700 million Enforcement Assistance Administration. This program bought expensive hardware for police forces and funded dubious research. Well, one research project cost \$27,000, it was a study on why criminals want to break out of jail. Now this program is gone. It ended in 1982 and the crime rate is starting to fall thanks to tougher sentencing.

And then the Alaskan Railroad. That was costing \$8 million a year. The Reagan Administration finally sold the Alaska Railroad to the state of Alaska for \$22 million. We still have Conrail and Amtrak. We need to find buyers right away for them.

And then the federally bankrolled Synfuels Corporation. This was created in 1980. You've probably heard of it. This was created during the Arab Oil Embargo. Well as oil prices have gone down, this has been a real waste because they were subsidizing synfuels that were being sold for up to \$68 a barrel. Synfuels closed their doors in April, thankfully.

Well, this clearly shows that something can be done; that these programs can be ended but it takes a lot of determination. It's been said that a federal program has a beginning, a middle, but unfortunately, no ending. Too many good people both in and out of Congress do nothing to bring about the elimination of these wasteful programs. Let's hope the Reagan Administration continues to try to get rid of the waste.

I was talking the other day with a young person who had just finished high school and I said you ought to go on to college. One of the reasons is you'll make a lot more money. They replied, "Well, I don't know. How much more money would I make?" Well, I

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said, according to the US Census Bureau, and these statistics were just released the other day by the US Census Bureau, over 20 years as a result of investing 4 years of time and probably \$20-30,000 over 20 years you would earn about \$328,000 more than if you just had a high school education assuming that you were the head of a family and you go on and get 4 years of college. Well, this person found these statistics fairly shocking. And I'm sure everyone would. We've all heard that if you get an education you can earn more, but the hard data on that sometimes is hard to find. Well, the Census Bureau says that if you completed elementary school and if you're head of a household, your family would probably earn on an average \$14,937 a year. These are 1984 figures. Four years of high school, your family would probably earn \$26,528 and four or more years of college, by the head of the household, the earnings would be \$43,169, an average for the average family in 1984. You separate the difference and multiply by 20, you come up with a \$328,000 more that your family would earn, if you're the head of the household and get four years of education in college. So, we've got some hard data on financial reasons why it pays to go ahead and invest four years of your life, invest \$20-30,000 that you can get a loan and earn the money because in the long run I don't know of any investment that you can find that will pay better dividends than that, so education does definitely elevate earnings in a very dramatic way.

You've heard of the Urban Mass Transportation Administration. That's the federal agency that's handed out over \$43 billion over the past 22 years to locate transit systems. Well, last December, Senator William Proxmire of Wisconsin gave his monthly Golden Fleece Award to that agency. He called it "the most wasteful use of tax money in the government. Taxpayers are being taken for a ride," he said. You probably caught the figure I mentioned a moment ago. They have handed out over \$43 billion over the past 22 years. Of course, some of that money is being used wisely and usefully. A lot of it has been wasted. In Miami, for example, they built an urban transportation system that only serves 24,000

riders daily and it has been said by President Reagan that it would have been less expensive for the federal government to have bought each rider a new limosine or a new car every five years. The same thing, just about, has happened in Detroit and other cities in the country -- New York, and of course, they're now trying to do the same thing in Los Angeles.

One alternative to the public financing of these huge programs to provide mass transportation is to let the private sector do it. For example, in Westchester County outside New York City, one of the largest contract transit systems in the U.S. operates about 325 buses a day. The county sets fares and schedules while 11 private companies run the buses and provide maintenance. Operating costs; well, they're quite a bit lower than a comparable system in nearby Nassau County; about \$3.25 a mile compared to \$4.27 a mile in Nassau County where the bus system by the way is publicly owned. Most employees in both systems belong to the same union, receive similar pay and benefits and the two systems carry about the same number of riders. Yet, in 1984, Westchester County got by with subsidies of \$9.1 million compared with \$17.8 million for Nassau. One of the things I think we're going to have to do with our transportation systems and many other government programs we've all grown so used to is look to the private sector. As people get very tired of high tax and high waste, well they're going to look for more efficient ways and less costly ways to get the job done. And one great creative alternative is the private sector.

A few recent articles from the editorial pages of the Winston-Salem Journal are certainly worth reading by William Raspery. He talks about poverty. The first one, "Does Trying to Alleviate Poverty Make it Worse?" He goes back and talks about some of the writings of Alex de Toqueville, the famous Frenchman who came to America about 150 years ago and talked about our society here. Well, he quotes de Toqueville and one of the things that he said de Toquevill said was: "Man, like all socially organized beings, has a natural passion for idleness. There are, however, two

incentives to work: the need to live and the desire to improve the conditions of life." Experience has proven that the majority of men can be sufficiently motivated to work only by the first of these incentives. The second is only effective with a small minority.

Well, a charitable institution indiscriminately opens to all those in need or a law which gives all the poor a right to public aid whatever the origin of their poverty weakens or destroys the first stimulant and leaves only the second intact. Any measure which establishes legal charity on a permanent basis and gives it an administrative form thereby creates an idle and lazy class living at the expense of the industrial and working class. In the words of de Toqueville quoted by William Raspberry; his columns are worth reading; one of them in today's Winston-Salem Journal. What he seems to conclude is that the ideals of the social government programs are worthwhile, necessary, they're vital to our society, but what they are doing is something less than ideal. We need to rethink these programs and come up with better ways of dealing with poverty. There are many suggestions and many debates going on in this area right now, but it seems to me that the government approach, letting the government do it, is the least effective of all options.

Father's Day - a good time to honor or remember our fathers. My father, well, he did a lot of things in his life. Passed away at Forsyth Memorial Hospital about three years ago. He was 96 years old and he'd done a lot of things. He was a dirt farmer, that's what he liked best, but some other things he did including being a country undertaker and he operated out of our house. It was back when he was a country undertaker that Tony Anderson, a next door neighbor, came by one day, and he said, "Harry, you know we never know about life, we never know when the end's going to come, so I want you to go ahead and build a coffin for me." So my Dad took some basic measurements and he built a coffin and it was a good looking coffin made of mahogany wood with some silverplated

handles on it and some silverplated screws on it. It was a good looking coffin and when it was finished, my Dad loaded it on the wagon and drove the team of mules out to Tony Anderson's house. And as he pulled up, Sally?, Tony Anderson's daughter, came running out of the house and said, "Mr. Epperson, you can't put that thing in this house, we won't allow it to come in. You've got to take it somewhere else." So my Dad said, "Well, I'll tell you what. I'll take it back to my house. I'll try to store it for you." So then he brought it back to my house and he found a place for it, right under a bed and every week or so, Tony Anderson would come out to our house and say, "You know, Harry, I think I'd like to take a look at the box." This went on for some time. I can tell you we all breathed a sigh of relief when word came that the box would be leaving our house permanently; that Mr. Anderson had passed away. A little later on, the county passed a law that you had to have a \$25 license in order to be in the undertaking business. My Dad said that's just too expensive, I refuse to pay it, I'll just go out of business and we were very thankful that he did. That's an episode from the life of my father. I remember him well, very frugal, very hardworking and I think it's good to remember our fathers during the Father's Day season.

Father's Day every year is a good time to honor or remember our fathers. I was born on a farm near Mt. Airy into a family that did not include the telephone, electricity, or car or even indoor plumbing. Quite a far distance from today's world when all of these things are taken for granted. My father, I remember, was probably one of the hardest working men in the community. He seemed to work night and day on the farm. It was a tough life to get a living from the farm. It still is. Just before he passed away at Forsyth Memorial Hospital in Winston-Salem, I had a chance to talk with him quite at length. One of the questions I asked him, I asked: "Pop, do you have any real regrets about the life you've lived. You've been here about 96 years. Any real regrets?" I remember him thinking for a moment and then he said, "No, I

really don't. I've tried to work hard, I've tried to live an honest, decent life and I've tried to work and leave things a little bit better for my children and grandchildren than they were when I arrived here back in 1888." And I've remembered those words since he's been gone. I think that's the challenge facing all of us. We all hav to work to leave things a little bit better than they were when we got here.

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SALT II is dead. So said Larry Speakes, White House spokesman, the other day. Is this good or bad for the United States? Well, it can be good, some people say it could be bad. As you probably are aware, this new attitude toward SALT may now remove the President from some restraints that have prevented him from making the fullest use of American technology and technological superiority to protect both the U. S. and its allies from the unrestrained build-up of Soviet weapons. As you know, the restrictive interpretation of the ABM Treaty continues to inhibit research on the Strategic Defense Initiative, SDI. And now 30 former Soviet scientists now working in the U. S. have just drafted an open letter to the American people and to Congress saying that the Soviet Union has been working on its own SDI, Strategic Defense Initiative, or "Star Wars" as it's sometimes called, since the 1960's. And they continue to apply more effort to defense than does the USA. Quoting specifically from that letter from 30 former Soviet scientists, "The Soviet Union has been intensely working on its own version of the Strategic Defense Initiative since the late 60's and puts much more of its efforts and resources into Star Wars and strategic defense programs than does the US. Development and deployment of Soviet Star Wars system is part of the Soviet Union's global strategy against the non-Communist world which seeks by coercion to usher in the final historic era of world-wide Communism and peace maintained by Soviet military power." The 30 former Soviet scientists conclude by saying, "As former citizens of the Soviet Union we love the country of our birth as much as we love the country of our choice. We want for all the millions of our

countrymen a future of peace and eventually freedom. The SDI will, we believe, help achieve these goals by discouraging the Soviet leaders from using nuclear blackmail to gain their ends and instead encourage them to turn toward and begin addressing the needs of the Russian and other people subjugated by them." Those words in an open letter to the American people and the Congress from 30 former Soviet scientists, people who should know where the Soviet Union stands on the SDI.

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Our number one health problem continues to be AIDS. Headlines read last week that 54,000 may die from AIDS in 1991. That's greater than those killed in traffic accidents last year. The Public Health Service has called for a national commission to guide America's response to the deadly illness. They project that the 54,000 victims will die as a result of AIDS during 1991, most of them people who are infected now but do not know it. By comparison, auto accidents killed 45,700 people in 1985 according to the National Safety Council. They are asking the commission to study ways to combat this dreaded disease, our number one health problem. It still amazes a lot of people why we don't have a real open and frank discussion of AIDS. What is the cause of AIDS? What is the primary cause of its spread? And what is the primary cause of these numerous deaths from AIDS that is predicted for 1991? Well, all the doctors I've talked with in a very frank manner about AIDS say that three things are the primary cause. Number one, illicit sex; number two, illegal drug use; number three, homosexual activity. Those three things are the primary causes of AIDS and yet in our public media and in pronouncements from our government officials and politicians, from everyone just about who's talking about AIDS, we seldom hear a single word about the cause of this problem. As we all know, Typhoid Mary no longer works down at the local restaurant simply because she's been fired and banned and quarantined. And yet we hear that AIDS goes on and on and yet no one even openly discusses the primary cause of AIDS.

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This week Hugh Hefner celebrates a birthday. He turns 60 years old. He was born back in 1926. Of course, Hugh Hefner is the founder of Playboy magazine. What impact has Hugh Hefner had on our society? Well, his magazine was the first of the so-called respectable magazines with a centerfold. Most people would say that Hugh Hefner has not contributed to a more understanding and adherence to a morality standard in our country. That he has contributed to a more of a "anything goes" lifestyle and that he certainly has not done a lot to keep husbands and wives together. His lifestyle, his magazine, according to many people, have gone a long ways toward lowering moral standards. The idea that if it feels good, if you enjoy it, then do it. Obviously, he has lowered our standard of morality, our sensitivity to what is right and what is wrong. We now accept and tolerate more risque material than before. We accept it as normal in our society and we have to understand that what we tolerate we help to institutionalize. The ultimate compliment, I guess, has been paid to Playboy magazine by the U. S. Congress. In recent years, they've been voting about \$100,000 to translate Playboy magazine into Braille for use, I assume, at the Library of Congress, for the blind. The other day I was talking to North Carolina Congressman Bill Cobey in the Raleigh-Chapel Hill area. Bill said that he was aware of this vote and in speaking of it, he said he asked some blind people, a delegation of blind people from North Carolina, if they were aware of it and what they thought about it. He said they were really shocked that Congress had voted about \$100,000 to translate Playboy magazine into Braille at the Library of Congress. He said they expressed an idea that they didn't feel any sense at all in doing that sort of thing. Well, Hugh Hefner is now 60, Playboy magazine is now in all of our newsstands. Of course, it's been followed by other magazines which are much more outrageous, I'd say. What impact has Hugh Hefner had on our society? Well, we probably won't know for a long time. But overall, I think we'd have to say, it's been fairly negative.

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This is income tax day, the day we're all supposed to send our tax to the U. S. government and to the state governments. Right now, tax debate is going on in Congress. Tax reform is the topic of just about everybody's conversation now and then. We think that the wrong questions are being asked about tax reform. It seems that just about everyone from General Motors on down is asking, "what's in it for me?" In the tax debate in December and in the bill that was passed by the U.S. Congress, not yet ratified by the U.S. Senate, I heard of one company which had its lobbyist succeed in getting a special provision written into that tax bill especially for that company. The question, "What's in it for me?" Well, the big question we should all be asking, "What's in it for America? What is the tax reform bill going to do in its impact on American companies, the American economy, their ability to compete in world markets." We have now, as you are aware, a \$150 billion trade deficit with other countries. Our productivity is lagging seriously behind other industrialized nations. The questions we need to ask are: "How is the tax law going to affect the competitiveness of U. S. companies at home and abroad? What about productivity? What about job development? What about development of new technology? What does this mean for the future economy of our country? When the Congress starts to ask these questions rather than, what's in it for me, and they stop adhering to the desires of the special interest groups, then we'll get real genuine beneficial and very positive tax reform. Right now, it seems to be: What's in it for me? We need to think very seriously in our tax reform what this does to our competitiveness with other nations.

We didn't want the week to pass without talking about Thomas Jefferson. Thomas Jefferson's birthday was Sunday, April 13, 1743. One of the things he later expressed gratitude toward his father for was his father's insistence and determination that he should have a sound, classical education and a sound, classical education is what he had. He knew Latin, Greek, French, Spanish, Italian and

Anglo-Saxon and concerned himself with such questions as the difference between the ancient and modern pronunciation of Greek. A man without intellectual equal in his day, commonly referred to as the Father of our Constitution, Thomas Jefferson. He's widely quoted today by people who want to prove, well, who want to prove almost anything.

The other day I heard a U.S. senator speak and he said one of the regrets that Thomas Jefferson expressed was the fact that in the Constitution there was no provision prohibiting debt structure of the federal government. He regretted not having dealt with debt in the federal government. I suppose he assumed that we would have the good sense to elect congressmen that would have the good sense to live within our means. For a long time, we did. And now, for a long time, we haven't. That's why we're forced in this 20th Century to forsake the reliance on Congress to have the backbone to do what they know is right and we have to pass things like Gramm-Rudman and we have to talk about trying to pass the Balanced Budget Amendment. This is regrettable. Oh, by the way, had Thomas Jefferson had ...had the ACLU been around when Thomas Jefferson had been president, he no doubt would have been subjected to a massive lawsuit. You see, while he was President, and he was also President of the school board in Washington, DC, and in that school board the primary text for teaching reading was, do I dare say it, well I will, The Bible.

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Imelda and Ferdinand (Epperson called him Fernando!!! -- you look marvelous)...what have you done? We're all talking about the 3,000 pairs of shoes, Imelda, you have. Well, at \$100 a pair, that's about \$300,000. In our eyes, that's pretty bad, but not near as bad, really, than the \$800 million or so that you have in a Swiss bank account, the jewels, everything else, the extravagant living as a result of you having run the Philippines for so many years. Imelda and Fernando (he did it again!), what have you done. Well, you've raped the treasury of the Philippine Islands, you've taken advantage of the American friendship and you've in the long run caused and are going to cause a lot of people a lot of suffering and a lowered standard of living and you've stabbed Democracy in the back.

Imelda and Fernando (third time!) what have you done? Does that happen in the United States? Well certainly not on the scale anywhere near what we've seen in the Philippine Islands, but perhaps it does happen just a bit.

Not long ago, I saw an article about a congressman, St. Germaine is his name, from Rhode Island. He's chairman of the House Banking Committee. This article detailed how St. Germaine over the years has been making very good investments based on tips and leadership and partnerships with various bankers who he's supposed to be regulating in different parts of the country, especially in Florida. His friendship with those bankers has led to his involvement in investment which has resulted in hundreds of thousands of dollars in profit as a result of his investments. Interesting. The people he's supposed to be regulating are people with whom he's investing money and making a lot of money, really enriching himself. How about the case of LBJ? In the 1930's, he entered the world of politics, didn't have any money. When he left he had a lot of money, maybe as high as \$30 million. One of the big things he was able to do was to get the exclusive VHF TV license in Austin, Texas, and by manipulation and pressure, keep the FCC from putting another VHF TV license or channel into that city. As a result, he became a millionaire many times over. LBJ

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and St. Germaine, what have you done? Well, there's a feeling, perhaps a feeling that you have enriched yourself on the back of the public good, using your influence, your position of trust to make a lot of money, certainly not on the scale of Imelda and Fernando (he needs educating!) in the Philippines, but still in your own way, you haven't done a lot of good for the cause of Democracy.

It happened 25 years ago. A quarter of a century. To some of us it seems like yesterday. That was the Bay of Pigs incident in Cuba; the ill-fated attempt to raid Cuba and regain the homeland and restore the freedom and overthrow Fidel Castro. Since we're debating in Congress the aid to the Contras in Nicaragua, I thought it would be a good time to just think about the Bay of Pigs incident.

A few days ago, I talked to a gentleman by the name of Rafael Franchi (?). Rafael Franchi was second in command in that invasion force. He was one of the people that was part of the invasion. I asked him about that invasion and what could have made things different. The big thing he said was we had been promised air cover, air support from the United States. At that time, Fidel Castro had only three airplanes that could really fly. With a minimal of air cover and support, we could have rewritten history, we could have regained Cuba and we could have restored freedom. The words of Rafael Franchi, strangely enough, he's not bitter today. He blames no one. He still has hope of some day returning to Cuba and restoring freedom.

Well, what if we had supplied that air cover and that help to those people invading there. Would it have succeeded? Well, we probably never will know for sure but one thing we do know for sure is that for a quarter of a century we have had Fidel Castro 50 miles from our coast and we've also had problems with Grenada; we've had the flotilla coming to our country, we've had the criminals exported by Castro to our country, we've had the problem of the refugees, we've had the Cuban soldiers in Ethiopia and all

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over the world and now, Nicaragua. And now as part of that Castro problem, the problem of not dealing with this problem in an effective way 25 years ago, today we're debating in Congress how to help the Contras. With the right support 25 years ago, Castro might not be today.

Smoking causes lung cancer, heart disease, emphysema and may complicate pregnancy. That's the warning on every pack of cigarettes manufactured in Winston-Salem at the Reynolds Tobacco Company and other tobacco companies throughout the country. That warning may just have saved the entire tobacco industry and a lot of other industries also. In spite of that warning, many Americans smoke, but mention risk nowadays and lawyers are sure to follow. Dozens of people are suing tobacco companies. Of course, the leading argument is that smokers really didn't know what they were getting into when they lit up.

Last week, the Third Circuit Court of Appeals in Philadelphia, spiked that argument and overturned a New Jersey case which had gone against the tobacco companies. The court held, and this is very important, the court held that the government-mandated warning was good enough evidence that smokers were warned of the danger. Now this Appeals Court ruling is an important step and goes a long ways toward rolling back the litigation explosion and the giant explosion we are seeing in the cost of insurance. By insisting that consumers are smart enough to understand warnings, the court is pointing the way to protection on other products from baseless lawsuits. The idea is that manufacturers can protect themselves from suits by adequately warning consumers about known risks. They'll be able to produce more, they will charge less and then the insurance premiums will be lowered and the consumer will benefit.

The idea of being protected against a risk goes back to the year 1200. According to Common Law, the law first recognized then for manufacturers and sellers to limit the potential liability by warning consumers. It's only been since the 1960's that activist

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judges have been ruling the other way. In the end, what the Appeals Court seemed to be saying is that people are free to choose their risk to smoking, their risk to just about anything we do, there is no way anyone, anywhere, is going to create a riskless society. Let's hope this important ruling stands up in the Supreme Court.

Well, I told a friend a few moments ago and he said, "You've got to be kidding." Well, I'm not. And in case you missed it in the paper this morning, Dr. Ruth, Ruth Westheimer, the person who talks about sex on TV, the person who embarrasses everybody when she talks about the private parts of human beings as if they were fingers and toes. Well, Dr. Ruth has been named, now get this, pay close attention, one of the outstanding mothers for 1986.

Now when I first heard that, I laughed. I couldn't believe it. I said who's playing this joke. The woman with the filthy mouth on television is now one of the outstanding mothers of 1986. This is picked by the National Mother's Day Committee. This is strange. This is odd. This is weird. Here on WTOB, we have been approached by people who syndicate these programs and they say, why don't you carry Dr. Ruth on the radio. We've talked it over with Babe Plyler, Mike Paine and the consensus is that she's just a women with a filthy mouth. She's been on TV all over the place, she's embarrassed a number of talk show hosts and well, she may be doing some good. Some people say so, but, gee whiz, to be national mother of the year, one of the 10 outstanding mothers of 1986 from all over the world, doesn't seem possible.

By the way, someone did suggest that if you're going to make Dr. Ruth mother of the year, why don't we promote Hugh Hefner, the founder of Playboy magazine as Father of the Year. It would seem entirely consistent. Well, I think you'll react as I do. The term, "mother," means something special to all of us. I don't want to get in a tirade about this, but there is something about motherhood that is just a little more dignified and a little more respectful than the type of thing that Dr. Ruth is doing. Anyway,

I think it's a joke; it's ridiculous and clearly the people that do this, the National Mother's Day Committee, (ha ha) they have some weird ways of thinking and selecting Mothers of the Year.

Remember John Uhlig. He's been gone about seven years. He was in Winston-Salem about 24 year, having come here in 1955 and he was in Winston-Salem on Saturday evening on the occasion of the Winston-Salem Symphony Guild's 30th anniversary party at the Winston Plaza Hotel. It was a gala affair. The Winston-Salem Symphony Guild reflecting on the past of the Winston-Salem Symphony and looking to the future. A lot of people were there, important people...John Uhlig, Maestro Peter Perey ?, a lot of the past Guild presidents who were able to be there and the charter members of the Winston-Salem Symphony Guild. The past guild presidents who were present received long-stemmed roses. But the spotlight of the evening, by and large, was on John Uhlig. Seven years departed from Winston-Salem, now in Palm Beach. John reflected on classical music and the Winston-Salem Symphony in a conversation following the party Saturday night. I asked him, in case someone doesn't know, John, why have a symphony? Why have classical music? He said, Stuart, why have a library? Why have schools? Why have a church? He said it's simply because classical music is so positive. It's uplifting to the human spirit. There's something in classical music that brings out the best in us. It is a part of civilization. That is why it's very important to expose our kids to classical music and the symphony in Winston-Salem goes a long ways toward doing that.

John Uhlig, he's seven years older now. It was good to have him back in Winston-Salem and he looks like a conductor. Jan Hill remarked that it looks like John Uhlig came over from central casting. We simply called up and asked for a conductor and they sent John Uhlig over. He's made a great contribution to our symphony in Winston-Salem and it was certainly good to see him back in the twin city.

Did you ever get the idea our government kind of seems to be going around in circles. Give you an example. We have a very extensive agricultural programs in this country, a lot of money being spent by the government at various levels....? productive.... To grow more grain and wheat and tobacco and so on. On the other hand, we have a large program that encourages farmers to be less productive, to take their acreage out of production and will actually pay them to do so. And it seems like we are going around in circles.

Another case in point is the foreign trade situation. I saw a TV commercial last night, it's by Terry Sanford. He said we have to do something to protect our industry in our country, in North Carolina, from foreign imports. Well, he's got a good point. On the other hand, we have congressmen and senators all over this country who are saying the same thing, but at the same time, they are fighting and voting and working very hard to send our taxpayers' dollars overseas to actually build factories in other countries. At the same time they're saying we've got to erect a law or barrier to keep those factories from sending goods into our country. It doesn't make a lot of sense, does it?

Somehow we ought to be able to come up with a policy that's a little more consistent, that we're going in the same direction instead of giving the appearance at least that we're going around in circles.

Now we have a first on the face of the earth. A graphite fire burning a 70 square foot cube of graphite that no one on earth knows how to extinguish. Of course, it's taking place in the Soviet Union and by now you know the news.

I would suggest we need to get a lot more information before we draw any judgments or conclusions. The facts should be carefully assessed. Clearly, with the Three Mile Island accident March 1979, there clearly was a leap to hysteria. Maybe that was caused somewhat by the Americans being treated to the movie called the "China Syndrome." I suppose you remember that movie where the

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nuclear meltdown was supposed to burn a whole clean through the earth all the way to China. Well, that's not likely to happen in this case and not likely to happen for a long time.

Just how dependent is the world on nuclear power. Well, we get about 50% ? of our electricity worldwide from nuclear generation. The French, the Belgians and the Taiwanese get over half of their electric power from electric plants. Here in North Carolina we get about 40% of our electricity from nuclear power plants, so we really have a dependency there that is not going to go away for a long time.

I think one of the big challenges of this entire thing while the world's eyes are focused on Russia and what they are going to do I think the big challenge is awaiting the entire power industry. Duke Power, for our area, they need to talk about the safety precautions, why this isn't likely, not in a longshot, not likely to happen here in North Carolina. As you probably know by now, our power companies have much more stringent safety precautions so Duke Power needs to get busy and start talking about those safety precautions that make our nuclear power stations much safer.

In case you missed it, William Rasberry had an article which I think is pretty much right on in the local paper a few days ago. It's called, "On Birth Control in Schools." Now (ha ha) before you overreact to the article, let me just read some of it and see if you don't think he has a point.

He begins with the question, "Are school-based birth control clinics a good idea? Some people seem so cock-sure that they know the answer that my own doubts come off as hopelessly weak-kneed. Try this (and he gives an analogy). A high school principal tells his assembled students that shoplifting is risky both for its moral implications and because of the prospect of jail and he wishes they wouldn't do it, but if you think you might shoplift anyhow, we have a visiting team of experts in Room 301 who will tell you how to avoid getting caught.

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The analogy will outrage proponents of school-based birth control clinics. Shoplifting is not a natural act, they will insist because it's illegal. Sex is not a criminal question but a religious and moral one and notions of right and wrong are outside the purview of public schools. They are correct, of course, but there is another point in the analogy, says Rasberry. What would be the result of a "How not to get caught shoplifting" seminar. How seriously would students take the principal's admonition not to shoplift. It's very well to preach abstinence, but real world considerations warrant teaching teenagers the facts of contraception and where the problem is most severe giving them the means of contraceptions. The watchword of the view is "let's be practical." Now, there is another voice on the scene, according to Rasberry, and we all know his name. It's William Bennett. He's secretary of Education, he's going to be in Winston-Salem this week at Wake Forest University. He said on the subject, "Giving birth control information in these birth control clinics in school is an abdication of moral authority and are on the whole a rotten idea. Birth control clinics at school may prevent some births and I won't deny that," he says, "but the question is what does it teach? What lessons does it teach? What attitude does it encourage?" Well, some of us aren't sure. Some of us will insist with Bennett and Wilson that when it comes to sex, the only acceptable instruction that adults can offer to adolescents is -- Don't. Ideas on birth control in schools from William Rasberry.

Well, Little League baseball opened in force last Saturday and one of the big openings took place in Kernersville where the Lynn Swann Little League baseball fields were dedicated formally. A lot of people were there, a lot of dignitaries, the Lynn Swann family, of course, donated the land for that nice complex that has five fields. George Grose and a lot of other people around Kernersville have been working very hard and they deserve a lot of credit for what they've done to make that great complex possible.

Well, among the people there was Gaylord Perry. You remember Gaylord Perry. He won 314 games in a major league career that

spanned many years and he's also almost a shoe-in for the Hall of Fame someday soon. I asked Gaylord about the spitball fame which he enjoyed or perhaps didn't enjoy so much while he was in the majors. He said, "Well, Stuart, I'll tell you about the spitball. It's actually a psychological ploy. The press made a lot of it. There is not much to it. But one thing it did do. It kept the batters on edge and so it worked in my favor in the long run." Gaylord Perry. Another thing I asked him, "I said, what do kids learn mostly in Little League baseball. Why is it so important that they get involved at this level." He thought for a minute and then he said, "Well, I'll tell you. One of the most important things kids learn in Little League baseball is to depend on others. They learn teamwork and I think that's an important fact of life. We must work together with others to win and accomplish our goals." Gaylord Perry, a great baseball player and now retired and Little League baseball, a great American tradition, especially in Kernersville.

This week was my father's birthday. Had he lived he would have been 98 years old. He passed away two years ago at the age of 96. His name was Harry Epperson and people around Winston-Salem knew him. He was well, primarily a farmer all of his life. What we call a dirt farmer. He liked to see things grow. During his lifetime, he had been a carpenter, a sawmill man, a kind of a country doctor, even a country undertaker and a country dentist. But the thing he loved best about his profession was that he was a farmer. Loved to see things, particularly, to come up in the springtime and his birthday this week gives me an occasion to talk about the gray wave. History's honor roll is full of people who are long in years, of great age and who are older who have proven of great value to our society. And sad to say, this is one of the large untapped resources that we have in our country, the elderly. I think too much we're trying to put them aside without understanding the real contribution they have made on our lives and our children's lives. My father kept contributing until his death. He

used to talk about education in the early years and then kept talking about it to his grandchildren. He said get a good education; no one can ever take it away from you. Not bad advice.

His doctor in Winston-Salem was cardiologist Ted Keith. I remember once asking Dr. Keith in his presence, "My dad is long in years, his health isn't as good as it used to be. Can you make some recommendations about what he should eat? He has been eating a lot of cholesterol, he's been eating a lot of pork, can you make some suggestions?" I remember Dr. Keith looking at my Dada and said, "Actually, I really want to find out what he's been eating and maybe eat the same thing myself." Well, my Dad lived to the great age of 96 years old. His contribution to our lives and my children's lives will never be forgotten simply because he continued to contribute and we were privileged to be close to him until his death.

An economic summit is going on in Japan and we thought it would be a good time to examine some of the differences in our government policies that may be leading to the tremendous trade deficits we have with all the countries industrialized, particularly Japan.

Some of our differences include the U. S. taxes on capital gains. The Japanese do not. The U.S. labor costs finance Social Security and other safety net programs. This is almost non-existent as a labor cost in Japan. The U. S. tax incentive diverts savings to things like real estate and other tax shelters while Japan tax laws make savings more available to industrial development. The U.S. middle class pays higher marginal taxes than do the Japanese and stringent U. S. anti-trust laws prohibit joint research and development projects, a thing that is almost non-existent in Japan. This is not to say that each of these items should be changed dramatically, but it is to say that we need to start asking the questions regarding our tax codes and tax reform, if we ever get tax reform, what effect will tax reform and the new tax code going to have on international competitiveness? What is

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it going to do for jobs? What is it going to do for productivity? What is best for America? Until we start asking these questions we're simply not going to be competitive worldwide.

It's a good day to remember what Mama did for us. For my part, I went up to a place called Ararat, Virginia, near Mt. Airy, to a little country graveyard and placed some flowers on my Mother's grave. It gave me a chance to reflect back on what my Mother meant to me and what kind of person she was. She was a different kind of person; not well educated, really couldn't read and write that well, but a hardworking person. I guess I would remember her most as a person who always found jobs for us to do. She used to say, "Learn to enjoy work, learn to appreciate hard work. You'll never get anywhere unless you learn to love work." Those word were pretty tough to take back then but I've grown to appreciate them more as time has passed.

I always felt like I was a special child. I was the sixth of six children but later I learned that every good mother makes every child feel special. Now my Mother was different in the fact that she wasn't into some of the niceties of homemaking; she actually went out in the field on the farm and worked with us just like everybody else. Hard work, that was the key, that's the thing she tried to give us more than anything else. And a strong reverence and a strong feeling for God and the Bible. Some of my earliest memories was of her reading the Bible to us before an open fire-place. Well, the image of mothers has changed. Just a couple of weeks ago, we had Dr. Ruth Westheimer, a sex therapist, named as one of the National Mothers of the Year (ha). Kind of hard to believe, pretty hard to accept. We need some good old-fashioned mothers.

I got a call yesterday morning from my daughter, Christie. She said, "Daddy, the Bloodmobile's here and you need to come on over and give a pint of blood that you promised you'd do." I said,

"Well, Christie, I'm pretty busy right now and pretty tired." And she said, "Well, listen, you promised and listen you can save a life." So what could I do. I went over to the school and I gave a pint of blood. And I think that's a great thing. The nurse told me that I had eight pints in all and I could easily give one of them every eight weeks. This is something that anyone can do. It's practically painless and it can be a great contribution. They need blood now at the Red Cross.

And that gives us occasion to talk about the misinformation that's floating around about giving blood and about AIDS, in particular. A lot of people think that you possibly could get the AIDS virus by giving blood. Well, that's impossible. It is evident from what I was doing yesterday that it's totally impossible. On the other hand, receiving a blood transfusion is quite another question itself. And that's because the virus of AIDS takes so long to show up. It's small, granted, but there is a slight chance that you could contact it through getting a transfusion. This gives me occasion to mention the three things that every doctor I've talked with says we need to do to stop AIDS, that is stop the illegal drugs, stop illicit sex, and stop homosexual activity. Those three things would stop AIDS right in its tracks. We don't hear that from the news media, we don't hear that from the government, simply because it has become a political issue, but it's time someone started talking about the way to end this, our number one health threat.

One vote -- your vote. Just how important is it. Well, having just been involved in a primary in North Carolina's Fifth District, I can tell you from personal first-hand experience, one vote is very important. Just a change in 160 precincts, a little over one-half the precincts in the North Carolina Fifth District, a change in those votes, would have changed the outcome of the primary election. One vote, how important is it in history.

Well, in 1645, one vote gave Oliver Cromwell control of England; in 1649, one vote caused Charles I of England to be

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executed; in 1839, one vote elected Marcus Morton governor of Massachusetts; in 1845, one vote brought Texas into the Union; in 1868, one vote saved President Andrew Johnson from impeachment; in 1876, one vote changed France from a monarchy to a republic; in 1923, well, one vote gave Adolph Hitler leadership of the Nazi Party; and in 1960, a lot of people remember this, one vote changed in each precinct in Illinois would

Your vote, one vote, how important is it. Very important. Be sure to register to vote. Where do you register. Well, at most any public library you can go in to register, at the board of elections on West Fourth Street in Winston-Salem, or from a registrar which you generally find in just about every precinct here in North Carolina. Your vote is important. You have to be a resident of where you live for 30 days, then you can register to vote. Your vote, one vote, it's very important when you look at it from a historical perspective.

Let's see. We send our Congressmen to Washington to defend our Constitution, to make new laws that are in the public interest, and to reject laws that are not in the public interest. And, oh yes, one other thing -- to get our fair share of the federal pork barrel. That's money that the federal government doles out to projects all over the country largely as the result of a congressman lobbying the federal government. And I suppose you can make a pretty good case for it. Say, if San Francisco's going to get the federal money to build a certain project, then Winston-Salem ought to get the money. And you can make a good case for that too. Well, it's kind of gotten out of hand. Take the case of Miami, one billion dollars to build a transit system, a rapid transit system, a subway, if you will. It was predicted that with that one billion dollars they would build a subway system that about 200,000 people would use every day. In fact, only about 25,000 use the system. It comes to about \$40,000 per person. On schedule is a system for Los Angeles, a system which many people in Los Angeles simply do not want. It's going to cost about \$3 billion.

With the new deficits in the federal government, the new concern about federal waste, there's a new idea called the new Federalism, leaving the money in the state and in the region and the local community and let the local people decide what makes sense to build or not to build. Somehow it makes more sense to leave the tax dollars where they are, in the local communities; then we wouldn't have a situation like, well, like Miami. As President Reagan said the other day, it would have been far cheaper had we bought each of the 25,000 people in Miami who use that subway system a new limosine.

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How do you remember Joe Louis, the former heavyweight champion? Well, yesterday, a group of former champions -- Muhammad Ali, Joe Frazier, Jersey Joe Wolcott, Sugar Ray Leonard, and Michael Spinks, all gathered at Arlington National Cemetery to pay tribute to Joe Louis, nicknamed the Brown Bomber. Anyone over 45, of course, remembers Joe Louis. He was heavyweight champion over three decades, from 1937-1949 he held the title. His record was 67-3, 52 knockouts, and of course it went on and on and on. He rose from the streets of Detroit to the world championship and he passed away on April 12, 1982 (3)? The last time he was in Winston-Salem was about 1969 he was here to referee a wrestling match, quite a step down from being heavyweight champion of the world. And of course, the ceremonies yesterday at Arlington National Cemetery was the occasion of Louis' 72nd birthday; the 72nd anniversary of Louis' birth, which was May 13, 1914. He was a man of real character, I think. One of the things he said I think provides some real insight into really who Joe Louis was. He was asked by a reporter at the end of his career what his greatest thrill was. I remember Joe Louis paused and thought for a minute and then he replied, well, I made enough money in boxing to send my sister to Howard University. On her graduation day I went up there along with my mother. After the graduation of my sister, my mother, my sister and I walked across the campus at Howard University in Washington. That was my greatest thrill. Joe

Louis. It is appropriate that Muhammad Ali should say, Joe Louis -- the real greatest.

It seems that Jackie Presser, president of the Teamsters Union, has joined other former Teamster Union presidents in its honor roll of being indicted by the federal government. Remember Dave Beck back in the 50's indicted and went to prison. Then Jimmy Hoffa, indicted and went to prison, one day he was and then the next day he was not. He simply disappeared off the face of the earth. And then Roy Williams, indicted and went to prison. And now, Jackie Presser, has not been indicted. This is not to say that Jackie Presser is guilty. A man is assumed to be innocent until proved guilty. Presser is accused of the alleged embezzlement of more than \$700,000 union ??? He and his co-defendants face up to 20 years in prison, \$25,000 in fines and forfeiture of their union offices if convicted of the racketeering charges.

Jackie Presser is attending the annual Teamster Union convention in Las Vegas and he is favored overwhelmingly to be reelected as president of that organization. Of course, he'll have to vacate that office if he is convicted of this offense. What this says, I think, to those labor unions as to the labor movement in America, is that it's time for them to really get serious about cleaning up their act. The labor people I know in and around Winston-Salem are not the type of people to be indicted by the federal government or to be convicted. What the labor unions need nationwide is to realize that things like this, federal indictments, and especially convictions, cast a black mark against the labor movement. It's time they get their act together and clean it up.

Does pornography cause violence? That's a question that will be debated in the United States for some time. According to a Justice Department Commission on Pornography, they have concluded

that most pornography sold in the United States is potentially harmful and can lead to violence. Now this is in stark contrast to a report about 16 years ago. That Commission was set up by President Lyndon Johnson and it was headed by the President of the American Civil Liberties Union. They stated that pornography does not cause violence. They also stated that in some cases, at least, that pornography has actually been beneficial because it helps relieve tension. And now the new report. The new report says that most pornography bears some casual relationship to the level of sexual violence, sexual coercion and unwanted sexual aggression. They conclude and they reached that conclusion unanimously and competently that the available evidence strongly supports the hypothesis that substantial exposure to sexually violent material as described in that report bears a casual relationship to anti-social acts of social violence and for some sub-groups, possibly some unlawful acts of sexual violence. So, this is the question the public will be asked to debate. Does pornography cause violence? Does the material such as sold by Stutts bookstore in Winston-Salem cause violence, lead to sexual crimes, or is it basically harmless? We think it does cause violence. We think it's detrimental to our society. The way we answer this question in the coming months will have a great affect on the future of our society.

A group of kids are playing in a school yard. One of them sees a toy laying on the other side of the road. He calls for several friends to join him. They rush over and they pick the toy up and it explodes right in their hands immediately killing two children, severing the arm of another child and blinding the other child for life.

These toys came from Russia and this is the topic of an article in a recent Reader's Digest which was entitled "From Russia with Hate." The Russians, the Communists, are sending toys to Afghanistan but not for the usual reasons. These toys contain high level explosives. They are placed by the Russian soldiers at

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strategic parts in different parts of Afghanistan. When a child picks up one of the toys or touches it or moves it, it explodes and instantly either kills or maims that child probably for life.

I think you'll agree with me that this has to be a new low in human conduct. Anyone who still thinks the communists are well, are like just ordinary people with just a few cultural differences, well, you should read this article, "From Russia with Hate," in a recent Reader's Digest.

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"Carolina is a great place to live and work and it's going to be a great place to live and work." The optimistic words of Boddie Bodenheimer, vice president of First Citizens Bank. He was speaking at the Economic Forecast Luncheon in Winston-Salem yesterday put on by the Winston-Salem Chamber of Commerce. Historically, he said, North Carolina has been a poor state but all of that is changing. Over 50% of the country's growth in the next 15 years will be in five states -- North Carolina is one of those states.

This year a dynamic growth is going to be active in North Carolina. One of the things that is going to happen; we're going back to single family housing. This is the year of the house due to lower interest rates. Unemployment will be low; employment will be full and downtown areas will be revitalized. He had some words of criticism for Washington, DC, and the congressional situation there. He called it Disneyworld North. He says we simply cannot continue to run a country on mushrooming credit. We must make balancing the federal budget mandatory. With debt financed by foreign loans to us, we've got a terrible situation. He went on to say that textiles is one area where we need some real help. Of 800,000 in manufacturing in North Carolina, over 300,000 people are in textiles and we have a \$17 billion trade deficit in textiles in 1986. I asked him a little later during the meeting what he thought about our lack of growth in productivity. After all, productivity ultimately determines the standard of living of any nation. He said he's very concerned about that. He said one thing we need to do is get our technical schools, like Forsyth Tech here

in Winston-Salem, back to studying technology and teaching people how to work and be productive. We don't need any more regular colleges, he says. It might be an idea worth considering.

We have a lot of reasons to be optimistic about the future in North Carolina and this economic forecast luncheon was a great place to talk about them.

There lies the most perfect ruler of men the world has ever seen and now he belongs to the ages.

Of whom was this said. Let's see if you know. He was born in Kentucky, raised in Indiana and lived in Illinois. When he was seven years old, his family was forced out of their home because of a legal technicality. He had to work to help support them. At age 9, while still a backward, shy little boy, his mother died. At 22, he lost his job as a store clerk. He wanted to go to law school but his education was not good enough. At 23, he went into debt to become a partner in a small store. Three years later, his business partner died, leaving him a huge debt that took years to repay. At 28, after developing a romantic relationship with a young lady for four years, he asked her to marry him. She said, "No." And earlier youthful love he shared with a lovely girl ended in her death. At 37, on his third try, he was finally elected to the U. S. Congress. Two years later he ran again and failed to be reelected. I should add it was about this time he had what some today would call a nervous breakdown. At 41, adding additional heartache to an already unhappy marriage, his four-year old son died. The next year he was rejected for land officer. At 45, he ran for the Senate and lost. Two years later he was defeated for nomination for vice president. At 49, he ran for the Senate again and lost again. Add to this an endless barrage of criticism, misunderstanding, ugly and false rumors and deep periods of depression and you realize it's no wonder he was snubbed by his peers and despised by multitudes. Hardly the envy of his day. At 51, however, he was elected President of the United States.

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By now, you know the words I said a moment ago were spoken of the most inspirational and highly regarded president in American history, Abraham Lincoln; the man whose birthday we are celebrating today. In standing erect, he was six feet four inches tall and this is what he said. He said, "It is the eternal struggle between two principles, right and wrong, throughout the world. It is the same spirit that says, 'You toil and work and earn bread and I'll eat it no matter in what shape it comes. Whether from the mouth of a king who seeks to bestride the people of his own nation and live by the fruit of their labor, or from race of man as an apology for enslaving another race. It is the same tyrannical principle." Lincoln was a quiet man. Abe Lincoln was a quiet and melancholy man but when he spoke of Democracy this is what he said. He said, "As I would not be a slave, so I would not be a master. This expresses my idea of Democracy."

Abraham Lincoln, sixteenth president of these United States, is everlasting in the memory of his countrymen for on the battlefield at Gettysburg this is what he said. He said, "That from these honored dead we take increased devotion to that cause for which they gave their last full measure of devotion. That we here highly resolve that these dead shall not have died in vain and that this nation under God shall have a new birth of freedom and that government of the people, by the people, and for the people shall not perish from the earth."

And so it was on that April evening over 100 years ago that Edwin Stanton, a former critic, looked down into the face of the dying president, Abraham Lincoln, in the small boarding house across the street from Ford Theater in Washington, DC, and said the words we mentioned a moment ago: "There lies the most perfect ruler of men the world has ever seen. And now he belongs to the ages."

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1. Consignee's Copy

SENSITIVE

**FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463**

EXPEDITED FIRST GENERAL COUNSEL'S REPORT

RESPONDENTS: Neighbors for Epperson
Committee
Stephen C. Mathis,
treasurer
WTOB, Inc.

MUR NO.: 2268
DATE TRANSMITTED
TO COMMISSION: 52

STAFF:
Eric Kleinfeld

COMPLAINANT: James Van Hecke

SUMMARY OF ALLEGATIONS

Complainant alleges that Neighbors for Epperson Committee ("Committee") and Stephen C. Mathis, as treasurer, knowingly accepted unlawful corporate and excessive contributions from WTOB, Inc., in violation of 2 U.S.C. § 441a(f) and § 441b. Complainant further alleges that WTOB, Inc. made unlawful corporate and excessive contributions to the Committee, in violation of 2 U.S.C. § 441a(a)(1)(A) and § 441b.

PRELIMINARY LEGAL ANALYSIS

The Office of General Counsel's initial review of the complaint indicates that violations of 2 U.S.C. § 441a(a)(1)(A), § 441(a)f and § 441b may have occurred, in that WTOB, a corporation, may have provided radio air time to the Committee at no charge. This air time is alleged to have a value in excess of \$10,000.

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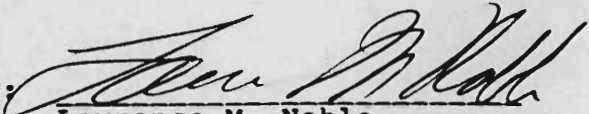
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OFFICE OF THE
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION

Accordingly, the respondents must be given the opportunity to respond to the allegations before the Office of General Counsel makes recommendations regarding this matter.

Charles N. Steele
General Counsel

10/16/86
Date

BY: 
Lawrence M. Noble
Deputy General Counsel

88040705637

CCC#1900

LAW OFFICES

MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 800
WASHINGTON, D. C. 20036

(202) 659-4700

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

LAWRENCE ROBERTS
LINDA J. ECKARD
RACHEL D. CRAMER
J. PARKER CONNOR
OF COUNSEL

October 31, 1986

HAND DELIVERED

Mr. Charles N. Steele, General Counsel
Federal Election Commission
999 E Street, N.W.--Room 657
Washington, D.C. 20463

Re: MUR 2268

Dear Mr. Steele:

I have been retained to represent WTOB, Inc., in the above-referenced matter under review.^{1/}

I have just today received from my client a copy of your letter of October 20, 1986, notifying WTOB, Inc., of the complaint against it filed with the FEC. According to your letter, WTOB, Inc., has 15 days from receipt of the letter within which to respond to the allegations against it.

WTOB, Inc., received your letter on October 25, 1986. Thus, its response is due by November 10, 1986. However, as stated above, I did not receive a copy of your letter and associated materials until today. I am requesting, therefore, an extension of one week, until November 17, 1986, to respond to the charges. I am requesting additional time so that I may fully study the matter under review and prepare an adequate response.

^{1/} A "Statement of Designation of Counsel" shall be submitted to the FEC by November 10, 1986

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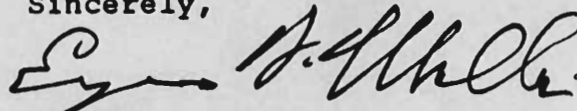
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GENERAL COUNSEL

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Mr. Charles N. Steele, General Counsel
October 31, 1986
Page Two

In a telephone conversation today with my associate, Mary Lawless, Eric Kleinfeld, the FEC attorney assigned to this matter, indicated that there should be no problem with granting this request. Accordingly, unless notified otherwise, WTOB, Inc., shall file its response by November 17, 1986.

Sincerely,



Eugene F. Mullin

EFM/rmj

cc: Eric Kleinfeld, Esq.

38040705639

LAW OFFICES

MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20036

(202) 659-4700

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EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

LAWRENCE ROBERTS
LINDA J. ECKARD
RACHEL D. CRAMER
MARY C. LAWLESS
J. PARKER CONNOR
OF COUNSEL

November 4, 1986

Charles N. Steele, General Counsel
Federal Election Commission
999 E Street, N.W.--Room 657
Washington, D.C. 20463

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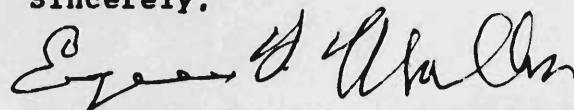
OFFICE OF THE
GENERAL COUNSEL

Re: MUR 2268

Dear Mr. Steele:

Enclosed please find the signed "Statement of Designation of Counsel" of WTOB, Inc., designating me as counsel to WTOB, Inc., for FEC MUR 2268.

Sincerely,


Eugene F. Mullin

EFM/jt
Enclosure

cc: Eric Kleinfeld, Esq.

98040705640

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2268

NAME OF COUNSEL: Eugene F. Mullin

ADDRESS: Mullin, Rhyne, Emmons and Topel, P.C.

1000 Connecticut Avenue, Suite 500

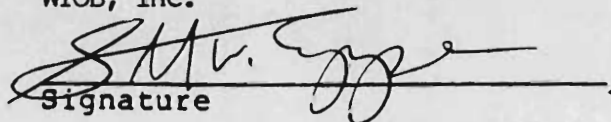
Washington, D.C. 20036

TELEPHONE: (202) 659-4700

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.

WTOB, Inc.

11-3-86
Date


Signature

RESPONDENT'S NAME: Stuart W. Epperson, President
WTOB, Inc.

ADDRESS: 3780 Will Scarlet Road

Winston-Salem, NC 27104

HOME PHONE: (919) 765-7438

BUSINESS PHONE: ---

88040705641



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 5, 1986

Eugene F. Mullin, Esquire
Mullin, Rhyne, Emmons
and Toppel
1000 Connecticut Avenue
Suite 500
Washington, D.C. 20036

Re: MUR 2268
WTOB, Inc.

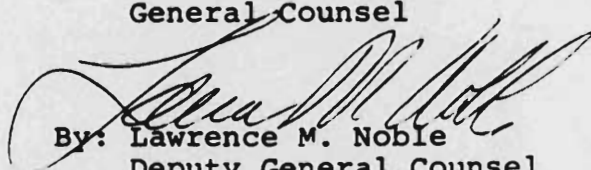
Dear Mr. Mullin:

This is in response to your letter dated October 31, 1986, in which you request a seven (7) day extension of time to respond to the allegations against your client, WTOB, Inc.

I have reviewed your request and agree to the requested extension. Accordingly, your response is due no later than November 17, 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: Lawrence M. Noble
Deputy General Counsel

88040705642

QCC# 1978

SMILEY, OLSON, GILMAN & PANGIA

ATTORNEYS AT LAW

1015 H STREET, NORTHWEST

WASHINGTON, D.C. 20006-3604

(202) 466-8100

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ROBERT R. SMILEY III, P. C. (DC)
WILLIAM J. OLSON, P. C. (DC, VA)
NICHOLAS GILMAN, P. C. (DC, MD, PA)
MICHAEL J. PANGIA (DC, NY)
JOHN J. CARLINO (NY)
ROBERT A. MINEO (NC)
WILLIAM P. HARPER, JR. (NC)

NANCY A. CHILES (SC)
ROBERT R. WARCHOLA, JR. (FL)
WILTON J. SMITH (VA)

OF COUNSEL
GUY O. FARLEY, JR. (VA)

SUITE 310
1082 JUDICIAL DRIVE
FAIRFAX, VIRGINIA 22030
(703) 594-8800

150 BROADWAY
NEW YORK, NEW YORK 10038
(212) 406-4848

SUITE 500
1420 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
(215) 546-1430

530 NORTH BLOUNT STREET
RALEIGH, NORTH CAROLINA 27604
(919) 834-8865

39 BROAD STREET
(P.O. BOX 67, ZIP 29402)
CHARLESTON, SOUTH CAROLINA 29401
(803) 723-2323

November 11, 1986

HAND DELIVER

Eric Kleinfeld, Esquire
Staff Attorney
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2268
Neighbors for Epperson

Dear Mr. Kleinfeld:

Our client Epperson for Congress Committee has received notification from your office that the FEC received a complaint against it filed by the Democratic Party of North Carolina. This letter arrived at the campaign before the election and I was contacted by the campaign to represent them.

I attempted to reach you by telephone for several days and I appreciated your returning each of my calls, but we did not speak until today. I do not know which exact date our client's response is due, but I would like to request that we have an extension of 14 days from today to provide our response. I would like to provide you with a complete response at that time. Considering the proximity of this letter to the general election and to the activities of the pre- and post-election period, I hope you would understand the difficulty in providing a response at this time. If it is not possible to have the full 14 day extension, I would appreciate obtaining an extension until the date on which I understand WTOB, Inc. has obtained an extension.

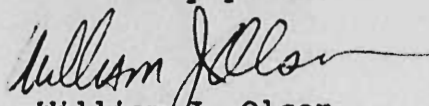
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OFFICE OF THE
GENERAL COUNSEL

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Thank you for your courtesy on the telephone today. We will furnish you with a designation of counsel later in the week.

Sincerely yours,


William J. Olson

WJO:rg

cc: Neighbors for Epperson

88040705644



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 12, 1986

William J. Olson, Esquire
Smiley, Olson, Gilman & Pangia
1815 H Street, NW
Washington, D.C. 20006-3604

Re: MUR 2268
Neighbors for Epperson
Stephen C. Mathis, treasurer

Dear Mr. Olson:

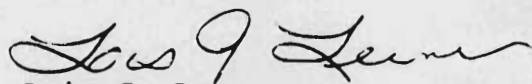
This is in response to your letter which the Office of General Counsel received on November 10, 1986, in which you request a fourteen (14) day extension of time to respond to the allegations against your clients, the Neighbors for Epperson Committee and Stephen C. Mathis, as treasurer.

I have reviewed your request and agree to the requested extension. Accordingly, your response is due no later than November 24, 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:


Lois G. Lerner
Associate General Counsel

88040705645

LAW OFFICES

MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20036

(202) 659-4700

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

LAWRENCE ROBERTS
LINDA J. ECKARD
RACHEL D. CRAMER
MARY C. LAWLESS
J. PARKER CONNOR
OF COUNSEL

November 17, 1986

HAND DELIVERED

Charles N. Steele, General Counsel
Federal Election Commission
999 E Street, N.W.--Room 657
Washington, D.C. 20463

Attention: Eric Kleinfeld, Esq.

Re: MUR 2268

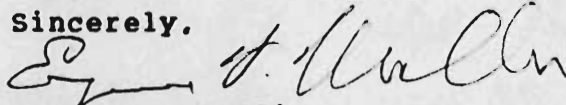
Dear Mr. Steele:

On behalf of Salem Media of North Carolina, Inc., I hereby submit the attached "Statement of Salem Media of North Carolina, Inc.," and accompanying affidavits of David R. Plyler and Stuart W. Epperson, demonstrating that no action should be taken against Salem Media in this matter.

Although your letter of October 20, 1986, and the complaint filed in this matter refer to allegations made against "WTOB, Inc.," there is no such entity associated with Radio Station WTOB. "Salem Media of North Carolina Inc." is the correct name of the corporate licensee of Station WTOB.

I would be pleased to respond to any questions regarding these documents, or any further questions the Commission might have.

Sincerely,


Eugene F. Mullin
Counsel for Salem Media of
North Carolina, Inc.

EFM/jt
Enclosures

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

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Before the
FEDERAL ELECTION COMMISSION

In the Matter of

Salem Media of North Carolina, Inc.

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MUR 2268

STATEMENT OF SALEM MEDIA OF NORTH CAROLINA, INC.

8 8 0 4 0 7 0 5 6 4 7
Salem Media of North Carolina, Inc. ("Salem Media"), licensee of Radio Station WTOB(AM), Winston-Salem, North Carolina, hereby responds, by its attorneys, to the allegations made by James Van Hecke in a letter to the Federal Election Commission ("FEC") dated October 13, 1986. Salem Media submits that there is no reason to believe that Salem Media has committed or is about to commit any violation of the Federal Election Campaign Act ("FECA"). Accordingly, no action should be taken against Salem Media in this matter.

SALEM MEDIA HAS NOT VIOLATED THE FECA

1. Mr. Van Hecke's complaint alleges that WTOB's broadcasts of "Point of View" editorials delivered by Salem Media's owner, Stuart W. Epperson, constituted an unlawful and excessive corporate contribution in violation of the FECA. Mr. Epperson was a candidate in the Republican primary in North

Carolina's Fifth Congressional District on May 6, 1986, and was the Republican candidate in the general election on November 4, 1986. He began broadcasting editorials shortly after acquiring the station in March 1985. He ceased doing so in June 1986 and did not resume until after the general election.

2. Mr. Van Hecke's allegations are entirely meritless. WTOB's editorials were not "contributions" or "expenditures" under the FECA. They were not broadcast in connection with any election. Rather, they were presented as part of the station's public service obligations as a licensee of the Federal Communications Commission ("FCC"). WTOB's broadcasts of those editorials cannot be considered an unlawful, much less excessive, contribution to any candidate or campaign.

3. Section 441b(a) of the FECA provides that it is unlawful for any corporation to make a "contribution or expenditure in connection with any election" for a Representative to Congress. Section 441b(b)(2) provides that the term "contribution or expenditure" includes a gift of anything of value to any candidate or campaign "in connection with any election...." In addition, Sections 431(8)(A) and 431(9)(A) define contribution and expenditure as including a gift of anything of value made "for the purpose of influencing any election for Federal office."

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4. WTOB's broadcasts of its "Point of View" program did not amount to a gift of anything of value within the meaning of FECA, but rather, were an important component of WTOB's service in the public interest. The Communications Act imposes public service obligations on broadcast stations. The Act provides that a broadcast license may be granted only upon a showing that the public interest, convenience, and necessity will be served thereby. (Communications Act of 1934, as amended, Section 309 (1983)). In interpreting the Act, the FCC has repeatedly held that the provision of public service programming is a critical element of serving the public interest, convenience, and necessity. Specifically, the FCC has encouraged stations to broadcast editorials as part of their public service programming.

5. Since 1949, the FCC has authorized, and indeed encouraged, editorializing by FCC licensees. See In the Matter of Editorializing by Broadcast Licensees, 13 FCC 1246 (FCC 1949); see also Miners Broadcasting Service, Inc., 20 FCC 2d 1061, 1061 (FCC 1970) ("The Commission has officially encouraged the airing of station viewpoints on controversial issues for many years"); and Office of Communication of the United Church of Christ v. FCC, 707 F.2d 1413, 1429 (D.C. Cir. 1983) ("...the [Federal Communications] Commission has consistently stressed the importance of broadcasting 'discussions of issues of importance to the public.'"). In

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addition, in determining whether a broadcast license should be renewed, the FCC has considered noteworthy the fact that the licensee regularly editorialized on matters of immediate concern to the listening audience. The Evening Star Broadcasting Co., 27 FCC 2d 316 (FCC 1971); aff'd sub nom. Stone v. FCC, 466 F.2d 316 (D.C. Cir. 1972), reh. denied 466 F.2d 331 (D.C. Cir. 1972). Moreover, the United States Court of Appeals for the District of Columbia Circuit has recognized that a broadcast licensee has a "bedrock obligation" to address and discuss issues of concern to its local community. Office of Communication of the United Church of Christ, supra, 707 F.2d at 1430.

6. Furthermore, the United States Supreme Court has stated that discussion of public issues is integral to the operation of our system of government, and, therefore, is essential to an informed democratic citizenry. Fairness Doctrine, 102 FCC 2d 143, 149-150 (FCC 1985), citing Buckley v. Valeo, 424 U.S. 1, 14 (1976), and Dun & Bradstreet, Inc. v. Greenmoss Builders, Inc., 105 S. Ct. 2939, 2946 (1985). The Supreme Court has further stated that "[p]reserving the free expression of editorial opinion, therefore, is part and parcel of 'our profound national commitment...that debate on public issues should be uninhibited, robust, and wide open.'" FCC v. League of Women Voters, 468 U.S. 364, 382 (1984), quoting New York Times v. Sullivan, 376 U.S. 254, 270 (1964). Thus, the

expression of opinion on matters of public concern "is entitled to the most exacting degree of First Amendment protection." Fairness Doctrine, supra, 102 FCC 2d at 149-150 (FCC 1985), citing FCC v. League of Women Voters of California, supra, 468 U.S. at 375-376. Accordingly, in broadcasting its "Point of View" editorials, WTOB was striving to serve the public interest by providing the free expression and discussion of important issues, as encouraged by the FCC and the courts and protected under the First Amendment.

7. Thus the air time involved in broadcast of WTOB's "Point of View" editorials cannot be deemed to be something of value to anyone except in the sense that those programs serve the public interest. WTOB's editorials are an important element of WTOB's public service programming and do not occupy time that would otherwise be sold to advertisers. WTOB is bound to provide public service programming; if it did not broadcast the editorials, it would use that time to broadcast public service announcements or some other sort of public service programming.

8. In the broadcasting business a station never "sells out" of advertising time. WTOB could always sell advertising time in addition to the time used for public service programming. Accordingly, the air time involved in broadcasting WTOB's editorials is not something of value, and,

therefore, could not be deemed a contribution or expenditure under the FECA.

9. In addition, WTOB's editorials were not broadcast in connection with any election or for the purpose of influencing any election. WTOB began broadcasting its "Point of View" editorials in May 1985, soon after Mr. Epperson acquired the station. (See Affidavit of Stuart W. Epperson, ¶3.) The broadcasts were in no way connected with any election.

10. Moreover, the editorials were not intended to influence any election. As owner and president of Salem Media, Mr. Epperson delivered "Point of View" editorials on a variety of topics of interest to his listeners, including drugs, education, donating blood, Family Awareness Week, small businesses, and the American farmers. The station's intent in delivering the editorials has always been, and continues to be, to provide public service programming to enable WTOB to fulfill its responsibilities as an FCC licensee.

11. An editorial, by definition, reflects the opinions of the station. As a long-time broadcaster, Mr. Epperson is well-aware that the FCC has encouraged stations to broadcast editorials. As owner and president of WTOB, Mr. Epperson considered it his duty as a responsible broadcaster to provide the WTOB audience with information and opinions about public issues, and he relied on station editorials as one means of discharging that duty. (See Epperson Affidavit, ¶4.)

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12. A review of the content of WTOB's "Point of View" editorials reveals that they were not broadcast in connection with any election. The editorials address general issues of public concern. They do not advocate the election or defeat of any candidate. Mr. Epperson never used the editorials to promote his candidacy or even suggest that anyone vote for him or not vote for his opponents. Mr. Van Hecke claims, and Salem Media does not deny, that some of the editorials were of a political nature. However, the mere fact that some of the editorials were of a political nature does not mean that they were broadcast to influence any election. In serving the public interest by promoting discussion of issues of public concern, it is entirely to be expected that Mr. Epperson would address topics of a political nature. Indeed, as a responsible broadcaster Mr. Epperson should address such important topics. The significant question under the FECA, however, is whether the editorials were broadcast in connection with or for the purpose of influencing any election. They were not.

13. In addition, common sense dictates that WTOB's "Point of View" editorials were not broadcast in connection with or to influence any election. During the past few months, WTOB has sold numerous advertising spots to both Democratic and Republican candidates' campaigns, including Mr. Epperson's campaign. Those ads, like all political ads, were clearly designed to influence the election. (See Affidavit of David R.

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Plyler, ¶5.) By contrast, WTOB's editorials were simply non-partisan broadcasts on issues of public concern. Furthermore, at all times when Mr. Epperson was a candidate, his opponents had the right under Section 315 of the Communications Act to demand "equal time." However, none did. Simply stated, WTOB's editorials played no role in any election.

SALEM MEDIA IS A RESPONSIBLE FCC LICENSEE

14. Thus, WTOB's editorials were never intended to influence any election. Rather, they represent Salem Media's successful efforts to comply fully with the policies and requirements of the Communications Act and the FCC, and to operate as a responsible FCC licensee.

15. Mr. Van Hecke neglects to mention in his complaint that every time WTOB broadcast an editorial, the editorial was clearly presented as a public service message of WTOB. At the beginning of each editorial, a pre-recorded message by WTOB General Manager David Plyler stated "POINT OF VIEW--A WTOB EDITORIAL. HERE IS WTOB PRESIDENT, STUART EPPERSON." At the conclusion of the broadcast, Mr. Plyler's message stated "POINT OF VIEW--A WTOB EDITORIAL WITH WTOB PRESIDENT, STUART EPPERSON. WTOB ENCOURAGES OTHER POINTS OF VIEW. INQUIRIES MAY BE MADE DURING REGULAR BUSINESS HOURS." Thus all members of the public were encouraged to participate in WTOB's "Point of View" program.

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16. In a further effort to promote the open discussion of issues of public concern addressed in WTOB's editorials, in February 1986, Mr. Epperson personally wrote to his opposing candidates and invited them to participate in WTOB's "Point of View" editorials. (See Epperson Affidavit, ¶4.) Unfortunately, neither Mr. Neal or Mr. Gray agreed to so participate, and accordingly, Mr. Epperson continued to deliver the editorials himself until June 1986, when he stopped. (Id.)

17. Additionally, Mr. Plyler, the station's General Manager, is an experienced broadcaster and is acutely aware of WTOB's responsibility to serve the public interest. In fact, Mr. Plyler volunteered some of his free time in the past few months to work for the campaigns of four Democratic candidates, including Mabel Holton, a candidate for the North Carolina State House and a former employee of Mr. Epperson's opponent, Steve Neal. (See Plyler Affidavit, ¶¶1, 7.)

18. Mr. Plyler was aware at all times that even though WTOB's editorials were not connected with any election, because Mr. Epperson delivered them and was identified in them by name their broadcast constituted a "use" under Section 315 of the Communications Act. Accordingly, any opponent of Mr. Epperson would be entitled to an equal opportunity to be heard on WTOB. Mr. Plyler would have readily complied with any request for "equal time," but no opponent of Mr. Epperson ever made any such request. (See Plyler Affidavit, ¶6.)

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19. It is quite significant, and indeed ironical, that the very fact that gave rise to the complaint filed against Salem Media -- i.e., that Mr. Epperson did not pay WTOB to broadcast the "Point of View" editorials -- is the fact that most convincingly demonstrates that the complaint is meritless. Under the FCC's Rules, when a "use" by a candidate triggers equal opportunities for his opponents, the station must offer time to the opponents, if it is requested, at the same rate that it offered it to the first candidate. 47 C.F.R. §73.1940. If Mr. Epperson were politically motivated in delivering his editorials, surely he would have paid WTOB for the air time. That would have forced any opponents of Mr. Epperson to pay WTOB for their "equal" time. In fact, because Mr. Epperson did not pay WTOB to broadcast the "Point of View" editorials, WTOB would have been required to provide free air time to opponents who requested it. Clearly if Mr. Epperson were politically motivated in broadcasting the editorials on WTOB, he would have done so in a manner designed to preclude his opponents from free response time. It is obvious that WTOB's "Point of View" editorials were not politically motivated, nor broadcast in connection with any election, but, rather, were broadcast to promote public discussion of issues of concern and importance, entirely outside the arena of campaigning and elections.

CONCLUSION

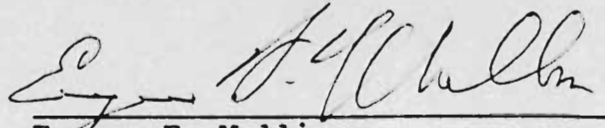
20. In conclusion, there is no reason to believe that Salem Media has committed or is about to commit any violation of the FECA. Specifically, there is no reason to believe that WTOB's broadcasts of its "Point of View" editorials constituted a contribution or expenditure in connection with or for the purpose of influencing any election. Salem Media is a responsible FCC licensee, broadcasting editorials and other public service programming on important issues in its effort to best serve the public interest, convenience, and necessity.

21. Accordingly, no action should be taken against Salem Media in this matter.

Respectfully submitted,

SALEM BROADCASTING SERVICES

By:


Eugene F. Mullin
Mary C. Lawless

Mullin, Rhyne, Emmons and Topel, P.C.
1000 Connecticut Avenue--Suite 500
Washington, D.C. 20036
(202) 659-4700

Its Attorneys

November 17, 1986

Before the
FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.) MUR 2268

AFFIDAVIT OF
STUART W. EPPERSON

Stuart W. Epperson, being duly sworn, deposes and says
as follows:

1. I am the owner and President of Salem Media of North Carolina, Inc., licensee of radio station WTOB(AM) in Winston-Salem, North Carolina. I have been in the broadcasting business for more than 20 years. I currently have ownership interests in radio stations across the country.

2. As a professional broadcaster, I am stunned at the notion that a station owner can be faulted for broadcasting editorials. That is contrary to everything that I have understood and believed over the years about the public service obligations of a broadcast licensee. It is fundamental in broadcasting that a licensee must serve the needs of the community to which the station is licensed. There is no better way to do that than to provide listeners with opinions about public issues and other matters of concern and interest to the local community. And there is no better way for a station to stimulate the

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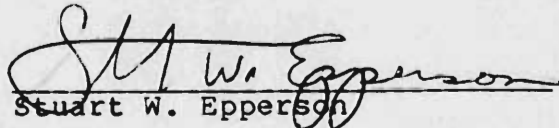
presentation of contrasting opinions than to present one point of view in an editorial and invite listeners to express opposing, contrasting, or supporting views. Among broadcasters, editorializing is regarded as one of the highest forms of public service. Editorializing by licensees has long been endorsed and encouraged by the Federal Communications Commission.

3. When I bought WTOB in March 1985, I did so because I wanted to own and become actively involved in a station in the area where I have lived since 1964. I brought to the station my long-held convictions about the public service obligations of broadcast licensees, including my convictions about the importance of station editorials. I began the "Point of View" programs in May 1985. Each program concluded with an invitation to listeners to contact the station to express their opinions on the same matter. That was done in order to comply with the Federal Communications Commission's Fairness Doctrine, which requires that, whenever a station has presented one view on a public issue, it allow a reasonable opportunity for the expression of contrasting or opposing views.

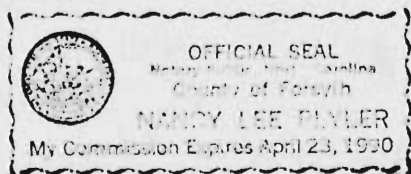
4. I never used, nor did I ever intend to use, the WTOB "Point of View" editorials to promote any campaign or influence any election. In my mind, there was no relationship between my Congressional campaign and the "Point of View" program on WTOB. I broadcast "Point of View" because I felt (and I still feel) that station editorials are a way of fulfilling WTOB's public

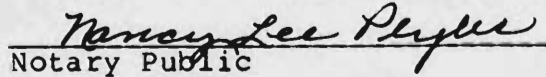
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service obligations. I broadcast the editorials myself because I am the owner of the station and an editorial is, by definition, the expression of the owner's opinion. I would have editorialized on WTOB whether or not I was a candidate for office. Nevertheless, once I became a candidate, I felt that the public would be served if WTOB's listeners heard from my opponents as well as myself. So, in February 1986, I wrote to Steve Neal and Lyons Gray, my opponents in the United States Congressional race, and personally invited them to participate in WTOB's "Point of View" program. I did not have to do that. It was not required by the "equal time" provisions of the Communications Act. I did it to inform the public and to be fair to my opponents. (See Exhibit A to this Affidavit.) Regrettably, neither accepted the invitation. I continued to broadcast "Point of View" until June 1986. I resumed the program this month, following the election.


Stuart W. Epperson

Subscribed and sworn to this 15th day of November, 1986.




Notary Public

My Commission Expires: April 23, 1990

EXHIBIT A

88040705661

WTOB
am
stereo
1380

February 13, 1986

Congressman Steve Neal
421 Federal Building
Winston-Salem, N. C. 27101-3993

Dear Steve:

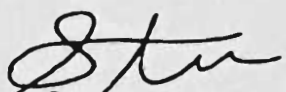
I feel it is appropriate that I write regarding the daily editorials I do on WTOB. As you are probably aware, soon after purchasing WTOB in 1985, I began broadcasting these editorials. This was done due to a strong feeling that the public interest is best served when there is an open and free discussion of important issues. This importance was made even more evident with the discontinuation of the only daily afternoon newspaper in Winston-Salem and by the fact that WTOB is the only station editorializing daily to our knowledge in Winston-Salem, or, for that matter, in all of North Carolina.

Since becoming a candidate for the United States Congress, I have determined that it is in the public interest to have more, not less, open discussion of the issues. WTOB will continue the daily editorials and I extend to you, as a candidate, the opportunity to participate with the daily editorials on WTOB in approximately the same time period as my editorials.

This provides an excellent opportunity for all of us to present, on a daily basis, our views on a broad range of issues important to the people of North Carolina. I'm sure you agree that in our society, the public interest is best served in this type of full and open forum.

Please contact us at your convenience and we will work out the details.

Sincerely,


Stuart Epperson

SE/rs

OBS RADIO
AM-FM

P.O. box 5129 Winston-Salem, NC 27101

88040705662



February 13, 1986

Mr. Lyons Gray
5199 B Country Club Road
Winston-Salem, N. C. 27104

Dear Lyons:

I feel it is appropriate that I write regarding the daily editorials I do on WTOB. As you are probably aware, soon after purchasing WTOB in 1985, I began broadcasting these editorials. This was done due to a strong feeling that the public interest is best served when there is an open and free discussion of important issues. This importance was made even more evident with the discontinuation of the only daily afternoon newspaper in Winston-Salem and by the fact that WTOB is the only station editorializing daily to our knowledge in Winston-Salem, or, for that matter, in all of North Carolina.

Since becoming a candidate for the United States Congress, I have determined that it is in the public interest to have more, not less, open discussion of the issues. WTOB will continue the daily editorials and I extend to you, as a candidate, the opportunity to participate with the daily editorials on WTOB in approximately the same time period as my editorials.

This provides an excellent opportunity for all of us to present, on a daily basis, our views on a broad range of issues important to the people of North Carolina. I'm sure you agree that in our society, the public interest is best served in this type of full and open forum.

Please contact us at your convenience and we will work out the details.

Sincerely,


Stuart Epperson

SE/rs

OBS RADIO

Before the
FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.) MUR 2268

AFFIDAVIT OF
DAVID R. PLYLER

David R. Plyler, being duly sworn, deposes and says as follows:

1. My name is David R. Plyler. I have been employed as General Manager at Radio Station WTOB(AM) since 1983. Prior to coming to WTOB, I served for four years as News Director at the radio and television station that was the NBC network affiliate in Winston-Salem, and for 10 years as Public Affairs Director of the NBC television affiliate in Winston-Salem. Among my responsibilities as Public Affairs Director was ensuring that the station was in compliance with the Federal Communications Commission rules and regulations, the Federal Election Campaign Act and all other rules and regulations applicable to broadcast stations. Consequently, I am acutely aware of broadcast stations' responsibilities to serve the public interest and to cover fairly important issues of public concern, including political campaigns and elections.

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2. When Salem Media acquired WTOB in March 1985, it instituted an aggressive effort to better serve the public interest and increase the station's listening audience. As part of that effort, Salem Media launched a "WTOB -- We Care About Our Community" promotion.

3. In addition, as part of its public service programming WTOB began broadcasting editorials on important issues of public concern. Entitled "Point of View," the editorials were delivered by Salem Media President Stuart Epperson. I made a recorded introduction to the editorials that reads as follows:

"POINT OF VIEW--A WTOB EDITORIAL. HERE IS WTOB PRESIDENT, STUART EPPERSON."

In addition, I recorded the following conclusion to the editorials:

"POINT OF VIEW--A WTOB EDITORIAL WITH WTOB PRESIDENT, STUART EPPERSON. WTOB ENCOURAGES OTHER POINTS OF VIEW. INQUIRIES MAY BE MADE DURING REGULAR BUSINESS HOURS."

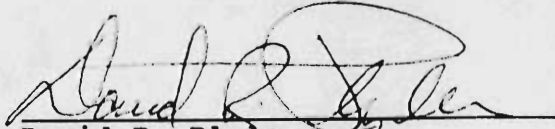
These recorded messages ran before and after each broadcast of a "Point of View" editorial. It is WTOB's hope that broadcasting these editorials, and inviting public participation in them, will promote the full and open discussion of the important public issues addressed. The editorials were not broadcast in connection with any election.

4. WTOB provides other public service programming. It broadcasts public service announcements covering community events and matters of public interest. It also provides a regularly-scheduled news program which is broadcast twice daily.

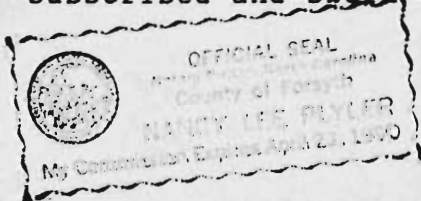
5. In addition, during the past few months WTOB sold numerous advertising spots to political campaigns, including the campaigns of Mr. Epperson, Keith Sharp (Democratic candidate for the North Carolina State House), Wayne Willard (Democratic candidate for Forsythe County Commissioner), Hank Ooesthuk (Republican candidate for the School Board), Mabel Holton (Democratic candidate for the North Carolina State House), and Warren Sparrow (Democratic candidate for District Attorney). Those ads were clearly designed to persuade listeners to vote for the candidate endorsed, and were unquestionably intended to influence the elections.

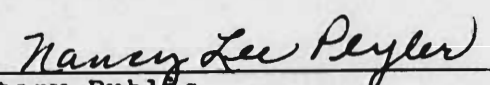
6. I was aware that Mr. Epperson declared candidacy for the United States Congress in December, 1985. Because I am very familiar with the FCC's Rules, I knew that WTOB's broadcast of the "Point of View" editorials triggered "equal opportunities" for Mr. Epperson's opponents to be heard on WTOB. I would willingly have made "equal time" available to Mr. Epperson's opponents, but none ever requested it.

7. In the past few months I myself have volunteered some of my free time to work on four campaigns for Democratic candidates: Mabel Holton, a candidate for the North Carolina State House and a former employee of Mr. Epperson's opponent, Steve Neal; Wayne Willard, a candidate for Forsythe County Commissioner; Warren Sparrow, a candidate for District Attorney, and Terry Sanford, a Democratic candidate for the United States Senate. Given this situation, and aware of my responsibilities to the public as a broadcaster, I was determined to ensure that WTOB is fair to all candidates for elective office and does not give special treatment to any candidate or political party. It is a source of pride to me that WTOB has been and continues to be an impartial media outlet faithfully serving the interests of the Winston-Salem community.


David R. Plyler

Subscribed and sworn to this 15th day of November, 1986.




Notary Public

My Commission Expires: April 23, 1990

SMILEY, OLSON, GILMAN & PANGIA

ATTORNEYS AT LAW

1015 H STREET, NORTHWEST

WASHINGTON, D.C. 20006-3604

(202) 466-5100

TELEX WU 64174 ROGER

TELECOPIER (202) 463-6233

ROBERT R. SMILEY III, P. C. (DC)
WILLIAM J. OLSON, P. C. (DC, VA)
NICHOLAS GILMAN, P. C. (DC, MD, PA)
MICHAEL J. PANGIA (DC, NY)
JOHN J. CARLINO (NY)
ROBERT A. MINEO (NC)
WILLIAM P. HARPER, JR. (NC)

NANCY A. CHILES (SC)
ROBERT R. WARCHOLA, JR. (FL)
WILTON J. SMITH (VA)

OF COUNSEL
GUY O. FARLEY, JR. (VA)

RECEIVED AT THE FEC

HAND-DELIVERED
36 NOV 24 1986

SUITE 310
10821 JUDICIAL DRIVE
FAIRFAX, VIRGINIA 22030
(703) 891-9800

150 BROADWAY
NEW YORK, NEW YORK 10038
(212) 406-4849

SUITE 800
1420 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
(215) 546-1430

530 NORTH BLOUNT STREET
RALEIGH, NORTH CAROLINA 27604
(919) 834-9985

39 BROAD STREET
(P.O. BOX 67, ZIP 38402)
CHARLESTON, SOUTH CAROLINA 29401
(803) 723-2283

November 24, 1986

HAND DELIVER

Eric Kleinfeld, Esquire
Staff Attorney
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2268; Neighbors for Epperson

Dear Mr. Kleinfeld:

Our client Neighbors for Epperson has received permission to file its response to the above-referenced MUR on or before today, November 24, 1986. Our response has been slightly delayed by litigation responsibilities and we have attempted to contact Mr. Epperson regarding some last minute details, but have been unable to reach him due to his travel schedule. We have learned that we will be able to speak with him late this afternoon or early this evening.

Accordingly, we would appreciate your extending this permission by one day, so that we may file our response and his affidavit tomorrow. Alternatively, please advise us as to how late today we can hand deliver our response to your office. For example, if we reach him by 5:00 p.m., and your office is open late, it is possible that this response can still be provided today. Please advise us if filing tomorrow presents a problem.

Sincerely yours,

William J. Olson
William J. Olson

WJO:rg

88040705668

RECEIVED
GENERAL COUNSEL
NOV 25 4 9: 04

BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of

Neighbors for Epperson

)
)
)
)
)

MUR 2268

AFFIDAVIT OF
STUART W. EPPERSON

Stuart W. Epperson, being duly sworn, deposes and says as follows:

1. My name is Stuart W. Epperson. I have reviewed the complaint filed in the above-referenced matter and furnish this affidavit regarding the facts alleged upon information and belief.

2. I was a candidate for the United States Congress from the Fifth Congressional District of North Carolina. On May 6, 1986, I won the nomination of the Republican Party to Congress, winning a primary in the District. On November 4, 1986, I lost the general election.

3. My career is that of a broadcaster, broadcast station owner, and broadcast station operator. I am the sole owner, and a director and officer of Salem Media of N.C., Inc. which is the licensee of WTOB-AM radio in Winston-Salem, North Carolina. I also have ownership interests in ten other radio stations.

4. In partial fulfillment of its obligation to broadcast in the public interest, and in order to attract a larger listening audience for the station, since June 1985 WTOB has carried daily editorials on matters of public interest. I ceased to record these editorials on July 7, 1986, and resumed immediately after the November 4, 1986 general election.

5. On February 13, 1986, I wrote the attached letters to my primary opponent and the incumbent Congressman offering them free and equal time on WTOB.

6. During this period there was no other person working for the station that could have handled these editorials for the station. When I ceased to record these editorials on July 7, 1986, our station carried a nationally-oriented substitute show.

88040705669

7. No editorial that I broadcast supported the election of myself to office, or advocated the defeat of either my primary or general election opponents, nor was intended to serve this purpose.

Stuart W. Epperson

Subscribed and sworn to
before me in my District
this _____ day of
_____, 1986.

My Commission Expires: _____

88040705670



February 13, 1986

Mr. Lyons Gray
5199 B Country Club Road
Winston-Salem, N. C. 27104

Dear Lyons:

I feel it is appropriate that I write regarding the daily editorials I do on WTOB. As you are probably aware, soon after purchasing WTOB in 1985, I began broadcasting these editorials. This was done due to a strong feeling that the public interest is best served when there is an open and free discussion of important issues. This importance was made even more evident with the discontinuation of the only daily afternoon newspaper in Winston-Salem and by the fact that WTOB is the only station editorializing daily to our knowledge in Winston-Salem, or, for that matter, in all of North Carolina.

Since becoming a candidate for the United States Congress, I have determined that it is in the public interest to have more, not less, open discussion of the issues. WTOB will continue the daily editorials and I extend to you, as a candidate, the opportunity to participate with the daily editorials on WTOB in approximately the same time period as my editorials.

This provides an excellent opportunity for all of us to present, on a daily basis, our views on a broad range of issues important to the people of North Carolina. I'm sure you agree that in our society, the public interest is best served in this type of full and open forum.

Please contact us at your convenience and we will work out the details.

Sincerely,


Stuart Epperson

SE/rs

WNCN
am
stereo
1380

February 13, 1986

Congressman Steve Neal
421 Federal Building
Winston-Salem, N. C. 27101-3993

Dear Steve:

I feel it is appropriate that I write regarding the daily editorials I do on WTOB. As you are probably aware, soon after purchasing WTOB in 1985, I began broadcasting these editorials. This was done due to a strong feeling that the public interest is best served when there is an open and free discussion of important issues. This importance was made even more evident with the discontinuation of the only daily afternoon newspaper in Winston-Salem and by the fact that WTOB is the only station editorializing daily to our knowledge in Winston-Salem, or, for that matter, in all of North Carolina.

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Please contact us at your convenience and we will work out the details.

Sincerely,


Stuart Epperson

SE/rs

OBS RADIO

CCC# 2095

SMILEY, OLSON, GILMAN & PANGIA

ATTORNEYS AT LAW

1815 H STREET, NORTHWEST

WASHINGTON, D.C. 20006-3604

(202) 466-8100

TELEX WU 64174 ROGER

TELECOPIER (202) 463-8233

ROBERT R. SMILEY III, P. C. (DC)
WILLIAM J. OLSON, P. C. (DC, VA)
NICHOLAS GILMAN, P. C. (DC, MD, PA)
MICHAEL J. PANGIA (DC, NY)
JOHN J. CARLINO (NY)
ROBERT A. MINEO (NC)
WILLIAM P. HARPER, JR. (NC)

NANCY A. CHILES (SC)
ROBERT R. WARCHOLA, JR. (FL)
WILTON J. SMITH (VA)

OF COUNSEL
GUY O. FARLEY, JR. (VA)

SUITE 310
10521 JUDICIAL DRIVE
FAIRFAX, VIRGINIA 22030
(703) 591-8200

150 BROADWAY
NEW YORK, NEW YORK 10038
(212) 406-4848

SUITE 500
1420 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
(215) 546-1430

530 NORTH BLOUNT STREET
RALEIGH, NORTH CAROLINA 27604
(919) 834-8868

39 BROAD STREET
(P.O. BOX 67, ZIP 29402)
CHARLESTON, SOUTH CAROLINA 29401
(803) 723-3323

November 24, 1986

HAND DELIVER

NOV 25 P 3: 48

RECEIVED
GENERAL COUNSEL

Lawrence M. Noble, Esquire
Deputy General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attention: Eric Kleinfeld, Esquire

Re: MUR 2268

Dear Mr. Noble:

We represent Neighbors for Epperson, the principal campaign committee of Stuart W. Epperson, candidate for United States Congress from the Fifth Congressional District of North Carolina in the November 1986 election. Our executed Statement of Designation of Counsel is being obtained from North Carolina and will be furnished to you upon receipt. (It appears that a blank copy of the form was not included with the original complaint, or that it was misplaced.)

Our client received a letter dated October 20, 1986 from your office concerning the above-referenced newly-opened MUR. An extension of time within which to file our response was granted by your office and confirmed by your letter of November 12, 1986.

This MUR arises exclusively out of a complaint received by the FEC from James Van Hecke, Chairman of the North Carolina Democratic Party dated October 10, 1986.

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Procedural Issues

FEC regulations require that complaints "should differentiate between statements based upon personal knowledge and statements based upon information and belief." 11 C.F.R. §111.4(a)(2). The complaint in this MUR is not based on any personal knowledge whatsoever, as all allegations are based only on the lesser standard of "information and belief". (Complaint, at 1).

It is interesting that "Exhibit A" of Mr. Van Hecke's complaint is a newspaper article that appeared in the Winston-Salem Journal of September 18, 1986. Apparently provided to the Commission as evidence of Mr. Epperson's allegedly illegal acts, this article is little more than a press recitation of Mr. Van Hecke's allegations against Mr. Epperson. (Moreover, this article illustrates the real purpose of this complaint -- providing the illusory substance of an election-related politically-motivated attack on a candidate, discussed below.)

Statutes or rules requiring affidavits occasionally allow for affidavits to be made upon "information and belief" rather than "personal knowledge" for certain purposes. Nevertheless, we do not believe that the inclusion of this phrase in 11 C.F.R. §111.4(c) makes it possible for a complaint to be properly "sworn to" pursuant to 11 C.F.R. section 111.4(b)(2) exclusively upon "information and belief". Allowing the complainant merely to swear to the fact that he has heard some certain second hand information and that he subjectively has no reason to disbelieve it, makes the requirement that the complaint be made under "penalty of perjury" (2 U.S.C. section 437g(a)(1)) meaningless. It allows unverified accusations to be "bootstrapped" into a verified complaint. See generally Star Motor Imports, Inc. v. Superior Court of Santa Clara County, 88 Cal.App.3d 201, 151 Cal.Rptr. 721 (1979); Vermillion Corp. v. Vaughn, 397 So.2d 490 (La. 1981). We believe that the FEC should reject the filing of this complaint on a nunc pro tunc basis.

It also appears that due to the pre-filing publicity sought by Mr. Van Hecke (discussed below) that this complaint was filed by Mr. Van Hecke as an agent of the Steve Neal for Congress Committee. If this is true, this must be disclosed as the identity of the true complainant must be disclosed in a complaint. 11 C.F.R. §111.4(b)(1).

Pre-Filing Publicity

We note that your letter of October 20, 1986 was not the first that our client had heard of this complaint.

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(1) On September 18, 1986, Mr. Van Hecke and the North Carolina Democratic Party called a press conference to announce to the press that the North Carolina Democratic Party was investigating whether Mr. Epperson's editorials constituted a violation of the law. (Some of this coverage obtained by Mr. Van Hecke for charges of law-breaking during his anti-Epperson campaign were even provided to the Commission as "Exhibit A" of Mr. Van Hecke's complaint.)

(2) On September 26, 1986, Mr. Van Hecke issued a sensationalistic public challenge to Mr. Epperson stating that if Mr. Epperson would agree to have his campaign committee pay WTOB \$10,000, then the North Carolina Democratic Party would drop its charges.

(3) Finally, on October 6, 1986, Mr. Van Hecke announced to the press that he would file a formal complaint with the FEC. (This complaint was filed on October 10, 1986 with the letter which is the subject of this MUR.)

Each of Mr. Van Hecke's announcements were made to the press in order to obtain maximum adverse publicity for Mr. Epperson during the immediate pre-election period. They sought to and obtained substantial television coverage, radio coverage and newspaper coverage in the Winston-Salem area.

It is also important to note that although Mr. Van Hecke waited until the post-labor day period when electioneering traditionally intensifies, Mr. Neal and his campaign committee (and Mr. Van Hecke acting as an agent of the campaign) knew of the editorials in question in February 1986 when Mr. Epperson wrote to Mr. Neal offering him time to present editorials on WTOB. (Attachment 1 to Epperson Affidavit). The editorials terminated on July 7, 1986, and yet there was still no response from Mr. Neal or Mr. Van Hecke. Indeed, while the editorials were being broadcast, neither Mr. Neal nor Mr. Van Hecke uttered one word of objection to Mr. Epperson making these editorial broadcasts.

There can only be one reason why the pre-filing publicity barrage and this complaint were delayed for the better part of a year -- to obtain maximum political advantage from making the charges while filing the complaint too late to allow the Federal Election Commission to rule on the matter prior to the November 4, 1986 general election. This type of abuse of the Federal Election Campaign Act should not be rewarded nor tolerated.

Specific Allegations

The complaint filed herein is highly misleading factually inaccurate. The complaint includes the allegation:

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The commentaries provided by Mr. Epperson, while not all expressly advocating his election or the defeat of Congressman Stephen L. Neal.... [at 3].

The complaint's carefully worded language clearly alleges that many, but not all, of the editorials expressly advocated Mr. Epperson's election and/or advocated the defeat of Mr. Neal. This allegation is totally and demonstrably false.

The transcripts of the editorials attached as Exhibit E to the complaint document in an unrefutable manner that not a single commentary by Mr. Epperson either advocated his election or the defeat of Mr. Neal. Although Mr. Van Hecke was careful to set out the transcript of the only editorial that was even vaguely political first in his Exhibit E, a review of these transcripts illustrates that they were totally unrelated to supporting or opposing candidates in the election from the 5th Congressional District of North Carolina, or in any other campaign.

The second and equally unfounded allegation in the complaint deals with the subjective motivation of Mr. Epperson:

The commentaries are intended to influence the outcome of the Fifth District Congressional election. [at 3].

This matter is dealt with in the Affidavit of Stuart Epperson, at paragraph 7. These commentaries were delivered in connection with Mr. Epperson's profession as a broadcaster, and made in order to fulfill Mr. Epperson's responsibilities as a broadcaster, in part imposed by the Federal Communications Act.

The lack of a political motivation is further demonstrated by Mr. Epperson in his writing directly to Mr. Neal in January 1986 and offering Mr. Neal free and equal time to broadcast over WTOB. (This offer was also made to Mr. Epperson's primary opponent.) If the intention of Mr. Epperson had been to gain an unfair advantage in the election by broadcasting these editorials, why did Mr. Epperson go beyond the requirements of the Federal Communications Act or the Federal Election Campaign Act in offering both of his opponents free and equal time.

Immediately after the election on November 4, 1986, in which Mr. Epperson was unsuccessful, Mr. Epperson immediately returned to his pattern of daily editorializing through this "Point of View" broadcast. If the intention of Mr. Epperson had been to gain an unfair advantage in the election by broadcasting these editorials, why did he bother to resume this broadcast after the election was over and done with.

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Even the complaint acknowledges that even these editorials ceased on July 7, 1986. If the intention of Mr. Epperson had been to gain an unfair advantage, why did he voluntarily and without prompting terminate these broadcasts four months prior to the general election. Absolutely no broadcasts were made during the traditional American campaign period from Labor Day to Election Day.

Lastly, favorably ruling on Mr. Van Hecke's complaint would result in a number of unfortunate and undesirable consequences. Broadcasters have certain duties imposed upon them by the Federal Communications Act. Among these duties is to operate the station in the public interest and part of the way that broadcasters discharge this obligation to provide editorial broadcasting on issues of public importance. Now Mr. Van Hecke is asking that the Federal Election Commission penalize Mr. Epperson for properly discharging his responsibilities as a broadcaster. (Indeed, Mr. Neal seemed to acknowledge the importance of such public service broadcasting in that he actually broadcast a public service announcement over radio station WKOQ in August of 1986.) In this area of tension between two sets of federal law administered by two government agencies, some understanding must be given by each agency to those who are governed by both.

Additionally, Mr. Epperson believes and has believed that broadcasting editorials is one way to attract a larger listening audience. During this period, there were no other editorial opinions available in the Winston-Salem area other than one newspaper, to Mr. Epperson and WTOB, it made financial sense for Mr. Epperson to continue these broadcasts. The Federal Election Campaign Act should not penalize candidates from making a living in their chosen professions under the facts presented in this MUR.

It is entirely possible for an individual to wear more than one hat. Mr. Epperson for many years has made his living as a broadcaster, station owner, and station operator. He has editorialized on other stations that he has owned as well. He did not enter this profession in order to run for office. He did not improperly use his role as a broadcaster. He did not at any time advocate his own election, nor the defeat of his opponent. He did not use his broadcast for political purposes. Indeed, Mr. Epperson acted in an extremely responsible fashion in navigating a largely uncharted area by even offering his primary and general election opponents free and equal time to the time that he used on the station. (Applying Mr. Van Hecke's view that Mr. Epperson as a broadcaster should not have been allowed to continue these editorials, one wonders how his analysis of his own complaint would have changed if Mr. Neal had agreed to the offer of free and equal time.)

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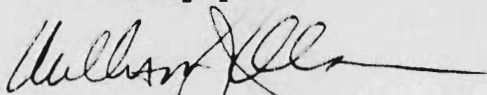
During this period, Mr. Epperson did not feel that there were any other persons on the WTOB staff who were qualified or available to perform this editorializing function. After July 7, 1986 Mr. Epperson attempted to discharge his duty as a broadcaster as best as he could through the use of tapes of radio commentaries produced by a national organization, not tailored to the Winston-Salem area.

Indeed, if the Federal Election Campaign Act is interpreted as Mr. Van Hecke suggests to force a broadcaster off the air under the facts presented in this MUR, this raises a number of serious constitutional issues.

Conclusion

For the reasons stated above, we believe that the complaint is not in compliance with the FECA, and therefore the complaint should be rejected. If the Commission disagrees on this threshold issue, Neighbors for Epperson has furnished this analysis and a supporting affidavit which fully substantiates a finding of No Reason To Believe that the Federal Election Campaign Act has been violated by Neighbors for Epperson or other persons as alleged. If any further questions arise, we will be pleased to respond fully.

Sincerely yours


William J. Olson

Enclosure
(Affidavit of Stuart W. Epperson)

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RECEIVED AT THE FEC
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SMILEY, OLSON, GILMAN & PANGIA

ATTORNEYS AT LAW

1815 H STREET, NORTHWEST

WASHINGTON, D.C. 20006-3604

(202) 466-5100

TELEX WU 64174 ROGER

TELECOPIER (202) 463-6233

ROBERT R. SMILEY III, P. C. (DC)
WILLIAM J. OLSON, P. C. (DC, VA)
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OF COUNSEL
GUY O. FARLEY, JR. (VA)

SUITE 310
10921 JUDICIAL DRIVE
FAIRFAX, VIRGINIA 22030
(703) 891-9200

150 BROADWAY
NEW YORK, NEW YORK 10038
(212) 406-4848

SUITE 500
1420 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
(215) 546-1430

530 NORTH BLOUNT STREET
RALEIGH, NORTH CAROLINA 27604
(919) 834-9965

39 BROAD STREET
(P.O. BOX 67, ZIP 29402)
CHARLESTON, SOUTH CAROLINA 29401
(803) 783-2323

December 1, 1986

HAND DELIVER

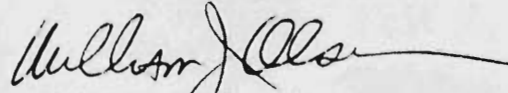
Eric Kleinfeld, Esquire
Staff Attorney
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2268; Neighbors for Epperson

Dear Mr. Kleinfeld:

Following up on our filing of last week, we hereby enclose the executed Affidavit of Stuart W. Epperson that was previously filed in an unexecuted form.

Sincerely yours,


William J. Olson

WJO:rg

86 DEC 2 13:31

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL

98040705679

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BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of

Neighbors for Epperson

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MUR 2268

AFFIDAVIT OF
STUART W. EPPERSON

Stuart W. Epperson, being duly sworn, deposes and says as follows:

1. My name is Stuart W. Epperson. I have reviewed the complaint filed in the above-referenced matter and furnish this affidavit regarding the facts alleged upon information and belief.

2. I was a candidate for the United States Congress from the Fifth Congressional District of North Carolina. On May 6, 1986, I won the nomination of the Republican Party to Congress, winning a primary in the District. On November 4, 1986, I lost the general election.

3. My career is that of a broadcaster, broadcast station owner, and broadcast station operator. I am the sole owner, and a director and officer of Salem Media of N.C., Inc. which is the licensee of WTOB-AM radio in Winston-Salem, North Carolina. I also have ownership interests in eleven other radio stations.

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5. On February 13, 1986, I wrote the attached letters to my primary opponent and the incumbent Congressman offering them free and equal time on WTOB.

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7. No editorial that I broadcast supported the election of myself to office, or advocated the defeat of either my primary or general election opponents, nor was intended to serve this purpose.

Subscribed and sworn to
before me in my District
this 26 day of
November, 1986.

Martha F. Long
My Commission Expires: May 13, 1987



Robert W. Epperson
Robert W. Epperson

88040705681

WTOB
am
stereo
1380

February 13, 1986

Mr. Lyons Gray
5199 B Country Club Road
Winston-Salem, N. C. 27104

Dear Lyons:

I feel it is appropriate that I write regarding the daily editorials I do on WTOB. As you are probably aware, soon after purchasing WTOB in 1985, I began broadcasting these editorials. This was done due to a strong feeling that the public interest is best served when there is an open and free discussion of important issues. This importance was made even more evident with the discontinuation of the only daily afternoon newspaper in Winston-Salem and by the fact that WTOB is the only station editorializing daily to our knowledge in Winston-Salem, or, for that matter, in all of North Carolina.

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This provides an excellent opportunity for all of us to present, on a daily basis, our views on a broad range of issues important to the people of North Carolina. I'm sure you agree that in our society, the public interest is best served in this type of full and open forum.

Please contact us at your convenience and we will work out the details.

Sincerely,


Stuart Epperson

SE/rs

OBS RADIO

P.O. box 5129 Winston-Salem, N.C. 27102

WTOB
am
stereo
1380

February 13, 1986

Congressman Steve Neal
421 Federal Building
Winston-Salem, N. C. 27101-3993

Dear Steve:

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Please contact us at your convenience and we will work out the details.

Sincerely,


Stuart Epperson

SE/rs

CBS RADIO

Box 5129 Winston-Salem, N.C. 27102



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/ JOSHUA MCFADDEN *QM*

DATE: JANUARY 15, 1987

SUBJECT: OBJECTIONS TO MUR 2268 - GENERAL COUNSEL'S REPORT
SIGNED JANUARY 12, 1987

The above-captioned document was circulated to the
Commission on Tuesday, January 13, 1987 at 4:00.

Objections have been received from the Commissioners
as indicated by the name(s) checked:

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner Josefiak	_____
Commissioner McDonald	_____ X _____
Commissioner McGarry	_____
Commissioner Thomas	_____ X _____

This matter will be placed on the Executive Session
agenda for January 27, 1987.

38040705684

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Neighbors for Epperson) MUR 2268
Stephen C. Mathis, treasurer)
Salem Media of North Carolina, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of February 3,
1987, do hereby certify that the Commission decided by a
vote of 4-2 to take the following actions in MUR 2268:

1. Reject at this time the recommendations
contained in the General Counsel's report
dated January 12, 1987.
2. Remand the report to the Office of General
Counsel for further analysis.

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

Attest:

2/4/87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

88040705685

Before the Federal Election Commission

In the Matter of)
Neighbors for Epperson)
Stephen C. Mathis, treasurer)
Salem Media of North Carolina, Inc.)

MUR 2268

General Counsel's Report

SENSITIVE
EXECUTIVE SESSION
MAR 17 1987
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I. Background

On October 15, 1986, the Office of General Counsel received a signed, sworn and notarized complaint from James Van Hecke, Chairman of the Democratic Party of North Carolina, alleging violations of the Federal Election Campaign Act of 1971 ("Act"), as amended, by Neighbors for Epperson ("Committee") and WTOB, Inc. 1/ The Committee is the principal campaign committee for Stuart W. Epperson, the 1986 Republican candidate for the United States House of Representatives from the fifth congressional district of North Carolina. WTOB's radio broadcasts originate from Winston-Salem, North Carolina, within the fifth district.

Specifically, complainant alleges that WTOB made and the Committee accepted prohibited corporate contributions in violation of 2 U.S.C. § 441b, in the form of free air time provided to the candidate for the broadcast of editorials.

1/ Although the complaint in this matter makes allegations against WTOB, Inc., counsel has informed this Office that the correct name of the corporate licensee of radio station WTOB is Salem Media of North Carolina, Inc. Accordingly, this report will hereinafter refer to respondent as "Salem Media" or "WTOB."

Additionally, complainant alleges that the aggregate value of the free radio time exceeded \$10,000, giving rise to the making and accepting of contributions in excess of the Act's limitations, in violation of 2 U.S.C. § 441a(a)(1)(A) and 2 U.S.C. § 441a(f).

On October 16, 1986, the Office of General Counsel circulated to the Commission an Expedited First General Counsel's Report without recommendations, in order to give respondents an opportunity to respond to complainant's allegations. After notification of the complaint in this matter, counsel for both the Committee and Salem Media requested extensions of time to respond to the complaint. On November 18, 1986, a written response was received in the Office of General Counsel from Salem Media. On November 25, 1986, a written response was received from the Committee.

On February 3, 1987, the Commission remanded this matter to the Office of General Counsel for further analysis.

II. Legal Analysis

Complainant alleges that, after filing his Statement of Candidacy with the Commission on December 30, 1985, Stuart Epperson was given free air time to broadcast editorials on a variety of subjects. According to complainant, the editorials were presented five times daily, Monday through Friday, and were repeated at various times on Saturday until July 7, 1986, when the presentations were discontinued. Complainant states that the Committee did not report the receipt of any air time, the value of which complainant claims exceeds \$10,000. Complainant concludes that the editorials, in that they were something of value intended to influence the outcome of a federal election, are contributions.

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Complainant claims,

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The commentaries provided by Mr. Epperson, while not all expressly advocating his election or the defeat of Congressman Stephen T. Neal all provide to Mr. Epperson and to the Epperson Committee a thing of value, radio air time, which constitutes and is a thing of value within the meaning of the Federal Election Campaign Act. The commentaries are intended to influence the outcome of the Fifth District Congressional election. Furthermore, and to the extent that such commentaries focus on issues of a political nature, particularly matters presently pending before the Congress or to come before the Congress, the expression of the candidates [sic] views on such issues have a clear and direct tendency to promote the election of Mr. Epperson, a clearly identified candidate, or the defeat of Congressman Neal, a clearly identified candidate.

Accordingly, complainant alleges that WTOB made unlawful corporate and excessive contributions to the Committee and that the Committee knowingly accepted unlawful corporate and excessive contributions from WTOB.

Attached to the complaint are transcripts of a variety of editorials purportedly delivered by Mr. Epperson and the subject matter of this MUR. The transcripts clearly reflect a wide variety of topics covered by the editorials, including Father's Day, Thomas Jefferson, tax reform, foreign affairs and the importance of voting. Thirty-four transcripts are included. The editorials identify the presenter as WTOB President Stuart Epperson.

Salem Media, in its response, urges the Commission to take no action against it in this matter. Salem Media denies that

WTOB's editorials were broadcast either in connection with any election or for the purpose of influencing any election. In March 1985, Stuart Epperson purchased the radio station. The editorials were begun in May 1985, as, claims respondent, an important component of WTOB's public service programming. Respondent states that the editorials are part of its effort to comply with the requirements of the Federal Communications Commission ("FCC") to operate as a responsible licensee by promoting the discussion of issues of public concern. Salem Media states that because it is bound to provide public service programming, if it did not broadcast the editorials, it would still have used the time for another type of public service programming.

In addition to arguing that there was no intent to influence any election, Salem Media also claims that nothing of value was provided to Mr. Epperson's campaign. In a sworn affidavit accompanying the response, Mr. Epperson states

I never used, nor did I ever intend to use, the WTOB "Point of View" editorials to promote any campaign or influence any election. In my mind, there was no relationship between my Congressional campaign and the "Point of View" program on WTOB. I broadcast "Point of View" because I felt (and I still feel) that station editorials are a way of fulfilling WTOB's public service obligations. I broadcast the editorials myself because I am the owner of the station and an editorial is, by definition, the expression of the owner's opinion. I would have editorialized on WTOB whether or not I was a candidate for office.

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In its response to the complaint, the Committee argues that Mr. Epperson's editorials lack any political motivation, as demonstrated by the absence of any language in the transcripts expressly advocating either the election of Mr. Epperson or the defeat of his opponent, Congressman Stephen Neal. Additionally, the Committee notes that the broadcasts ceased on July 7, 1986, well before the general election, and did not start up again until after the election, further evidence of the lack of political intent.

Moreover, the Committee argues that the Act should not "penalize candidates from making a living in their chosen professions..." According to respondent, Mr. Epperson has made his living for many years as a broadcaster, station operator and station owner, editorializing on WTOB, as well as on other stations. Respondent contends that Mr. Epperson was merely attempting to discharge his duties as a broadcaster.

Pursuant to 2 U.S.C. § 441b, it is unlawful for any corporation to make a contribution in connection with any election to political office, or for any candidate knowingly to accept or receive such a contribution. The term "contribution" includes anything of value, 2 U.S.C. § 431 (8)(A), and the term "anything of value" includes all in-kind contributions, 11 C.F.R. § 100.7(a)(1)(iii)(A).

Further, any cost incurred in carrying an editorial by any broadcasting station is a contribution where the facility is owned or controlled by a candidate unless (1) the news story

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represents a bona fide news account communicated on a licensed broadcasting facility and (2) the news story is part of a general pattern of campaign-related news accounts which give reasonable equal coverage to all opposing candidates in the listening area. 11 C.F.R. § 100.7(b)(2).

In a number of past Advisory Opinions, as discussed below, the Commission has addressed several similar issues relevant to the disposition of the matter at hand.

First, the Commission has considered the role of a candidate within the broadcasting context in several different Opinions. In Advisory Opinion 1977-31, the Commission concluded that a corporation's employment of a candidate as an announcer for a series of corporate sponsored radio announcements constituted something of value, and therefore, a corporate contribution to the candidate. In that situation, the candidate was identified by name twice within the public service announcement, at a time when he had a registered political committee and was a candidate under the Act. The Commission considered payment by the corporate sponsor of the costs of the messages a "gift of anything of value," in violation of 2 U.S.C. § 441b.

However, in Advisory Opinion 1977-42, the Commission considered the situation whereby a registered candidate hosted two radio interview programs dealing with a variety of issues. The candidate there was an employee of one of the broadcasting radio stations. The Commission, in concluding that neither the radio stations nor the program sponsors had made a

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contribution to the candidate, enunciated a test to be used in such a situation: in certain specific circumstances, a contribution will not necessarily occur where the major purpose of activities involving appearances of candidates for federal office was not to influence their election. The Commission in examining the circumstances involved, focused on the absence of any communication expressly advocating the election of the candidate involved or the defeat of any other candidate, and the avoidance of any solicitation, making, or acceptance of campaign contributions for the candidate in connection with the activity.

The above test was also applied in Advisory Opinion 1982-56, in which an incumbent Congressman appeared in a series of television advertisements on behalf of a candidate for local office. The Commission concluded that even though a media appearance by a candidate may benefit his/her campaign, the entity defraying the costs of the appearance will not be deemed to have made an in-kind contribution to the candidate, absent the intent to influence the candidate's election to federal office. In AO 1982-56, the content of the advertisement did not reflect an intent to influence the appearing Congressman's election. Although the ad identified the Congressman by name and office, it contained no mention of his candidacy, did not advocate his election or the defeat of his opponent, and contained no solicitation of funds to his campaign. Thus, the Commission concluded that the payment of costs for the Congressman's appearance would not constitute an in-kind contribution to his

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campaign.

Second, the Commission has considered and recognized that an individual may pursue gainful employment at the same time he or she is a candidate for federal office. In Advisory Opinion 1977-45, an individual was employed, in part, as an editorial writer, prior to "officially announcing" his federal candidacy. Such an arrangement was found not to give rise to a contribution from the employer, since it reflected a "bona fide" employment situation. In Advisory Opinion 1982-15, a prospective candidate's law firm was permitted to advertise because no purpose to influence a federal election would arise. The advertisement did not mention any candidacy and was for the purpose of promoting the individual's gainful employment, rather than a candidacy for federal office.

In one final relevant instance, the Commission previously applied the major purpose test. In Advisory Opinion 1981-37, a corporation was permitted to sponsor, and an incumbent Congressman to participate in, a series of public affairs forums, in and near the Congressman's home district. The Commission recognized that certain diverse activities may have election-related aspects but would still not be considered as connected with or influencing an election. Because the "major purpose" of the proposed activity was not the election of any candidate to federal office, the Commission concluded "that corporate and/or union purchases of tickets or advertising for television or radio presentation for this proposed series of public forums would not

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be prohibited under the Act." 2/ In issuing this Opinion, the Commission expressly followed its conclusion in AO 1977-42 and qualified its conclusion in AO 1977-31, as discussed above.

Thus, in light of past Commission actions on this subject, it appears that the fact that the speaker is himself a candidate is not by itself dispositive of the issue, but rather all circumstances are to be examined in order to determine the major purpose of the communication. In the present matter, Stuart Epperson purchased WTOB in March 1985. In May 1985, he began presenting radio editorials five times daily, Monday through Friday. On December 30, 1985, Stuart Epperson filed his Statement of Candidacy for federal office. On July 7, 1986, Epperson ceased presenting his daily editorials. Following the general election on November 4, 1986, Epperson again began presenting his daily editorial broadcast.

From the above chronology of events, it appears that radio station WTOB had an editorial policy and practice conceived and carried out months prior to Epperson becoming a candidate for federal office. There is no evidence that the editorial policy and practice of the station was in any way

2/ The Commission did condition this conclusion on (i) the absence of any communication expressly advocating the Congressman's election or the defeat of any other candidate, and (ii) the avoidance of any solicitation, making or acceptance of campaign contributions in connection with this activity.

altered after Epperson became a candidate until the broadcasts' cessation on July 7th. According to WTOB's General Manager, the five time slots for the daily editorials were 8:25 am, 10:31 am, 12:25 pm, 3:31 pm, and 5:12 pm. Epperson himself states that he would have presented the editorials whether or not he was a candidate for federal office.

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In addressing the major purpose of the editorial presentations, both respondents deny there was an intent, through the editorial process, to influence the outcome of a federal election. Instead, both respondents assert that the major purpose of the editorials was and is the fulfillment of Salem Media's obligations as a licensee to present programming in the public interest, specifically, public service items. Respondents indicate that the intent behind the editorials was to provoke public discussion of issues. Respondents assert that the FCC encourages editorials and considers such programming a critical element of the licensee's duties. The chronology of events above supports these assertions in that the editorial presentations were a practice of the station almost initially from Mr. Epperson's acquisition and continue today.

Respondents' contentions that the major purpose of the editorials was not to influence Epperson's election are further supported by the absence of the factors cited by the Commission in its Advisory Opinions. 3/ The editorials may not involve the

3/ The recent holding of the United States Supreme Court in FEC v. Massachusetts Citizens for Life, No. 85-701 (December 15, 1986) will not alter this analysis.

solicitation, making or acceptance of campaign contributions for Epperson's candidacy. From the transcripts attached to the complaint, it is apparent that no solicitation was delivered in conjunction with these editorials. Further, there is no evidence of any contributions made in connection with the editorials.

A second factor is the presence or absence of express advocacy for the election of Stuart Epperson or for the defeat of Congressman Neal. Here, a review of the content of the editorial transcripts reveals no obvious election influencing aspects. Although Stuart Epperson is mentioned by name twice in each editorial as President of WTOB, he is never identified as a candidate for federal office. The transcripts contain no words of advocacy such as "vote for," "elect," "vote against," or "defeat." However, in a discussion of express advocacy by the Ninth Circuit Court of Appeals in FEC v. Furgatch, ___ F.2d ___ (9th Cir. 1987), the Court indicated that communications do not have to contain certain key words or phrases to expressly advocate, but instead the speech should be read as a whole. If that speech conveys an exhortation through some form of a call to action, and that call to action is unambiguous, in that it cannot be reasonably interpreted to mean anything else, the requirement

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of express advocacy is satisfied. Conversely, if the speech is ambiguous as to what sort of action is called for, the Ninth Circuit's standard is not fulfilled.

Even under the analysis of Furgatch, none of the transcripts submitted by complainant can be said to expressly advocate the election of Stuart Epperson. A fair reading of all of these transcripts indicate that they are subject to reasonable differing interpretations. The action called for is not obvious. Three of the more conventionally political topics provide examples of this. The transcript on the Strategic Defense Initiative ("SDI"), for example, asks whether the demise of the "Salt II" treaty is good or bad for the United States. It goes on to explain that past U.S. treaties may have restrained American technology, and then to quote from a letter drafted by thirty former Soviet scientists which expresses the view that the U.S. should develop SDI. Assuming arguendo, that this editorial calls for action, that call is not unambiguous. The editorial language does not use words of exhortation or any type of command. Many different interpretations of the message are possible. Some of these might include: that the listener should support the SDI program; that the listener should oppose U.S. treaties with the Soviet Union; that the listener should be aware of the Soviet position on SDI; that the demise of Salt II is

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good; that the demise of Salt II is bad; or that the listener should support the broadcaster, i.e. Epperson, for any of these reasons.

Another example is the editorial on AIDS. This transcript discusses the threat posed by AIDS, "[o]ur number one health problem..." as well as its "causes," which the editorial says are not being talked about by the politicians. Again, assuming arguendo, that the editorial calls for action, that call is not unambiguous. Reasonable interpretations of this editorial might include: that the listener should engage in open and frank discussion of AIDS; that the listener should support politicians who are willing to talk about AIDS; that the listener should support Epperson since he is willing to talk about AIDS; or that stronger action is required to combat the spread of AIDS.

A third example is the editorial on tax reform. The topic here is the tax reform bill and its purported effect. The transcript observes that most people are interested in how they will benefit from tax reform, when the question should really be how the legislation will impact on the country, especially in light of the trade and productivity problems being experienced by the economy. The transcript asks a series of questions which should be posed by Congress and closes by stating, "[w]e need to think very seriously in our tax reform what this does to our competitiveness with other nations." A variety of interpretations of this editorial are possible. Among these might be: that the listener should not view tax reform solely through its individual impact; that the listener should be

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primarily concerned with how tax reform impacts on the U.S. economy; that Congress should be primarily concerned with how tax reform impacts on the U.S. economy rather than special interest groups; that we as a country need to start asking the right questions; that the broadcaster, if he were a member of Congress would be asking the appropriate questions; or that the listener should support Epperson because he will ask the appropriate questions.

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The three transcripts discussed above serve only as examples for purposes of analysis of the more conventionally political editorials delivered by Epperson. However, they are typical of all of the transcripts in that numerous interpretations of the messages are possible. The editorials are marked by a lack of certain items which are characteristic of express advocacy. There is no mention of Epperson as a candidate. There is no mention of Epperson's party affiliation. The editorials contain no obvious solicitation for contributions or other support for Epperson's candidacy. The speech is issue-oriented. By definition, not all issue-oriented speech expressly advocates. Under the Furgatch standard, the key factor distinguishing issue-oriented speech from express advocacy is an unambiguous call to action. Here, in the opinion of the Office of General Counsel, as exemplified by the transcripts discussed above, the Epperson editorials are subject to alternative interpretations by the listener, and are in fact, examples of the type of issue discussion which are not coincidental with express advocacy.

Moreover, Epperson's decision to cease broadcasting the editorials some four months prior to the general election does not alter this conclusion. That decision, whatever its motivation, does not in and of itself retroactively change the character of Epperson's prior activity, or provide a sufficient nexus with a federal election for it to fall within the Act's prohibitions.

Finally, a remaining issue exists as to the applicability of the press exemption to the activities herein. The definitions of both "contribution" and "expenditure" contain such an exemption. See 2 U.S.C. § 431(9)(B)(i), 11 C.F.R. § 100.7(b)(2) and § 100.8(b)(2). For example, the exemption from the definition of contribution states

Any costs incurred in covering or carrying a news story, commentary, or editorial by any broadcasting station, newspaper, magazine, or other periodical publication is not a contribution unless the facility is owned or controlled by any political party, political committee, or candidate, in which case the costs for a news story (i) which represents a bona fide news account communicated in a publication of general circulation or on a licensed broadcasting facility, and (iii) which is part of a general pattern of campaign-related news accounts which give reasonably equal coverage to all opposing candidates in the circulation or listening area, is not a contribution.

The Commission has in several past Advisory Opinions examined the applicability of the press exemption to a variety of

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corporate activities. These Advisory Opinions tend to support an analysis which first seeks to ascertain whether certain activity meets the definitional sections of the Act and in doing so falls within the broad prohibition against corporate activity.

Specifically in applying the press exemption in Advisory Opinions 1980-109 and 1982-44, the Commission's analysis begins with the definition of contribution under the general prohibition of 2 U.S.C. § 441b and then seeks to determine if the limited press exemption applies to the activity in question. This approach is also consistent with that taken by the Commission in Advisory Opinion 1979-70, in determining the applicability for a corporation of certain other specific exemptions to the definition of contribution and expenditure.

In this particular matter the key inquiry would then focus on whether the activity was undertaken in connection with an election to federal office. If under the threshold question, a sufficient nexus was said to exist between Epperson's activity and his campaign to establish that the activity was "in connection with a federal election," Salem Media would not be entitled to avail itself of the press exemption from the definition of contribution. Although the exemption applies to those costs incurred in carrying an editorial by a broadcasting station, which is the situation here, this exemption is in turn subject to its own limitation, that the broadcasting facility may not be owned or controlled by any candidate. Here, WTOB which is

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the broadcasting facility is owned by the corporate entity Salem Media, Inc. which is in turn owned by Epperson, the candidate. Where a candidate owns the broadcasting station, the press exemption will not apply except in the limited circumstance of a news story that is a bona fide news account and part of a general pattern of campaign-related news accounts giving reasonably equal coverage to all opposing candidates in the listening area. In those circumstances, the press exemption will apply despite candidate-ownership, and the activity in question will not be considered a contribution. Further, this situation appears to be specifically limited to a "news story" rather than the broader type of activity of "news story, commentary or editorial" covered by the original exemption. Presumably, by the language of the statute and regulations, a distinction is made between a news story and an editorial, and if the facility is candidate-owned, editorial activity cannot qualify for the press exemption.

Therefore in applying the press exemption in the instant matter, the key factors are Epperson's ownership of the station and the fact that editorials rather than news stories were the subject of broadcast. Under the above analysis, the editorials delivered by Epperson cannot qualify for the press exemption. Moreover, even if the Commission were not to recognize the apparent distinction created in the regulation between news stories and editorials, the Epperson activity would still have to be part of a general pattern of campaign-related news accounts

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which give reasonably equal coverage to all opposing candidates. Here, Epperson offered his opponent a chance to "participate" in the editorials, which was apparently declined. A mere offer to participate would presumably not satisfy the requirement of reasonably equal coverage by opposing candidates, since that coverage was lacking. Therefore, the Epperson activity would, under either interpretation, not qualify for the press exemption.

Under this analysis, where specific activity, having met the threshold definition of contribution or expenditure, does not qualify for the press exemption to those definitions, it then becomes subject to the Act's prohibitions and limitations. As a result, the provision of the broadcast time at no charge by Salem Media to Epperson would be an in-kind contribution to the Epperson Committee, pursuant to 11 C.F.R. § 100.7(a)(1)(iii)(A) and § 109.1(c). Because Salem Media is incorporated, this activity would be in violation of 2 U.S.C. § 441b.

However, in the opinion of the Office of the General Counsel, as noted earlier, an insufficient nexus exists between Epperson's editorials and his campaign, which prevents this activity from rising to the level required to be considered in connection with an election to federal office. Therefore, the definition of contribution is not satisfied, and in turn, the press exemption is not triggered. In the opinion of the Office of General Counsel, under the guidance provided by the Commission in its past Advisory Opinions, the Commission should find no

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reason to believe that Salem Media violated 2 U.S.C. § 441b and § 441a(a)(1)(A) and also find no reason to believe that the Committee and Stephen C. Mathis, as treasurer, violated 2 U.S.C. § 441b and § 441a(f).

III. Recommendations

The Office of General Counsel recommends that the Commission:

1. Find no reason to believe that Salem Media of North Carolina, Inc. violated 2 U.S.C. § 441b and § 441a(a)(1)(A).
2. Find no reason to believe that Neighbors for Epperson and Stephen C. Mathis violated 2 U.S.C. § 441b and § 441a(f).
3. Approve the attached letters.
4. Close the file.

Sincerely,

Charles N. Steele
General Counsel

Date

3/11/87

By:

Lawrence M. Noble
Associate General Counsel

Attachments

1. Response of Salem Media
2. Response of the Committee
3. Letters (3)

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Neighbors for Epperson) MUR 2268
Stephen C. Mathis, treasurer)
Salem Media of North Carolina, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of March 17,
1987, do hereby certify that the Commission took the
following actions in MUR 2268:

1. Decided by a vote of 4-2 to -
 - a) Find reason to believe that Salem Media
of North Carolina, Inc. violated 2 U.S.C.
§ 441b in connection with an election.
 - b) Find reason to believe that Neighbors
for Epperson and Stephen C. Mathis, as
treasurer, violated 2 U.S.C. § 441b
in connection with an election.

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

(continued)

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2. Decided by a vote of 6-0 to direct the Office of General Counsel to prepare a letter and questions, and circulate them for Commission approval.

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

Attest:

3-17-87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)

Neighbors for Epperson and)
Stephen C. Mathis, as treasurer)
Salem Media of North Carolina, .)

MUR 2268

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COMM-FED

GENERAL COUNSEL'S REPORT

I. BACKGROUND

At the March 17, 1987, executive session, the Commission ordered the General Counsel's Office to prepare letters and questions for the Commission's approval concerning matters discussed at that meeting. The attached discovery requests and letters are designed to comply with the Commission's instructions.

II. RECOMMENDATION

Approve and send the attached discovery requests and letters.

Date

5/12/87

Lawrence M. Noble
Acting General Counsel

Attachments

1. Discovery requests
2. Letters

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Neighbors for Epperson and) MUR 2268
Stephen C. Mathis, as treasurer)
Salem Media of North Carolina,)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 15, 1987, the Commission decided by a vote of 5-0 to approve and send the discovery requests and letters, as recommended in the General Counsel's Report signed May 12, 1987.

Commissioners Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens did not cast a vote.

Attest:

5-15-87
Date

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

Received in the Office of Commission Secretary: Tues., 5-12-87, 4:57
Circulated on 48 hour tally basis: Wed., 5-13-87, 11:00
Deadline for vote: Fri., 5-15-87, 11:00
/jm/

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 21, 1987

William J. Olson, Esquire
Smiley, Olson, Gilman & Pangia
1815 H Street, N.W.
Washington, D.C. 20006

RE: MUR 2268
Neighbors for Epperson and
Stephen C. Mathis, as
treasurer

Dear Mr. Olson:

On October 20, 1986, the Federal Election Commission notified your clients 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 you, the Commission found that there is reason to believe Neighbors for Epperson and Stephen C. Mathis, as treasurer, violated 2 U.S.C. § 441b, a provision of the Act. Specifically, it appears that your clients may have knowingly accepted contributions from Salem Media of North Carolina, Inc. when that corporation broadcast editorials by Stuart Epperson.

Under the Act you have an opportunity to demonstrate that no action should be taken against your clients. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office along with answers to the enclosed Interrogatories within 15 days of receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against your clients, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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Letter to William J. Olson, Esquire
Page 2

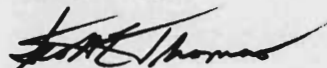
If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel is not authorized to give extensions beyond 20 days.

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 Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Scott E. Thomas
Chairman

Enclosure
Interrogatories

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Neighbors for Epperson and) MUR 2268
Stephen C. Mathis, as treasurer)

INTERROGATORIES

TO: Neighbors for Epperson

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request.

DEFINITIONS

For the purpose of these discovery requests, the terms listed below are defined as follows:

"You" means Neighbors for Epperson, its treasurer, and all other officers, directors, employees, volunteers, agents, and attorneys thereof.

"Identify" with respect to a person who is a natural person means state the full name, the present business and residence addresses and telephone numbers, and the present occupation or position of such person.

"Identify" with respect to a person who is not a natural person means provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

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QUESTIONS

1. State the total amount you spent on all advertising in connection with the 1986 primary and general election campaigns.

2. State the total amount you spent on all radio advertising in connection with the 1986 primary and general election campaigns.

3. State the name of each and every radio station on which you advertised in connection with the 1986 primary and general election campaigns.

4. With regard to each station named in Question 3, state the total amount of money you paid that station for your advertising.

5. For each question above, identify the natural person answering the question, and identify all persons who provided any information used in answering the question.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 21, 1987

Eugene F. Mullin, Esquire
Mullin, Rhyne, Emmons and Toppel
1000 Connecticut Avenue, N.W.
Suite 500
Washington, D.C. 20036

RE: MUR 2268
Salem Media of North Carolina, Inc.

Dear Mr. Mullin:

On October 20, 1986, the Federal Election Commission notified your client 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 you, the Commission found that there is reason to believe Salem Media of North Carolina, Inc. violated 2 U.S.C. § 441b, a provision of the Act. Specifically, it appears that Salem Media of North Carolina, Inc. may have made a contribution in connection with a federal election by broadcasting editorials which were favorable to Stuart Epperson's candidacy.

Under the Act you have an opportunity to demonstrate that no action should be taken against your clients. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office along with responses to the enclosed Interrogatories and Request for Production of Documents, within 15 days of receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Salem Media of North Carolina, Inc., the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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Letter to Eugene F. Mullin, Esquire
Page 2

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel is not authorized to give extensions beyond 20 days.

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 Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Scott E. Thomas
Chairman

Enclosure

Interrogatories and Request for Production of Documents

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plm

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.) MUR 2268

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: Salem Media of North Carolina, Inc.

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, on or before the same date. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

83040705715

INSTRUCTIONS

In answering these Interrogatories and Request for Production of Documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by, or otherwise available to you, including documents and information appearing in your records.

Answer each question separately and independently.

If you cannot answer the following interrogatories or produce the requested documents in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered or unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following interrogatories and request, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Singular words shall be construed as plural and plural words shall be construed as singular as necessary to bring within the scope of these discovery requests the information and documents which could otherwise be construed to be out of their scope.

88040705716

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" means Salem Media of North Carolina, Inc., including all owners, officers, directors, employees, agents, or attorneys thereof.

"Identify" with respect to a person who is a natural person means state the full name, the present business and residence addresses and telephone numbers, and the present occupation or position of such person.

"Identify" with respect to a person who is not a natural person means provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these discovery requests the information and documents which could otherwise be construed to be out of their scope.

88040705717

INTERROGATORIES AND DOCUMENT REQUEST

1. Produce transcripts of all editorials broadcast on WTOB from its acquisition by you in March 1985 through the present time. With regard to each transcript produced, state the dates on which the editorial was broadcast.

2. With regard to each transcript produced in response to Question 1, identify the announcer who broadcast the editorial transcribed.

3. In an affidavit dated November 26, 1986, Stuart Epperson stated that no other person working for WTOB could have handled the editorials. Explain in detail all reasons that no other person could have handled the editorials.

4. Identify each person other than Stuart Epperson who wrote or assisted in writing any editorials broadcast on WTOB from March 1, 1985 through the present time.

5. Stuart Epperson has stated to the Commission that he currently has ownership interests in numerous broadcast stations. With regard to each broadcast station in which Stuart Epperson has had any ownership interest from January 1, 1985, through the present time, state the following:

- a. The call letters of the station.
- b. Whether the station is a radio or television station.
- c. The location of the station.
- d. The date on which Stuart Epperson first acquired an ownership interest in the station.
- e. The percent of Stuart Epperson's ownership of the station at all times since January 1, 1985.

88040705718

6. State the date on which you ceased broadcasting your "Point of View" programs prior to the 1986 general election.

7. In an affidavit dated November 26, 1986, Stuart Epperson swore that July 7, 1986, was the date on which he ceased recording your "Point of View" programs. In an affidavit dated November 15, 1987, Stuart Epperson swore that an unspecified date in June 1986 was the date on which he ceased broadcasting your "Point of View" programs.

a. Explain the apparent inconsistency in Stuart Epperson's sworn affidavits concerning the date on which you ceased your "Point of View" programs prior to the 1986 general election.

b. Identify the person who made the decision to cease broadcasting the "Point of View" programs.

c. State whether the person identified in your answer to part b made the decision to cease broadcasting the "Point of View" programs after consulting with other persons, and, if so, identify each person consulted.

d. State the date on which the decision was made to cease broadcasting the "Point of View" programs.

8. State the names of the programs you broadcast in place of the "Point of View" programs prior to the 1986 general election.

88040705719

9. State the date following the 1986 general election on which you resumed broadcasting your "Point of View" programs.

10. For each question above, identify the natural person answering the question, and identify all persons who provided any information used in answering the question.

88040705720

6cc #3572

LAW OFFICES

MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20038

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

LAWRENCE ROBERTS
LINDA J. ECKARD
RACHEL D. CRAMER
MARY C. LAWLESS
J. PARKER CONNOR
OF COUNSEL

(202) 659-2700

June 10, 1987

HAND DELIVER

Lawrence M. Noble, Esq.
Deputy General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attention: Robert Raish, Esq.

Re: MUR 2268
Salem Media of North Carolina, Inc.

Dear Mr. Noble:

I represent Salem Media of North Carolina, Inc.,
licensee of Radio Station WTOB(AM), Winston-Salem, North
Carolina.

On May 26, 1986, I received Chairman Thomas' letter of
May 21, 1987, indicating that the Commission had found reason
to believe that Salem Media of North Carolina, Inc., made a
contribution in connection with a federal election by
broadcasting certain editorials.

On behalf of my client, I hereby express our interest
in pursuing pre-probable cause conciliation pursuant to 2
U.S.C. §437g(a)(4) and 11 C.F.R. §111.18(d).

I look forward to hearing from you concerning this
request for pre-probable cause conciliation.

Sincerely yours,

Eugene F. Mullin
Eugene F. Mullin

EFM/jt

RECEIVED
GENERAL COUNSEL

87 JUN 10 P 4:18

38040705721

600# 3573
RECEIVED AT THE FEC
HAND DELIVERED
87 JUN 10 P 3:14

SMILEY, OLSON, GILMAN & PANGIA

ATTORNEYS AT LAW

1815 H STREET, NORTHWEST

WASHINGTON, D.C. 20006-3604

(202) 466-5100

TELEX WU 64174 ROGER

ROBERT R. SMILEY III, P. C. (DC)
WILLIAM J. OLSON, P. C. (DC, VA)
NICHOLAS GILMAN, P. C. (DC, MD, PA)
MICHAEL J. PANGIA, P. C. (DC, NY)
JOHN J. CARLINO (NY)
ROBERT A. MINEO, P. C. (NC)
WILLIAM P. HARPER, JR., P. C. (NC)

NANCY A. CHILES (SC)
WILTON J. SMITH (VA)

OF COUNSEL
GUY O. FARLEY, JR. (VA)
JOHN S. MILES (DC, MD)

SUITE 310
10821 JUDICIAL DRIVE
FAIRFAX, VIRGINIA 22030
(703) 591-8200

150 BROADWAY
NEW YORK, NEW YORK 10038
(212) 406-4848

SUITE 500
1420 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
(215) 548-1430

530 NORTH BLOUNT STREET
RALEIGH, NORTH CAROLINA 27604
(919) 834-9864

38 BROAD STREET
(P.O. BOX 67, ZIP 29402)
CHARLESTON, SOUTH CAROLINA 29401
(803) 723-2323

June 10, 1987

HAND DELIVER

Lawrence M. Noble, Esquire
Deputy General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attention: Robert Raich, Esquire

Re: MUR 2268

Dear Mr. Noble:

We represent Neighbors for Epperson, the principal campaign committee of Stuart W. Epperson, former candidate for United States Congress from the Fifth Congressional District of North Carolina in the November 1986 election.

On May 26, 1986 we received Chairman Thomas' letter of May 21, 1987 informing us that the Commission had found reason to believe that Neighbors for Epperson and its treasurer accepted a corporate contribution through the broadcast of certain editorials.

On behalf of our client, we want to express our interest in pursuing pre-probable cause conciliation pursuant to 2 U.S.C. section 437g(a)(4) and 11 C.F.R. section 111.18(d). We believe that the facts underlying this Matter Under Review are well established in the papers filed by our client with the Commission and, as you know, the Epperson campaign was unsuccessful last fall and the committee ended the campaign with a debt of approximately \$60,000. Thus, this seems to be an especially appropriate case for conciliation. The committee is interested in attempting to resolve this matter through conciliation in the

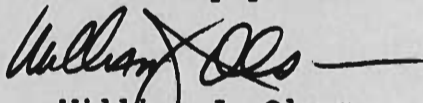
88040705722

87 JUN 11 A10:07

hope that this will eliminate the need to incur additional legal and associated costs.

We look forward to hearing from you concerning this request for pre-probable cause conciliation.

Sincerely yours,



William J. Olson

cc: Neighbors for Epperson

88040705723

SENSITIVE

07 JUL 24 14:03

06 JUL 27 1987

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Neighbors for Epperson and)
Stephen C. Mathis, as)
treasurer)
Salem Media of North Carolina, Inc.)

MUR 2268

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On May 21, 1987, the Commission informed the respondents that the Commission had found reason to believe they violated 2 U.S.C. § 441b. At that time, the Commission also sent the respondents Interrogatories and Request for Production of Documents.

All of the respondents have now requested conciliation prior to findings of probable cause. (See Attachment I.) Therefore, it is the position of this Office that responses to the outstanding discovery requests may not be necessary in order to draft a pre-probable cause agreement. */ This Office recommends, however, that before the Commission enters into conciliation with the respondents, it should obtain answers to specific questions concerning the value of Salem Media's contribution to the Committee.

II. RECOMMENDATIONS

1. Enter into conciliation with Neighbors for Epperson and Stephen C. Mathis, as treasurer, and Salem Media of North Carolina, Inc., prior to findings of probable cause to believe, after the Commission's receipt of answers to the attached Interrogatories.

*/ Should pre-probable cause conciliation efforts fail, we will require respondents to reply to the outstanding discovery requests. (See Attachment III.)

88040705724

2. Approve the attached Interrogatories to Salem Media of North Carolina, Inc.
3. Approve and send the attached letters.

Date

7/24/87

Lawrence M. Noble (LH)
Lawrence M. Noble
Acting General Counsel

Attachments

- I. Conciliation Requests
- II. Interrogatories
- III. Letters

88040705725



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

MEMORANDUM TO: LAWRENCE M. NOBLE
 ACTING GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JOSHUA MCFADDEN *JM*

DATE: JULY 29, 1987

SUBJECT: COMMENTS TO MUR 2268 - General Counsel's Report
 Signed July 24, 1987

Attached is a copy of Commissioner Aiken's
vote sheet with comments regarding the above-captioned matter.

88040705726

Attachment:
copy of vote sheet

BALLOT

SENSITIVE



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DATE & TIME TRANSMITTED: MONDAY, JULY 27, 1987 11:00

COMMISSIONER: ~~WERNER~~, ELLIOTT, JOSEPIAK, McDONALD, McGARRY, THOMAS

RETURN TO COMMISSION SECRETARY BY WEDNESDAY, JULY 29, 1987 11:00

SUBJECT: MUR 2268 - General Counsel's Report
Signed July 24, 1987

87 JUL 29 10:46
COPY

- () I approve the recommendation
(✓) I object to the recommendation

COMMENTS: for record only.

DATE: 7-28-87 SIGNATURE Joan D. Arken

A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.
PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.
PLEASE RETURN BALLOT NO LATER THAN DATE AND TIME SHOWN ABOVE.

88040705727



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: LAWRENCE M. NOBLE
ACTING GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JOSHUA MCFADDEN *JM*

DATE: JULY 29, 1987

SUBJECT: OBJECTIONS TO MUR 2268 - General Counsel's Report
Signed July 24, 1987

The above-captioned document was circulated to the
Commission on Monday, July 27, 1987 at 11:00 A.M.

Objections have been received from the Commissioners
as indicated by the name(s) checked:

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner Josefiak	_____ X _____
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Thomas	_____ X _____

This matter will be placed on the Executive Session
agenda for August 4, 1987.

Please notify us who will represent your Division
before the Commission on this matter.

88040705728

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Neighbors for Epperson and)
Stephen C. Mathis, as) MUR 2268
treasurer)
Salem Media of North Carolina,)
Inc.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of August 4,
1987, do hereby certify that the Commission decided by a
vote of 5-1 to take the following actions in MUR 2268:

1. Enter into conciliation with Neighbors
for Epperson and Stephen C. Mathis, as
treasurer, and Salem Media of North
Carolina, Inc., prior to findings of
probable cause to believe, after the
Commission's receipt of answers to the
Interrogatories attached to the
General Counsel's report dated July 24,
1987.
2. Approve the Interrogatories to Salem Media
of North Carolina, Inc. as recommended in
the General Counsel's report dated July 24,
1987.

(continued)

38040705729

Federal Election Commission
Certification for MUR 2268
August 4, 1987

Page 2

3. Approve and send the letters attached to the General Counsel's report dated July 24, 1987.

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

Attest:

8-4-87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

88040705730



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 6, 1987

Eugene F. Mullin, Esquire
Mullin, Rhyne, Emmons and Topel
1000 Connecticut Avenue, Suite 500
Washington, D.C. 20036

RE: MUR 2268
Salem Media of North
Carolina, Inc.

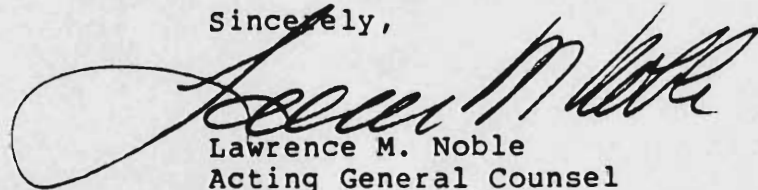
Dear Mr. Mullin:

The Federal Election Commission has found that there is reason to believe Salem Media of North Carolina, Inc. violated 2 U.S.C. § 441b. By a letter dated June 10, 1987, you submitted a request to enter into conciliation negotiations prior to a finding of probable cause to believe.

The Commission considered your request, and has determined to enter into conciliation negotiations with you only upon receipt of your answers to the attached Interrogatories. The Commission reminds you that the Interrogatories and Request for Production of Documents previously submitted to you remain outstanding, and that if conciliation negotiations prior to a finding of probable cause are ultimately unfruitful, you will be required to respond to those discovery requests.

If you have any questions please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,


Lawrence M. Noble
Acting General Counsel

Enclosure
Interrogatories

8040705731

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Salem Media of North Carolina,)
Inc.)

MUR 2268

INTERROGATORIES

TO: Salem Media of North Carolina, Inc.

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request.

DEFINITIONS

For the purpose of these Interrogatories, the terms listed below are defined as follows:

"You" means Salem Media of North Carolina, Inc., including all subsidiaries, affiliates, or parents, and all owners, officers, directors, employees, agents, or attorneys thereof.

"Identify" with respect to a natural person means state the full name, the present business and residence addresses and telephone numbers, and the present occupation or position of such person.

88040705732

QUESTIONS

1. From May 1985 until an undetermined date in the summer of 1986, Stuart Epperson broadcast editorials on WTOB. With regard to each month from May 1985 through July 1986, state the total number of minutes during which WTOB aired editorials by Stuart Epperson.

2. With regard to each month from May 1985 through July 1986, state what you would have charged a political campaign for the amount of air time on WTOB listed in your answers to Question 1, if such air time were for broadcasts at the same times of day and in the same time increments as Stuart Epperson's editorials.

3. For each question above, identify the natural person answering the question, and identify all persons who provided any information used in answering the question.

88040705733



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 6, 1987

William J. Olson, Esquire
Smiley, Olson, Gilman & Pangia
1815 H Street, N.W.
Washington, D.C. 20006

RE: MUR 2268
Neighbors for
Epperson and
Stephen C. Mathis,
as treasurer

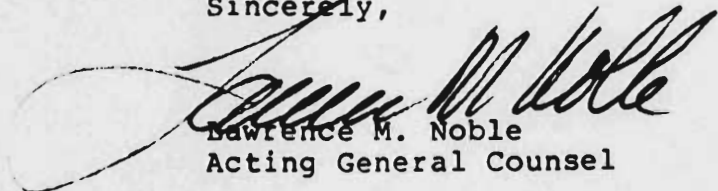
Dear Mr. Olson:

The Federal Election Commission has found that there is reason to believe Neighbors for Epperson and Stephen C. Mathis, as treasurer, violated 2 U.S.C. § 441b. By a letter dated June 10, 1987, you submitted a request to enter into conciliation negotiations prior to a finding of probable cause to believe.

The Commission considered your request, and has determined to enter into conciliation negotiations with you after further investigation. The Commission will again contact you upon receipt of the additional information.

If you have any questions please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,


Lawrence M. Noble
Acting General Counsel

38040705734

600# 4206

LAW OFFICES

MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20036

(202) 659-4700

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

LAWRENCE ROBERTS
LINDA J. ECKARD
RACHEL D. CRAMER
MARY C. LAWLESS
J. PARKER CONNOR
OF COUNSEL

August 20, 1987

HAND DELIVER

Lawrence M. Noble
Acting General Counsel
Federal Election Commission
Office of the General Counsel
999 E Street, N.W.--Room 657
Washington, D.C. 20463

Re: MUR 2268

Dear Mr. Noble:

I represent Salem Media of North Carolina, Inc., in the above-referenced matter under review.

On August 7, 1987, I received your letter notifying Salem Media that the FEC has decided to enter into conciliation with Salem Media upon receipt of Salem Media's answers to certain interrogatories. Salem Media's response is due by August 24, 1987 (i.e., within 15 days of receipt of your letter).

My client has been busy compiling the information necessary to respond to the interrogatories. However, this has required reviewing daily records from a 15-month period and has proved to be quite time-consuming. Thus, I have not yet received from him or had an opportunity to evaluate the information in order to prepare complete and accurate responses to the specific questions of the Commission.

37 AUG 20 P 4: 38

88040705735

Lawrence M. Noble
Acting General Counsel
August 20, 1987
Page 2

I am requesting, therefore, extension of two weeks, until September 7, 1987, to respond to the interrogatories. In a telephone conversation today with my associate, Mary Lawless, Mr. Raich, the FEC attorney assigned to this matter, indicated that there should be no problem with granting this request. Accordingly, unless notified otherwise, Salem Media will file its response by September 7, 1987.

Sincerely,

Eugene F. Mullin / met

Eugene F. Mullin

EFM/jt

cc: Mr. Robert Raich, Esq.

38040705736



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1987

Eugene F. Mullin, Esquire
Mullin, Rhyne, Emmons and Topel
1000 Connecticut Avenue, Suite 500
Washington, D.C. 20036

RE: MUR 2268
Salem Media of North
Carolina, Inc.

Dear Mr. Mullin:

This is in response to your letter dated August 20, 1987, requesting an extension of until September 7, 1987, to respond to interrogatories. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on September 7, 1987.

If you have any questions, please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
Acting General Counsel

BY: Lois G. Lerner
Associate General Counsel

88040705737

WTOB
am
stereo
1380

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

87 SEP -8 PH 5:40

QCC# 4329

/ MNR 2268

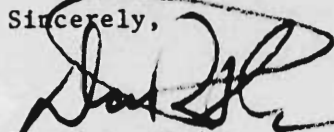
September 4, 1987

Federal Elections Commission
Washington, DC

Gentlemen:

The following information is submitted in response to the recent FEC
request regarding WTOB editorials.

Sincerely,



David R. Plyler
General Manager
WTOB

DRP:ssm

8 3 0 4 0 7 0 5 7 3 8

ANSWERS TO FEC QUESTIONS

1. Attached is a summary of the total number of Editorials WTOB aired for the months of December 1985 through July 1986. WTOB has no program logs for the time period May 1985 through November 1985, and no other record of any editorials broadcast during that period. Therefore that portion of the information requested by the FEC is unavailable. It should be noted that we are not required to retain any such program logs by the Federal Communications Commission or any other government agency. Also, Stuart W. Epperson has advised me that he did not become a candidate for public office as defined by the FEC until December 7, 1985 (i.e., having either raised or spent \$5,000).

Our records do not show the length of each Editorial. Some were less than one minute, some one and one-half to two minutes and some may have been longer. It is fair to say they averaged one and one-half minutes in length.

The "Point of View" editorials probably ended on July 7, 1986. During some part of June and probably all of July 1986 (exact dates do not appear to be available) they were done by someone else, and not done by Stuart W. Epperson.

2. The rate WTOB would have charged a political campaign for a program of this type is \$15.00 per editorial. This is our lowest rate for sixty second announcements, which is applicable for this type program. The rate per Editorial was arrived at by me independently based on the WTOB rates in effect during the period in question.

3. The enclosed information was compiled under my supervision by the individuals identified as follows:

Suzanne Flyler Part-time-WTOB Student	211 Harmon Lane Kernersville, NC 27284 (919) 993-4675	WTOB Radio Station 8025 North Point Blvd. Winston-Salem, NC 27106 (919) 723-4353
Sherrill McSwain Part-time-WTOB Student	4958 Stonington Road Winston-Salem, NC 27103 (919) 765-4427	(Same as Above)
Betsy Lewter Part-time-WTOB Secretary	656 Sun Meadows Drive Kernersville, NC 27284 (919) 788-0851	(Same as Above)
Greg Epperson Full-time-WTOB Part-time Sales WTOB	Rt. 1 Box 136 Ararat, VA 27053 (703) 251-5779	(Same as Above)

98040705739

SUMMARY

Date	Number of Editorials
December 1985	134
January 1986	137
February 1986	104
March 1986	112
April 1986	121
May 1986	115
June 1986	112
July 1986	<u>56</u>
	891
WTOB rate -	
\$15.00 for each Editorial.	

88040705740

SENSITIVE

RECEIVED
FEDERAL ELECTION COMMISSION

BEFORE THE FEDERAL ELECTION COMMISSION

87 OCT 23 PM 4:29

In the Matter of)
)
Neighbors for Epperson and)
Stephen C. Mathis, as)
treasurer)
)
Salem Media of North Carolina,)
Inc.)

MUR 2268

**EXECUTIVE SESSION
DEC 01 1987**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On August 4, 1987, the Commission voted to enter into conciliation with the respondents, prior to a finding of probable cause to believe, after receiving answers to Interrogatories (Attachment I). The Commission has now received such answers (Attachment II).

II. DISCUSSION OF CONCILIATION PROVISIONS

88040705741

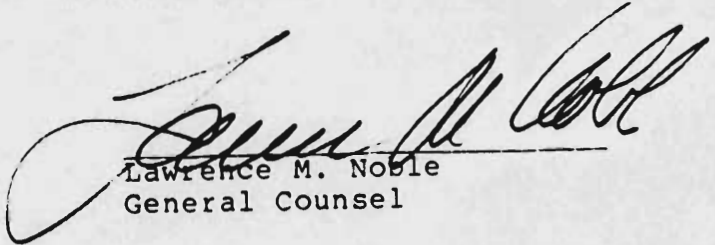
38040705742

III. RECOMMENDATIONS

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

Date

11/23/57


Lawrence M. Noble
General Counsel

Attachments

- I. Interrogatories
- II. Answers
- III. Proposed conciliation agreements
- IV. Letters

BALLOT

SENSITIVE



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DATE & TIME TRANSMITTED: TUESDAY, NOVEMBER 24, 1987 11:00

COMMISSIONER: AIKENS, ~~WELLS~~, JOSEFLAK, McDONALD, McGARRY, THOMAS

RETURN TO COMMISSION SECRETARY BY FRIDAY, NOVEMBER 27, 1987 11:00

SUBJECT: MUR 2268 - General Counsel's Report
Signed November 23, 1987

38040705743

- () I approve the recommendation
(X) I object to the recommendation

COMMENTS:

for the record

87 NOV 25 AM 9:26

RECEIVED
FEDERAL ELECTION COMMISSION

DATE: 25 Nov 87 SIGNATURE W. Ann Elliott

A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.

PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.

PLEASE RETURN BALLOT NO LATER THAN DATE AND TIME SHOWN ABOVE.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO:

LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM:

MARJORIE W. EMMONS/JOSHUA MCFADDEN *JM*

DATE:

NOVEMBER 25, 1987

SUBJECT:

COMMENTS TO MUR 2268 - General Counsel's Report
Signed November 23, 1987

Attached is a copy of Commissioner Elliott's vote
sheet with comments regarding the above-captioned matter.

Attachment:
copy of vote sheet

88040705744



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

MEMORANDUM TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS /JOSHUA MCFADDEN *JM*

DATE: NOVEMBER 25, 1987

SUBJECT: OBJECTION TO MUR 2268 - General Counsel's Report
Signed November 23, 1987

The above-captioned document was circulated to the Commission on Tuesday, November 24, 1987 at 11:00 A.M.

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	<u>X</u>
Commissioner Elliott	<u></u>
Commissioner Josefiak	<u>X</u>
Commissioner McDonald	<u></u>
Commissioner McGarry	<u></u>
Commissioner Thomas	<u>X</u>

This matter will be placed on the Executive Session agenda for December 1, 1987.

Please notify us who will represent your Division before the Commission on this matter.

38040705745

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Neighbors for Epperson and)
Stephen C. Mathis, as)
treasurer) MUR 2268
)
Salem Media of North Carolina,)
Inc.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of December 1, 1987, do hereby certify that the Commission decided by a vote of 6-0 to defer consideration of MUR 2268 until the executive session of December 8, 1987.

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

Attest:

12-2-87

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

88040705746

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Neighbors for Epperson and)
Stephen C. Mathis, as) MUR 2268
treasurer)
)
Salem Media of North Carolina,)
Inc.)

AMENDED CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session of December 8,
1987, do hereby certify that the Commission decided by a vote
of 4-2 to take the following actions in MUR 2268:

1. Approve the conciliation agreements attached
to the General Counsel's report dated
November 23, 1987, subject to amendment by
addition of the following language in the
appropriate paragraphs:

(continued)

38040705747

Federal Election Commission
Certification for MUR 2268
December 8, 1987

Page 2

2. Approve and send the letters attached to the General Counsel's report dated November 23, 1987.

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

Attest:

12/15/87
Date of Amendment

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

88040705748

CCC# 4918

LAW OFFICES

MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20036

(202) 659-4700

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

LAWRENCE ROBERTS
LINDA J. ECKARD
RACHEL D. CRAMER
MARY C. LAWLESS
J. PARKER CONNOR
OF COUNSEL

December 8, 1987

Lawrence M. Noble, Esq.
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attention: Robert Raish, Esq.

Re: MUR 2268
Salem Media of North Carolina, Inc.

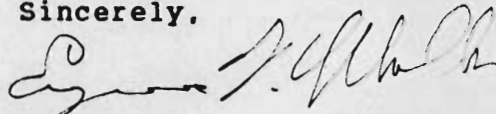
Dear Mr. Noble:

This is to inform you that I hereby withdraw my appearance as designated counsel for Salem Media of North Carolina, Inc., in the above-referenced matter under review.

In future, all correspondence in this matter should be sent to Mr. Stuart Epperson, President of Salem Media of North Carolina, Inc., at the following address:

Mr. Stuart W. Epperson
3780 Will Scarlet Road
Winston-Salem, NC 27104

Sincerely,



Eugene F. Mullin

EFM/jt

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
87 DEC -9 PM 11:59

87 DEC -9 PM 10:46

33040705749



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 21, 1987

William J. Olson, Esquire
Smiley, Olson, Gilman & Pangia
1815 H Street, N.W.
Washington, D.C. 20006

RE: MUR 2268
Neighbors for
Epperson and
Stephen C. Mathis,
as treasurer

Dear Mr. Olson:

On December 8, 1987, the Federal Election Commission approved the enclosed conciliation agreement in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

88040705750



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 21, 1987

Mr. Stuart W. Epperson, President
Salem Media of North Carolina, Inc.
3780 Will Scarlet Road
Winston-Salem, NC 27104

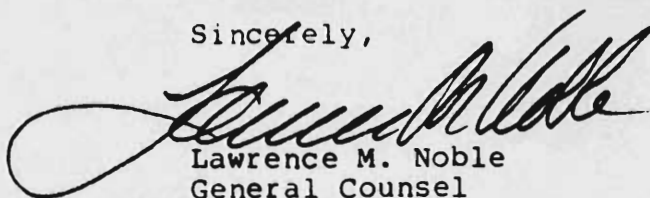
RE: MUR 2268
Salem Media of North
Carolina, Inc.

Dear Mr. Epperson:

On December 8, 1987, the Federal Election Commission approved the enclosed conciliation agreement in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,


Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

88040705751



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 20, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Stuart W. Epperson, President
Salem Media of North Carolina, Inc.
3780 Will Scarlet Road
Winston-Salem, NC 27104

RE: MUR 2268
Salem Media of North
Carolina, Inc.

Dear Mr. Epperson:

Pursuant to your January 20, 1988, request of Robert Raich,
enclosed is a copy of the Commission's letter to you dated
December 21, 1987, with enclosure.

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosure

Letter dated 12/21/87, with enclosure

88040705752

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION COMMISSION
SECRET

88 JUN -1 AM 9:36

In the Matter of)

Neighbors for Epperson and)
Stephen C. Mathis, as)
treasurer)

MUR 2268

Salem Media of North)
Carolina, Inc.)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 18, 1988, the Commission approved conciliation agreements in settlement of this matter. Those conciliation agreements have now been signed on behalf of the respondents and returned to the Commission. (Attachment I) Accordingly, this Office recommends that the Commission accept the attached conciliation agreements and close the file.

II. RECOMMENDATIONS

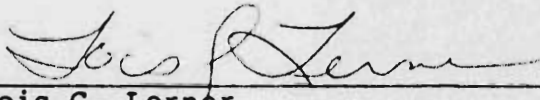
1. Accept the attached conciliation agreements.
2. Close the file.
3. Approve and send the attached letters.

Lawrence M. Noble
General Counsel

Date

5/31/88

By:


Lois G. Lerner
Associate General Counsel

Attachments

- I. Conciliation Agreements
- II. Letters

88040705753



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS / KAREN E. TRACH *RET*
COMMISSION SECRETARY

DATE: JUNE 2, 1988

SUBJECT: MUR 2268 - General Counsel's Report
Signed May 31, 1988

Attached is a copy of Commissioner ELLIOTT
vote sheet with comments regarding the above-captioned matter.

Attachment:
Copy of Vote Sheet

88040705754

BALLOT



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DATE & TIME TRANSMITTED: WEDNESDAY, JUNE 1, 1988, at 4:00

COMMISSIONER: AIKENS, ~~ELLIOTT~~, JOSEFIAR, McDONALD, MCGARRY, THOMAS

RETURN TO COMMISSION SECRETARY BY FRIDAY, JUNE 3, 1988, at 4:00

SUBJECT: MUR 2268 - General Counsel's Report
Signed May 31, 1988

88040705753

- () I approve the recommendation
(X) I object to the recommendation

COMMENTS:

For the record

88 JUN -2 AM 11:34

RECEIVED
FEDERAL ELECTION COMMISSION

DATE:

6-2-88

SIGNATURE

Lee Ann Elliott

A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.

PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.

PLEASE RETURN BALLOT NO LATER THAN DATE AND TIME SHOWN ABOVE.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/KAREN E. TRACH *MT*
COMMISSION SECRETARY

DATE: JUNE 7, 1988

SUBJECT: MUR 2268 - General Counsel's Report
Signed May 31, 1988

Attached is a copy of Commissioner AIKENS
vote sheet with comments regarding the above-captioned matter.

Attachment:
Copy of Vote Sheet

88040705756

BALLOT



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
SECRET

DATE & TIME TRANSMITTED: WEDNESDAY, JUNE 1, 1988, at 4:00

COMMISSIONER: ~~REDACTED~~ ELLIOTT, JOSEFIK, McDONALD, McGARRY, THOMAS

RETURN TO COMMISSION SECRETARY BY FRIDAY, JUNE 3, 1988, at 4:00

SUBJECT: MUR 2268 - General Counsel's Report
Signed May 31, 1988

88040705757

- () I approve the recommendation
(✓) I object to the recommendation

88 JUN -2 PM 12:26

RECEIVED
FEDERAL ELECTION COMMISSION

COMMENTS:

for record only

DATE: 6-2-88

SIGNATURE

John D. Riker

A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.

PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.

PLEASE RETURN BALLOT NO LATER THAN DATE AND TIME SHOWN ABOVE.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Neighbors for Epperson and
Stephen C. Mathis, as
treasurer

Salem Media of North
Carolina, Inc.

MUR 2268

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal
Election Commission, do hereby certify that on June 3,
1988, the Commission decided by a vote of 4-2 to take
the following actions in MUR 2268:

1. Accept the conciliation agreements, as
recommended in the General Counsel's
report signed May 31, 1988.
2. Close the file.
3. Approve and send the letters, as recommended
in the General Counsel's report signed
May 31, 1988.

Commissioners Josefiak, McDonald, McGarry, and Thomas
voted affirmatively for the decision;

Commissioners Aikens and Elliott dissented

Attest:

6-3-88

Date

Mary H. Done
for Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary: Wed., 6-1-88, 9:36
Circulated on 48 hour tally basis: Wed., 6-1-88, 4:00
Deadline for vote: Fri., 6-3-88, 4:00

88040705758



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 9, 1988

William J. Olson, Esquire
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006

RE: MUR 2268
Neighbors for Epperson
and Stephen C. Mathis,
as treasurer

Dear Mr. Olson:

On June 3, 1988, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of a violation of 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

88040705759

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Neighbors for Epperson and) MUR 2268
Stephen C. Mathis, as treasurer)

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint from James Van Hecke. The Federal Election Commission (the "Commission") found reason to believe Neighbors for Epperson and Stephen C. Mathis ("Respondents") violated 2 U.S.C. § 441b.

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Neighbors for Epperson is a political committee within the meaning of 2 U.S.C. § 431(4).
2. Stephen C. Mathis is the treasurer of Neighbors for Epperson.
3. Neighbors for Epperson is the principal campaign committee of Stuart Epperson.

88040705760

4. Stuart Epperson was a federal candidate in the 1986 primary and general elections in North Carolina's fifth congressional district. Mr. Epperson became a federal candidate in December 1985.

5. Inclusive of the period May 1985 through July 1986, Stuart Epperson owned radio station WTOB, Winston-Salem, North Carolina.

6. From May 1985 through July 1986 Stuart Epperson wrote and broadcast daily editorials on WTOB. Each editorial twice identified Stuart Epperson as the broadcaster.

7. Certain editorials constituted a thing of value to the Neighbors for Epperson committee.

8. Salem Media of North Carolina, Inc., the corporate licensee of WTOB, provided air time to broadcast the editorials free of charge.

9. Respondents knowingly received and used the free air time provided by Salem Media of North Carolina, Inc.

10. Respondents contend that any violation was not a knowing and willful violation.

V. 1. Pursuant to 2 U.S.C. § 441b, it is unlawful for any political committee knowingly to receive any contribution from any corporation. The term "contribution" includes anything of value given to any campaign committee in connection with any federal election.

2. Respondents received a contribution from a corporation, in violation of 2 U.S.C. § 441b.

38040705761

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of four thousand five hundred dollars (\$4,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or

88040705762

oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

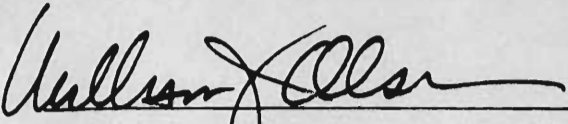
Lawrence M. Noble
General Counsel

By:


Lois G. Lerner
Associate General Counsel

6/8/88
Date

FOR THE RESPONDENTS:


WILLIAM J. OLSON
Attorney for Neighbors for
Epperson and Stephen C.
Mathis, as treasurer

May 10, 1988
Date

88040705763



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 9, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. James Van Hecke, Jr.
Democratic Party of North Carolina
P.O. Box 12196
Raleigh, North Carolina 27605

RE: MUR 2268

Dear Mr. Van Hecke:

This is in reference to the complaint you filed with the Federal Election Commission on October 15, 1986, concerning editorials broadcast on radio station WTOB by Stuart Epperson.

The Commission found that there was reason to believe Neighbors for Epperson and Stephen C. Mathis, as treasurer, and Salem Media of North Carolina, Inc. violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended, and conducted an investigation in this matter. On June 3, 1988, conciliation agreements signed on behalf of the respondents were accepted by the Commission. Accordingly, the Commission closed the file in this matter on June 3, 1988. Copies of these agreements are enclosed for your information.

If you have any questions, please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosures
Conciliation Agreements

89040705764



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 9, 1988

Mr. Stuart W. Epperson, President
Salem Media of North Carolina, Inc.
3780 Will Scarlet Road
Winston-Salem, NC 27104

RE: MUR 2268
Salem Media of North
Carolina, Inc.

Dear Mr. Epperson:

On June 3, 1988, the Federal Election Commission accepted the signed conciliation agreement submitted on behalf of Salem Media of North Carolina, Inc. in settlement of a violation of 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

88040705765

6CC#9323

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina,) MUR 2268
Inc.)

RECEIVED
FEDERAL ELECTION COMMISSION
88 MAY 20 PM 3:23

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint from James Van Hecke. The Federal Election Commission (the "Commission") found reason to believe that Salem Media of North Carolina, Inc. ("Respondent") violated 2 U.S.C. § 441b.

NOW, THEREFORE, the Commission and the Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent is a corporation.
2. Respondent is the licensee of radio station WTOB, Winston-Salem, North Carolina.
3. Inclusive of the period May 1985 through July 1986, Stuart Epperson owned radio station WTOB, Winston-Salem, North Carolina.

88040705766

4. Stuart Epperson was a federal candidate in the 1986 primary and general elections in North Carolina's fifth congressional district. Mr. Epperson became a federal candidate in December 1985.

5. From May 1985 through July 1986 Stuart Epperson wrote and broadcast daily editorials on WTOB. Each editorial twice identified Stuart Epperson as the broadcaster.

6. Certain editorials constituted a thing of value to the Neighbors for Epperson committee.

7. Respondent provided air time to broadcast the editorials free of charge.

V. 1. Pursuant to 2 U.S.C. § 441b, it is unlawful for any corporation to make a contribution in connection with any federal election. The term "contribution" includes anything of value given to any candidate or campaign committee.

2. Respondent, a corporation, made a contribution to Stuart Epperson and his principal campaign committee, in violation of 2 U.S.C. § 441b.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of four thousand five hundred dollars (\$4,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

8804070576Z

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

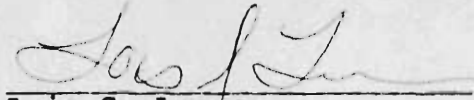
IX. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

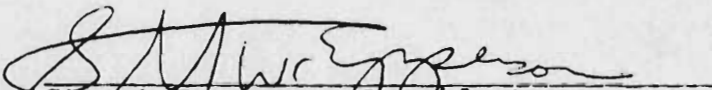
Lawrence M. Noble
General Counsel

By:


Lois G. Lerner
Associate General Counsel

6/8/88
Date

FOR THE RESPONDENT:


Stuart Epperson, President
Salem Media for North Carolina, Inc.

5/10/88
Date

88040705768



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2268

DATE FILMED _____ CAMERA NO. _____

CAMERAMAN K.A.U.

88040705769



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

12/8.25.88

THE FOLLOWING MATERIAL IS BEING ADDED TO THE
PUBLIC FILE OF CLOSED MUR 2268 .

88040712736

Stuart W. Epperson
Salem Communications Corp.

HAND DELIVERED
RECEIVED
FEDERAL ELECTION COMMISSION

88 JUL -7 AM 10:15

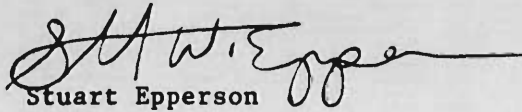
July 6, 1988

Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Dear Mr. Bob Reich:

According to our records the checks enclosed pay in-full the amount due from Salem Media of NC, Inc.-MUR-2268. Please let us know if this is correct.

Sincerely,


Stuart Epperson

SE/cm

Enclosed

33040712737

MEMORANDUM

TO: DEBRA A. TRIMIEW

TO: CECILIA LIEBER

FROM: CECILIA LIEBER

FROM: DEBRA A. TRIMIEW

CHECK NO. 1745 { A COPY OF WHICH IS ATTACHED } RELATING TO

MUR 2268 AND NAME Neighbors for Epperson

WAS RECIEVED ON 7/8/88. PLEASE INDICATE THE ACCOUNT INTO WHICH IT SHOULD BE DEPOSITED:

/ / BUDGET CLEARING ACCOUNT { 95F3875.16 }
/ ✓ / CIVIL PENALTIES ACCOUNT { 95-1099.160 }
/ / OTHER _____

SIGNATURE Debra A. Trimiew

DATE 7/11/88

MEMORANDUM

TO: DEBRA A. TRIMIEW

TO: CECILIA LIEBER

FROM: CECILIA LIEBER

FROM: DEBRA A. TRIMIEW

CHECK NO. 2379 { A COPY OF WHICH IS ATTACHED } RELATING TO

MUR 2268 AND NAME Salem Media of North Carolina

WAS RECIEVED ON 7/8/88. PLEASE INDICATE THE ACCOUNT INTO WHICH IT SHOULD BE DEPOSITED:

/ / BUDGET CLEARING ACCOUNT { 95F3875.16 }
/ ✓ / CIVIL PENALTIES ACCOUNT { 95-1099.160 }
/ / OTHER _____

SIGNATURE Debra A. Trimiew

DATE 7/11/88

STUART W. EPPERSON
NANCY EPPERSON

3780 WILL SCARLET RD.

PH. 919 765-7438 WINSTON-SALEM, NC 27104

July 6 19 88

1745

66-49/531

PAY TO THE
ORDER OF Federal Election Commission

\$ 2,000.00

Two Thousand Dollars and 00/100-----DOLLARS

Wachovia

Wachovia Bank & Trust Company, N.A.
Winston-Salem, NC 27150-3099

MUR-2268

MEMO Neighbors for Epperson

⑆053100494⑆ 8733 337232⑈ 1745

Stuart W. Epperson



SALEM MEDIA OF NC, INC.

RADIO STATION WTOB

8025 NORTH POINT BLVD. PH. 723-4353

WINSTON-SALEM, NC 27108

2379

66-1163/531

PAY
TO THE
ORDER OF

Federal Election Commission

July 6 19 88

\$ 2,000.00

Two Thousand Dollars and 00/100-----DOLLARS

TRIAD BANK

WINSTON-SALEM, NC 27103

FOR ~~Neighbors for Epperson~~ MUR-2268

⑆00002379⑈ ⑆053111632⑆ 110 127 7⑈

Stuart W. Epperson

98040712739



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE
PUBLIC FILE OF CLOSED MUR 2268 .

33040722404



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 15, 1988

Mr. Stuart W. Epperson
3780 Will Scarlet Road
Winston-Salem, NC 27104

RE: MUR 2268
Neighbors for Epperson
and Stephen C. Mathis,
as treasurer
Salem Media of North
Carolina, Inc.

Dear Mr. Epperson:

As requested in your letter dated July 6, this confirms the Commission's receipt of checks in full payment of civil penalties on behalf of all respondents in the above-referenced matter.

Sincerely,

Lawrence M. Noble
General Counsel

By: *Lois G. Lerner*
Associate General Counsel

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