



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 8725

DATE FILMED 8/29/89 CAMERA NO. 4

CAMERAMAN AS

87040762400



★ DEMOCRATIC
★ CONGRESSIONAL
★ CAMPAIGN COMMITTEE

06C 664
- turn 2725

Beryl Anthony, Jr., AR
Chairman

October 13, 1988

Federal Election Commission
999 E Street, NW
Washington, DC 20463

Dear Commissioners:

This letter represents a complaint filed by the Democratic Congressional Campaign Committee ("DCCC") against Taxpayers' Survival Association, Inc. ("TSA"), Mel Hancock, and Mel Hancock for Congress (the "Committee") (collectively referred to as "Respondents"), alleging violations of the Federal Election Campaign Act of 1971, as amended ("FECA"), 2 U.S.C. Section 431 et seq. and related regulations of the Federal Election Commission ("FEC" or the "Commission") 11 C.F.R. Section 101 et seq. The Commission must investigate the following facts to determine whether Respondents have made and received a prohibited corporate contribution.

Taxpayer's Survival Association, Inc. is a corporation organized under the laws of the State of Missouri. It has received a tax-exempt status under Section 501 (c)(3) of the Internal Revenue Code. Mel Hancock is a candidate for the United States Congress in Missouri. Mel Hancock for Congress is the principal campaign authorized by Mel Hancock in his race for the Congress.

RECEIVED
FEDERAL ELECTION COMMISSION
88 OCT 13 PM 5:01

39040762401

Taxpayers' Survival Association, Inc. was originally organized as a political committee under the laws of the State of Missouri. The organization was established by and is controlled by Mel Hancock. It was active in the state in promoting an initiative referendum was called the "Hancock Amendment." The political committee registered with the State of Missouri and filed periodic statements of its financial activity.

Mel Hancock subsequently applied for and received tax-exempt status for this organization under the Internal Revenue Code. In order to achieve such tax-exempt status, TSA incorporated in the State of Missouri, and as part of its Articles of Incorporation stated that it would not "participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf on any candidate for public office."¹

Then Mel Hancock decided to run for Congress. His campaign, however, apparently got off to a slow start. In his first report, covering the first quarter of 1988, the Committee showed contributions from individuals totaling only \$9,298. Mel Hancock made personal loans to the Committee of \$17,500. Total operating expenditures of the Committee were almost \$21,000. One of the operating expenditures reported by the Committee was the payment of \$15,662.81 to TSA as reimbursement for printing and postage.

This means that nearly three-quarters of the money spent by the Committee went to an incorporated entity controlled by the candidate for services provided to the Committee. But why did the Committee use this nonprofit corporation rather than a regular commercial vendor? Did the reimbursement include the fair market value of the goods and services provided or does it include only the costs to TSA? Was the reimbursement made in a commercially reasonable time? Was TSA's mailing list used? Did the reimbursement include the value of this mailing list?

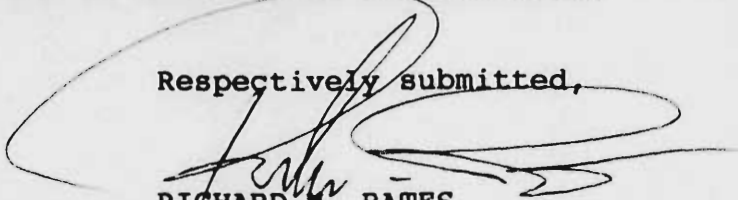
^{1/} The DCCC is today also filing with the Internal Revenue Service a request for an investigation in the tax-exempt status of this organization.

39040762402

Federal Election Commission
October 13, 1988
page 3

These unanswered questions raise serious issues as to whether the Committee has received unlawful corporation contributions in-kind in violation of 2 U.S.C. Section 441b or 11 C.F.R. Section 114.9. The Federal Election Commission must investigate promptly to remedy any violations and to ensure that no additional violation occurs.

Respectively submitted,


RICHARD M. BATES
EXECUTIVE DIRECTOR
DEMOCRATIC CONGRESSIONAL
CAMPAIGN COMMITTEE

SUBSCRIBED AND SWORN TO BEFORE ME
this 13th day of October, 1988

Claudette B. Hays
Notary Public

My Commission Expires:

My Commission expires June 30, 1993

39040762403



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 14, 1988

SPECIAL DELIVERY

Lawrence M. Viola
Executive Director
Legislative Congressional
Campaign Committee
400 M. Street, N.E.
Washington, DC 20002

RE: 100-17111

Dear Mr. Viola:

Your letter acknowledging receipt of October 10, 1988, of your complaint against the Federal Taxpayers Educational Foundation, William F. Buckley, and the Taxpayers Educational Foundation, regarding violations of the Federal Election Campaign Law, is being referred to the appropriate staff for review. The appropriate staff will be notified of this complaint as soon as possible. It will be reviewed as soon as the Commission takes final action on your complaint. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Please be advised that this letter shall remain confidential in accordance with 2 U.S.C. Sections 4379(a)(4)(B) and 4379(a)(2)(A) unless the respondents notify the Commission in writing that they wish the matter to be made public.

Sincerely,

Lawrence M. Viola
General Counsel

Lois G. Lerner
rue

cc: Lois G. Lerner
Associate General Counsel

cc: [illegible]
cc: [illegible]

89040762404



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 14, 1988

RECEIVED, DELIVERY

Melton D. Hancock
2110 W. 15th St.
Lawrenceville, GA 30046

RE: MUR 2725
Melton D. Hancock

Melton D. Hancock

This letter is to notify you that on October 10, 1988, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended (the Act). A copy of the complaint is enclosed. We have numbered this matter MUR 2725. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. You are encouraged to respond to this notification promptly. In order to facilitate an expeditious response, we have enclosed a pre-addressed, postage paid, special delivery envelope. If no response is received within 15 days, the Commission may take further action based on the available information.

The complaint may be dismissed by the Commission prior to the receipt of your response if the evidence submitted does not indicate that a violation of the Act has been committed. Should the Commission dismiss the complaint, you will be notified by overnight express mail.

This matter will remain confidential in accordance with Section 437g(a)(4)(B) and Section 437g(a)(1)(2)(A) of Title 2 unless you notify the Commission in writing that you wish the matter to be made public.

89040762405

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Della Jacoby at (202) 376-3690.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Kerner
mkc

By: Lois G. Kerner
Associate General Counsel

Enclosures
10/1/11
10/1/11
10/1/11
10/1/11
10/1/11

89040762406



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 14, 1988

RECEIVED OCT 15 1988

Mr. Mel Hancock, Treasurer
Mel Hancock For Congress
1111 N. West 10th
Oklahoma City, OK 73106

RE: MEL HANCOCK
Mel Hancock For Congress
and William H. Bennett,
as treasurer

Dear Mr. Hancock:

This letter is to notify you that on October 13, 1988, the Federal Election Commission received a complaint which alleges that Mel Hancock For Congress and you, as treasurer, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended, "the Act". A copy of the complaint is enclosed. We have assigned this matter WUS 1728. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you and Mel Hancock For Congress in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter, where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. You are encouraged to respond to this notification promptly. In order to facilitate an expeditious response, we have enclosed a pre-addressed, postage paid, special delivery envelope. If no response is received within 15 days, the Commission may take further action based on the available information.

The complaint may be dismissed by the Commission prior to the receipt of your response if the evidence submitted does not indicate that a violation of the Act has been committed. Should the Commission sustain the complaint, you will be notified by overnight express mail.

This matter will remain confidential in accordance with Section 437(g)(4)(B) and Section 437(g)(1)(D) of Title 2 unless you notify the Commission in writing that you wish the matter to be made public.

89040762407

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form showing the name, address, and telephone number of your counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Della Jacoby at 333-173080.

Sincerely,

Lawrence M. Noble
General Counsel

Louis G. Kerner
me

Louis G. Kerner
Associate General Counsel

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11-11-68

89040762408



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 14, 1988

SPECIAL DELIVERY

Taxpayers' Survival Association
514 N. Hamilton Road
Boring, Idaho, 83802

RE: MUR 2705
Taxpayers' Survival
Association

Re: closed:

This letter is to notify you that on October 13, 1988, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2705. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. You are encouraged to respond to this notification promptly. In order to facilitate an expeditious response, we have enclosed a pre-addressed, postage paid, special delivery envelope. If no response is received within 15 days, the Commission may take further action based on the available information.

The complaint may be dismissed by the Commission prior to the receipt of your response if the evidence submitted does not indicate that a violation of the Act has been committed. Should the Commission dismiss the complaint, you will be notified by overnight express mail.

This matter will remain confidential in accordance with Section 437g(a)(4) (B) and Section 437g(a)(1)(A) of Title 2 unless you notify the Commission in writing that you wish the matter to be made public.

89040762409

If you intend to be represented by counsel in this matter, please advise the Commission by completing the attached form giving the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Bill Jacoby at 111-118090.

Sincerely,

Lawrence M. Noble
General Counsel

Louis G. Kerner
me

Sgt. Louis G. Kerner
Associate General Counsel

111-118090
111-118090
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SENSITIVE

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

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARY

88 OCT 17 PM 12:06

EXPEDITED FIRST GENERAL COUNSEL'S REPORT

MUR 2725
STAFF MEMBER: C.L. Jacoby

COMPLAINANT: Richard M. Bates, Director of Democratic
Congressional Campaign Committee

RESPONDENTS: Taxpayers' Survival Association, Inc.

Melton D. Hancock

Mel Hancock for Congress and William E. Bennett,
as treasurer

SUMMARY OF ALLEGATIONS

The complainant alleges that a corporate contribution to Mel Hancock for Congress (the "Committee") may have occurred. The Committee apparently reimbursed Taxpayers' Survival Association, Inc. (TSA) \$15,662 for printing and postage. TSA is identified in the complaint as a tax-exempt corporation established and controlled by Mel Hancock. The complainant states that "nearly three-quarters of the money spent by the Committee went to an incorporated entity controlled by the candidate for services provided to the Committee."

Under these circumstances the complainant ponders whether the use of a non-profit corporation instead of a commercial vendor was appropriate, whether the fair market value for the goods and services rendered was charged to and paid by the Committee, whether payment for those goods and services occurred

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within a reasonable time, and whether TSA's mailing list was either used or paid for by the Committee. Except for these speculations, no evidence is provided. However, in view of the evident close relationship among Mr. Hancock, the Committee and TSA, reasonable grounds to consider whether a violation of the Federal election laws occurred are posed.

PRELIMINARY LEGAL ANALYSIS

A. Applicable Law

Corporations are prohibited from making a contribution or expenditure, defined to include "anything of value," in connection with federal elections. It is also unlawful for any officer or director to consent to a corporate contribution or expenditure in connection with a federal campaign. Nor may a political committee knowingly accept or receive a contribution from a corporation. 2 U.S.C. §§ 441b(a), (b)(2). The term "anything of value" includes all in-kind contributions, mailing lists and the provision of goods and services without charge or at a charge less than the usual and normal charges for such goods and services. 11 C.F.R. § 100.7(a)(iii)(A). "Usual and normal charge" for goods is considered the price of such goods in the prevailing market at the time of the contribution. 11 C.F.R. § 100.7(a)(iii)(B). The amount of the contribution if services or goods are obtained at a discount is the difference between the market price and the amount actually charged. 11 C.F.R. § 100.7(a)(iii)(A). The Commission's Regulations at 11 C.F.R.

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§ 100.7(a)(4) further provide that an extension of credit by any person for a length of time beyond normal trade or business practices is a contribution.

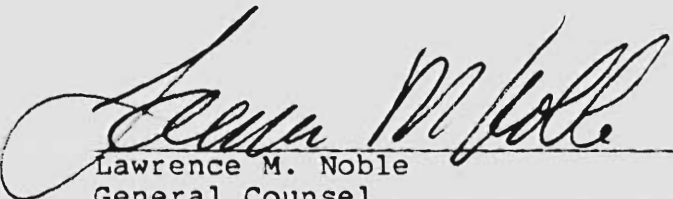
B. Application of Law to Alleged Facts

If the assertions in the complaint are correct and assuming that the fair market value was neither charged nor paid, then:

1. The Committee and its treasurer may have violated 2 U.S.C. § 441b(a) by accepting or receiving a corporate contribution;
2. TSA may have made a corporate contribution in violation of 2 U.S.C. § 441b(a); and,
3. Melton D. Hancock, if an officer or director of TSA, may have consented to the corporate contribution, or as an agent of the Committee, may have accepted or received a corporate contribution on behalf of the Committee in violation of 2 U.S.C. § 441b(a).

Without substantiating evidence and explanations of the circumstances alleged, an evaluation of the allegations cannot be made. Accordingly, the respondents must be given an opportunity to respond to the allegations raised in the complaint before this Office can make appropriate recommendations in this matter.

10/17/88
Date


Lawrence M. Noble
General Counsel

James L. Robinett, Jr.

ATTORNEY AT LAW

634 E. PHELPS • P. O. BOX 1308
SPRINGFIELD, MO 65801
417-866-5041

OGC - 803
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 OCT 27 AM 10:27

October 24, 1988

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
Washington, DC 20463

Re: MUR 2725
Mel Hancock For Congress

Dear Mr. Noble:

On October 17, 1988 Melton D. Hancock received your correspondence setting forth a complaint filed against it by the Democratic Congressional Campaign Committee.

Pursuant thereto find enclosed herewith a Statement of Designation of Counsel whereby Melton D. Hancock has designated me as counsel in reference to the allegations set forth in the above captioned complaint.

In addition to enclosing this statement and on behalf of Melton D. Hancock I hereby respectfully request an additional twenty (20) days in which to file a response in reference to the above captioned complaint.

Very truly yours,

James L. Robinett, Jr.
James L. Robinett, Jr.

JLR:de

cc: Ms. Lois G. Lerner, Associate General Counsel
Ms. Celia Jacoby

Enclosure

89 OCT 28 AM 11:12

FEDERAL ELECTION COMMISSION

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 2725

NAME OF COUNSEL: James L. Robinett, Jr.

ADDRESS: 634 E Phelps

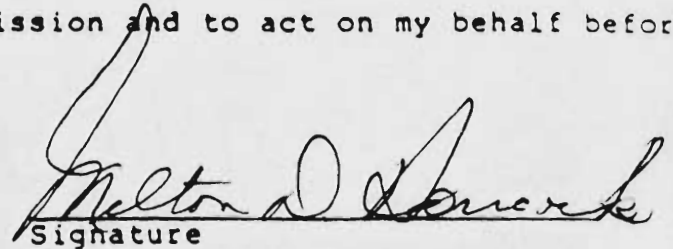
P O Box 1308

Springfield, MO 65801

TELEPHONE: 417-866-5041

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.

10-20-88
Date


Signature

RESPONDENT'S NAME: Melton D. Hancock

ADDRESS: 6200 W. Grand

Springfield, MO 65802

HOME PHONE: 866-5945

BUSINESS PHONE: _____

89040762415

James L. Robinett, Jr.

ATTORNEY AT LAW

634 E. PHELPS • P. O. BOX 1308

SPRINGFIELD, MO 65801

417-866-5041

October 24, 1988

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
Washington, DC 20463

Re: MUR 2725
Mel Hancock For Congress

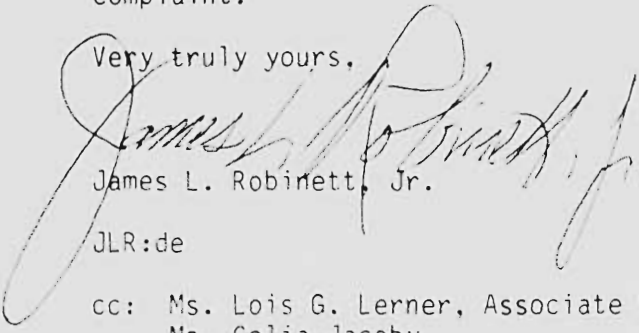
Dear Mr. Noble:

On October 17, 1988 Mel Hancock for Congress received your correspondence setting forth a complaint filed against it by the Democratic Congressional Campaign Committee.

Pursuant thereto find enclosed herewith a Statement of Designation of Counsel whereby Mel Hancock for Congress has designated me as counsel in reference to the allegations set forth in the above captioned complaint.

In addition to enclosing this statement and on behalf of the Mel Hancock for Congress I hereby respectfully request an additional twenty (20) days in which to file a response in reference to the above captioned complaint.

Very truly yours,


James L. Robinett, Jr.

JLR:de

cc: Ms. Lois G. Lerner, Associate General Counsel
Ms. Celia Jacoby

Enclosure

89040762410

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2725

NAME OF COUNSEL: James L. Robinett, Jr.

ADDRESS: 634 F. Phelps

P. O. Box 1308

Springfield, MO 65801

TELEPHONE: 417-866-5041

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.

10/20/88
Date

William E. Bennett
Signature Treasurer - Mel Hancock for Congress

RESPONDENT'S NAME: Mel Hancock for Congress

ADDRESS: 322 C. E. Pershing

Springfield, MO 65806

HOME PHONE: -----

BUSINESS PHONE: 417-866-8292

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RECEIVED
FEDERAL ELECTION COMMISSION

88 OCT 28 AM 11:11

DAVID H. JONES
ATTORNEY AT LAW
939-A BOONVILLE
SPRINGFIELD, MISSOURI 65802
(417) 869-4680

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 OCT 27 PM 5:31

October 24, 1988

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
Washington, DC 20463

Re: MUR 2725
Mel Hancock for Congress

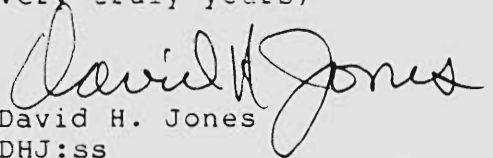
Dear Mr. Noble:

On October 17, 1988 the Taxpayers' Survival Association received your correspondence setting forth a complaint filed against it by the Democratic Congressional Campaign Committee.

Pursuant thereto find enclosed herewith a Statement of Designation of Counsel whereby the Taxpayers' Survival Association has designated me as counsel in reference to the allegations set forth in the above captioned complaint.

In addition to enclosing this statement and on behalf of the Taxpayers' Survival Association I hereby respectfully request an additional twenty (20) days in which to file a response in reference to the above captioned complaint.

Very truly yours,


David H. Jones
DHJ:ss

cc: Ms. Lois G. Lerner, Associate General Counsel
Ms. Celia Jacoby

Enclosure

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 2725

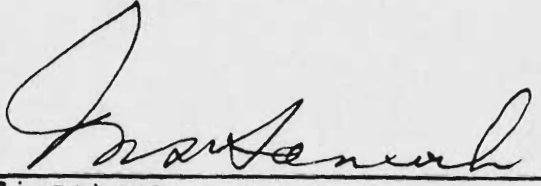
NAME OF COUNSEL: David H. Jones

ADDRESS: 939 Boonville
Springfield, MO 65802

TELEPHONE: 417-869-4680

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.

10-20-88
Date


Signature President - Taxpayers' Survival Assoc.

RESPONDENT'S NAME: Taxpayers' Survival Association

ADDRESS: 614 N. Haseltine Road
Springfield, MO 65802

HOME PHONE: _____

BUSINESS PHONE: _____

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 1, 1988

James L. Robinett, Jr., Esquire
645 E. Phelps
P.O. Box 1308
Springfield, Missouri 65801

RE: MUR 2725
Melton D. Hancock

Dear Mr. Robinett:

This is in response to your letter dated October 24, 1988, which we received on October 27, 1988, requesting an extension of twenty (20) days to respond to a complaint filed against your client, Melton D. Hancock. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by close of business on Monday, November 28, 1988.

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

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in dark ink, appearing to be "L. Lerner", is written over the typed name of Lois G. Lerner.

BY: Lois G. Lerner
Associate General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 7, 1988

James L. Robinett, Jr., Esquire
645 E. Phelps
P.O. Box 1308
Springfield, Missouri 65801

RE: MUR 2725
Mel Hancock for Congress
and William E. Bennett,
as treasurer

Dear Mr. Robinett:

This is in response to your letter dated October 24, 1988, which we received on October 27, 1988, requesting an extension of twenty (20) days to respond to a complaint filed against your client, Mel Hancock for Congress and William E. Bennett, as treasurer. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by close of business on Monday, November 28, 1988.

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

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in dark ink, appearing to be "L. G. Lerner", is written over the typed name of Lois G. Lerner.

BY: Lois G. Lerner
Associate General Counsel

39040762421



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 1, 1988

David H. Jones, Esquire
939-A Boonville
Springfield, Missouri 65802

RE: MUR 2725
Taxpayers' Survival
Association, Inc.

Dear Mr. Jones:

This is in response to your letter dated October 24, 1988, which we received on October 27, 1988, requesting an extension of twenty (20) days to respond to a complaint filed against your client, Taxpayers' Survival Association, Inc. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by close of business on Monday, November 28, 1988.

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

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in dark ink, appearing to be "Lois E. Lerner", is written over a horizontal line.

BY: Lois E. Lerner
Associate General Counsel

89040762422

James L. Robinett, Jr.

ATTORNEY AT LAW

634 E. PHELPS • P.O. BOX 1308

SPRINGFIELD, MO 65801

417-866-5041

RECEIVED
FEDERAL ELECTION COMMISSION

88 NOV 28 AM 11:22

November 23, 1988

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission

Re: MUR 2725
Mel Hancock for Congress et al.

Dear Mr. Noble:

This correspondence is in response to your previous correspondence in which you granted Mel Hancock for Congress and Melton D. Hancock an extension for filing their Answers to November 28, 1988.

You will find enclosed Answers on behalf of Mel Hancock for Congress and Melton D. Hancock.

If you have questions concerning the enclosed Answers, please contact my office at the above address.

Very truly yours,

James L. Robinett, Jr.

JLR:ld

Enclosures

39040762423

88 NOV 29 AM 11:20

BEFORE THE FEDERAL ELECTION COMMISSION

In Re: Mel Hancock for
Congress, et al.

)
)
) Case No. MUR 2725

ANSWER

Comes now Mel Hancock for Congress, and for its answer to the Complaint filed before the Federal Election Commission by the Democratic Congressional Campaign Committee, states as follows:

1. That it denies the allegations contained in the Complaint filed by the Democratic Congressional Campaign Committee.

2. That on or about the 5th day of February, 1988, the Taxpayers Survival Association, Inc., a Missouri not-for-profit cooperation, did initiate and send a postal patron mailing in the 7th Congressional District of Missouri making inquiry whether Melton D. Hancock should become a candidate for Congress.

3. That the Taxpayers Survival Association, Inc., did contract with McCann Printing Company in Springfield, Missouri, to perform certain services in reference to the above mentioned mailing in the amount of \$15,662.81.

4. That the amount charged for the printing and mailing services by said McCann Printing of Springfield, Missouri, was a fair and reasonable amount.

5. That said McCann Printing of Springfield, Missouri, did present its invoice and billing to the Taxpayers Survival Association, Inc., on or about the 24th day of February, 1988 and

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that the Taxpayers Survival Association, Inc. paid to McCann Printing the sum of \$5,172.81 on or about February 18, 1988 and paid said McCann Printing the sum of \$10,490.00 on February 25, 1988 for said printing and mailing services. A copy of McCann Printing's invoice is attached hereto and marked "Exhibit A". Copies of two cancelled checks evidencing payment by the Taxpayers Survival Association to McCann Printing are attached hereto and marked "Exhibit B" and "Exhibit C".

6. That Melton D. Hancock did on the 5th day of March, 1988 declare and announce his candidacy for the Congress of the United States for the 7th Congressional District of Missouri.

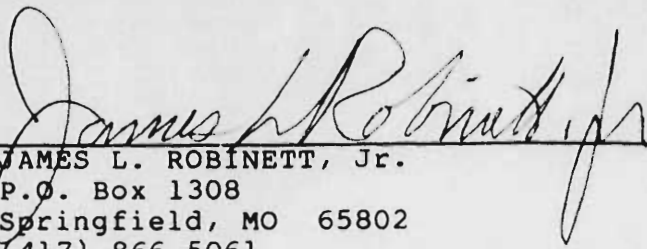
7. That on or about the 24th day of March, 1988, Mel Hancock for Congress did pay and reimburse the Taxpayers Survival Association, Inc., the amount of \$15,662.81 for the printing and mailing costs incurred by it in reference to therefore mentioned mailing. A copy of the cancelled check evidencing this payment is attached hereto and marked "Exhibit D".

8. That the aforementioned mailing of February 5, 1988 was a proper "testing of the waters" as defined 11 CFR 100.8(b)(1).

9. That the aforementioned transactions were fully disclosed by Mel Hancock for Congress in its quarterly report filed on or about the 1st day of April, 1988 before the Federal Election Commission.

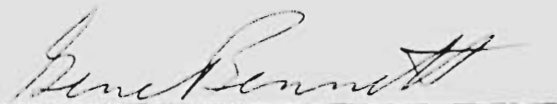
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WHEREFORE, having fully answered the Complaint filed herein,
Mel Hancock for Congress respectfully requests that such
Complaint be dismissed with prejudice.

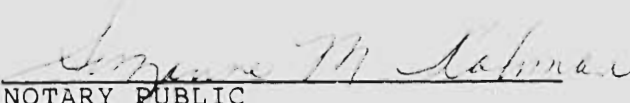

JAMES L. ROBINETT, Jr.
P.O. Box 1308
Springfield, MO 65802
(417) 866-5061
Atty. for Mel Hancock for Congress

STATE OF MISSOURI)
) ss.
COUNTY OF GREENE)

Gene Bennett, of lawful age and being duly sworn upon his
oath, states that he is Treasurer of Mel Hancock for Congress,
has read the foregoing Answer and that its contents are true and
correct to the best of his information, knowledge, and belief.


GENE BENNETT

Subscribed and sworn to before me this 25 day of November,
1988.


NOTARY PUBLIC

My Commission Expires:

Suzanne M. Kahan, Notary Public
Greene County, Mo.
My Commission Expires May 12, 1991

89040762426



529 N. PRINCE LANE
SPRINGFIELD, MO. 65802
417-831-7207

Taxpayers Survival Association
614 N. Haseltine
Springfield, MO 65802

February 24, 1988

PLEASE PAY FROM THIS STATEMENT.
Accounts are due the first of the month. Past due
accounts are subject to interest at the rate of 1-1/4%
per month, which is an effective annual rate of 18%.

TYPESETTING • LAYOUT • PHOTOGRAPHY • PRINTING • MAILING

ORDER NO. 26893A

94,000	Printing & Mailing	\$10,490.00
	Postage	5,172.81
		<u>\$15,662.81</u>
	Postage Paid	5,172.81
		<u>\$10,490.00</u>

Pd ch #1050 2-18-88

Pd

*2/25/88
ch #1053*

89040762427

822467003



TAXPAYERS' SURVIVAL ASSN.
614 N. HASELTINE RD.
SPRINGFIELD, MO 65802

6 8 1 4 0 1 6 7 2

1050

80-7332/2865

PAY
TO THE
ORDER OF

McCann Printing -

February 18, 1988

PAID

\$ 5,172.81

Five Thousand One Hundred Seventy Two and 81/100

DOLLARS

**Great Southern St.
Banking**

FEB. 22 88

GREAT SOUTHERN ST.
AND LOAN ASSN.

FOR Postage

⑈001050⑈ ⑆286573322⑆

⑈001050⑈

⑈0000517281⑈

99040762429



TAXPAYERS' SURVIVAL ASSN.
614 N. HASELTINE RD.
SPRINGFIELD, MO 65802

6 3 1 4 0 1 5 7

1053

80-7332/2865

PAY
TO THE
ORDER OF

McCann Printing

PAID

February 25, 19 88

\$ 10,490.00

Ten Thousand Four Hundred Ninety and No/100

DOLLARS

**Great Southern St.
Banking**

FEB 29 88

FOR Order # 26893A

GREAT SOUTHERN BANKING
AND LOAN ASSN.

⑈001053⑈ ⑆2865733⑆

⑈0001049000⑈

89040762430

MEL HANCOCK FOR CONGRESS

322C E. PERSHING
SPRINGFIELD, MO 65806

1005

PAY
TO THE
ORDER OF

Lafayette's Survival Association

3/24 19*88* ⁸⁰⁻¹⁸₈₀₅

\$ *15,662.81*

Fifteen thousand six hundred sixty two and 81/100

DOLLARS

CENTERRE BANK

Centerre Bank
of Springfield
Springfield, Missouri 65806

FOR *Re-imbursement - postage & printing*

CEP
28

William E Bennett
Mrs. M. D. Hancock

⑈00001005⑈ ⑆086500181⑆ ⑈048⑈787⑈ ⑈0001566281⑈

BEFORE THE FEDERAL ELECTION COMMISSION

In Re: MELTON D. HANCOCK

)
)

Case No. MUR 2725

ANSWER

Comes now Melton D. Hancock, and for his answer to the Complaint filed before the Federal Election Commission by the Democratic Congressional Campaign Committee, states as follows:

1. That he denies the allegations contained in the Complaint filed by the Democratic Congressional Campaign Committee.

2. That on or about the 5th day of February, 1988, the Taxpayers Survival Association, Inc., a Missouri not-for-profit cooperation, did initiate and send a postal patron mailing in the 7th Congressional District of Missouri making inquiry whether Melton D. Hancock should become a candidate for Congress.

3. That the Taxpayers Survival Association, Inc., did contract with McCann Printing Company in Springfield, Missouri, to perform certain services in reference to the above mentioned mailing in the amount of \$15,662.81.

4. That the amount charged for the printing and mailing services by said McCann Printing of Springfield, Missouri, was a fair and reasonable amount.

5. That said McCann Printing of Springfield, Missouri, did present its invoice and billing to the Taxpayers Survival Association, Inc., on or about the 24th day of February, 1988 and

89040762431

that the Taxpayers Survival Association, Inc. paid to McCann Printing the sum of \$5,172.81 on or about February 18, 1988 and paid said McCann Printing the sum of \$10,490.00 on February 25, 1988 for said printing and mailing services. A copy of McCann Printing's invoice is attached hereto and marked "Exhibit A". Copies of two cancelled checks evidencing payment by the Taxpayers Survival Association to McCann Printing are attached hereto and marked "Exhibit B" and "Exhibit C".

6. That Melton D. Hancock did on the 5th day of March, 1988 declare and announce his candidacy for the Congress of the United States for the 7th Congressional District of Missouri.

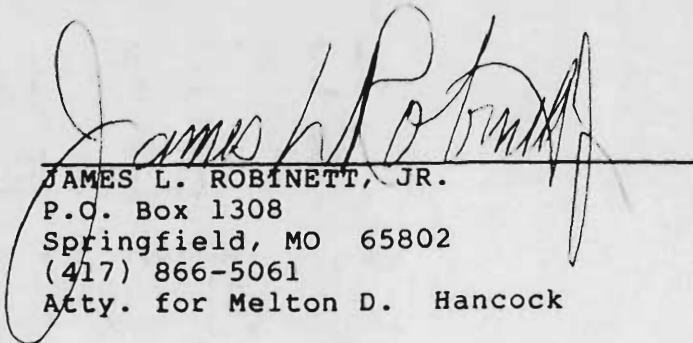
7. That on or about the 24th day of March, 1988, Mel Hancock for Congress did pay and reimburse the Taxpayers Survival Association, Inc., the amount of \$15,662.81 for the printing and mailing costs incurred by it in reference to therefore mentioned mailing. A copy of the cancelled check evidencing this payment is attached hereto and marked "Exhibit D".

8. That the aforementioned mailing of February 5, 1988 was a proper "testing of the waters" as defined 11 CFR 10C.8(b)(1).

9. That the aforementioned transactions were fully disclosed by Mel Hancock for Congress in its quarterly report filed on or about the 1st day of April, 1988 before the Federal Election Commission.

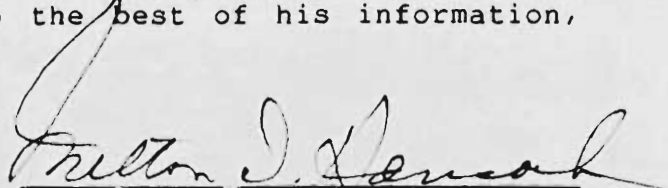
89040762432

WHEREFORE, having fully answered the Complaint filed herein,
Melton D. Hancock respectfully requests that such Complaint be
dismissed with prejudice.

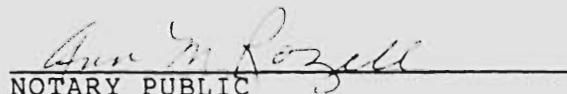

JAMES L. ROBINETT, JR.
P.O. Box 1308
Springfield, MO 65802
(417) 866-5061
Atty. for Melton D. Hancock

STATE OF MISSOURI)
COUNTY OF GREENE) ss.

Melton Hancock, of lawful age and being duly sworn upon his
oath, states that he has read the foregoing Answer and that its
contents are true and correct to the best of his information,
knowledge, and belief.


MELTON D. HANCOCK

Subscribed and sworn to before me this 23rd day of November,
1988.


NOTARY PUBLIC

My Commission Expires: January 6, 1991

ANN M. ROZELL Notary Public
Greene County State of Missouri
My Commission Expires Jan. 6, 1991

89040762433



529 N. PRINCE LANE
SPRINGFIELD, MO. 65802
417-831-7207

Taxpayers Survival Association
614 N. Haseltine
Springfield, MO 65802

February 24, 1988

PLEASE PAY FROM THIS STATEMENT.
Accounts are due the first of the month. Past due
accounts are subject to interest at the rate of 1-1/4%
per month, which is an effective annual rate of 18%.

TYPESETTING • LAYOUT • PHOTOGRAPHY • PRINTING • MAILING

ORDER NO. 26893A

94,000	Printing & Mailing	\$10,490.00
	Postage	5,172.81
		<u>\$15,662.81</u>
	Postage Paid	5,172.81
		<u>\$10,490.00</u>

Pd ch #1050 2-18-88

Postage Paid

Pd

*2/25/88
ch # 1053*

89040762435



TAXPAYERS' SURVIVAL ASSN.

614 N. HASELTINE RD.
SPRINGFIELD, MO 65802

6 8 1 4 0 1 6 9 8

1050

80-7332/2865

PAY
TO THE
ORDER OF

McCann Printing -

February 18, 1988

PAID

\$ 5,172.81

Five Thousand One Hundred Seventy Two and 81/100

DOLLARS

**Great Southern Nat.
Banking**

FEB 22 88

FOR Postage

GREAT SOUTHERN BANK AND LOAN ASSN.
[Signature]

⑈001050⑈ ⑈286573322⑈

⑈10835355⑈

⑈000051728⑈

89040762435



TAXPAYERS' SURVIVAL ASSN.

614 N. HASLTIME RD.
SPRINGFIELD, MO 65802

6 3 1 4 0 1 5 7

1053

80-7332/2865

PAY
TO THE
ORDER OF

McCann Printing

February 25, 19 88

PAID

\$ 10,490.00

Ten Thousand Four Hundred Ninety and No/100

DOLLARS

Great Southern Bank

FEB 29 88

FOR Order # 26893A

GREAT SOUTHERN BANK
AND LOAN ASSOCIATION

⑈001053⑈ ⑆2865733⑆ 0108353559⑈ ⑈0001049000⑈

89040762437

MEL HANCOCK FOR CONGRESS

322C E. PERSHING
SPRINGFIELD, MO 65806

1005

PAY
TO THE
ORDER OF

Laypayce's Survival Association

3/24 19*88* ⁸⁰⁻¹⁸₈₀₅

\$ *15,662.81*

Fifteen thousand six hundred sixty two and 81/100

DOLLARS

CENTERRE BANK

Centerre Bank
of Springfield
Springfield, Missouri 65806

MAR 28
CENTRE

FOR

Re-imbursement postage & printing

William E. Bennett
Mrs. M. D. Hancock

⑈00001005⑈ ⑈086500181⑈ ⑈048⑈787⑈ ⑈0001566281⑈

FEDERAL ELECTION COMMISSION

Doc # 1193

88 NOV 28 AM 11:23

DAVID H. JONES
ATTORNEY AT LAW
939-A BOONVILLE
SPRINGFIELD, MISSOURI 65802
(417) 869-4680

November 23, 1988

Hon. Lawrence M. Noble
General Counsel
Federal Election Commission
Washington, D.C. 20463

88 NOV 29 AM 11:20

Re: MUR 2725
Taxpayers Survival Association, Inc.

Dear Mr. Noble:

This correspondence is in response to your letter of November 1, 1988, in which you granted the Taxpayers Survival Association, Inc., an extension for filing an Answer to November 28, 1988.

You will find enclosed Answers on behalf of the Taxpayers Survival Association, Mel Hancock for Congress, and Melton D. Hancock.

If you have questions concerning the enclosed Answers, please contact my office at the above address.

Sincerely yours,


David H. Jones

DHJ:sds

Enclosures

39040762438

BEFORE THE FEDERAL ELECTION COMMISSION

In Re: Taxpayers Survival
Association, Inc.

)
)
) Case No. MUR 2725

ANSWER

Comes now Taxpayers Survival Association, Inc., and for its answer to the Complaint filed before the Federal Election Commission by the Democratic Congressional Campaign Committee, states as follows:

1. That it denies the allegations contained in the Complaint filed by the Democratic Congressional Campaign Committee.

2. That on or about the 5th day of February, 1988, the Taxpayers Survival Association, Inc., a Missouri not-for-profit cooperation, did initiate and send a postal patron mailing in the 7th Congressional District of Missouri making inquiry whether Melton D. Hancock should become a candidate for Congress.

3. That the Taxpayers Survival Association, Inc., did contract with McCann Printing Company in Springfield, Missouri, to perform certain services in reference to the above mentioned mailing in the amount of \$15,662.81.

4. That the amount charged for the printing and mailing services by said McCann Printing of Springfield, Missouri, was a fair and reasonable amount.

5. That said McCann Printing of Springfield, Missouri, did present its invoice and billing to the Taxpayers Survival

39040762439

Association, Inc., on or about the 24th day of February, 1988 and that the Taxpayers Survival Association, Inc. paid to McCann Printing the sum of \$5,172.81 on or about February 18, 1988 and paid said McCann Printing the sum of \$10,490.00 on February 25, 1988 for said printing and mailing services. A copy of McCann Printing's invoice is attached hereto and marked "Exhibit A". Copies of two cancelled checks evidencing payment by the Taxpayers Survival Association to McCann Printing are attached hereto and marked "Exhibit B" and "Exhibit C".

6. That Melton D. Hancock did on the 5th day of March, 1988 declare and announce his candidacy for the Congress of the United States for the 7th Congressional District of Missouri.

7. That on or about the 24th day of March, 1988, Mel Hancock for Congress did pay and reimburse the Taxpayers Survival Association, Inc., the amount of \$15,662.81 for the printing and mailing costs incurred by it in reference to therefore mentioned mailing. A copy of the cancelled check evidencing this payment is attached hereto and marked "Exhibit D".

8. That the aforementioned mailing of February 5, 1988 was a proper "testing of the waters" as defined 11 CFR 100.8(b)(1).

9. That the aforementioned transactions were fully disclosed by Mel Hancock for Congress in its quarterly report filed on or about the 1st day of April, 1988 before the Federal Election Commission.

89040762490

WHEREFORE, having fully answered the Complaint filed herein,
Taxpayers Survival Association respectfully requests that such
Complaint be dismissed with prejudice.

David H. Jones

DAVID H. JONES
939-A Boonville
Springfield, MO 65802
(417) 869-4680
Atty. for Taxpayers Survival Assoc.

STATE OF MISSOURI)
) ss.
COUNTY OF GREENE)

Mel Hancock, of lawful age and being duly sworn upon his
oath, states that he is President of Taxpayers Survival
Association, has read the foregoing Answer, and that its contents
are true and correct to the best of his information, knowledge,
and belief.

Mel Hancock
MEL HANCOCK

Subscribed and sworn to before me this 25th day of November,
1988.

Ann M. Rozell
NOTARY PUBLIC

My Commission Expires: January 6, 1991

ANN M. ROZELL Notary Public
Greene County State of Missouri
My Commission Expires Jan. 6, 1991

39040762441



529 N. PRINCE LANE
SPRINGFIELD, MO. 65802
417-831-7207

Taxpayers Survival Association
614 N. Haseltine
Springfield, MO 65802

February 24, 1988

PLEASE PAY FROM THIS STATEMENT.
Accounts are due the first of the month. Past due
accounts are subject to interest at the rate of 1-1/2%
per month, which is an effective annual rate of 18%.

TYPESETTING • LAYOUT • PHOTOGRAPHY • PRINTING • MAILING

ORDER NO. 26893A

94,000	Printing & Mailing	\$10,490.00
	Postage	<u>5,172.81</u>
		\$15,662.81
	Postage Paid	<u>5,172.81</u>
		\$10,490.00

Pd ch #1050 2-18-88

Pd

*2/25/88
ch #1053*

89040762443



TAXPAYERS' SURVIVAL ASSN.

614 N. HASELTINE RD.
SPRINGFIELD, MO 65802

6 8 1 4 0 1 6 2 5

1050

80-7332/2865

PAY
TO THE
ORDER OF

McCann Printing -

February 18, 1988

PAID

\$ 5,172.81

Five Thousand One Hundred Seventy Two and 81/100

DOLLARS

**Great Southern & L.
Banking**

FEB. 22 88

GREAT SOUTHERN & L.
AND LOAN ASSN.

FOR Postage

⑈001050⑈ ⑆286573322⑆

⑈0010635355⑈

⑈0000517281⑈

89040762444



TAXPAYERS' SURVIVAL ASSN.
614 N. HASELTINE RD.
SPRINGFIELD, MO 65802

6 3 1 4 0 1 5 7

1053

80-7332/2865

PAY
TO THE
ORDER OF

McCann Printing

February 25, 19 88

\$ 10,490.00

Ten Thousand Four Hundred Ninety and No/100

DOLLARS

**Great Southern N.L.
Banking**

FEB 29 88

FOR Order # 26893A

GREAT SOUTHERN SAVINGS
AND LOAN ASSN.

⑈001053⑈

⑈2865733⑈

⑈332⑈

⑈0108353559⑈

⑈0001049000⑈

89040762445

MEL HANCOCK FOR CONGRESS

322C E. PERSHING
SPRINGFIELD, MO 65806

1005

PAY
TO THE
ORDER OF

Laypayee's Survival Association

3/24 19*88* ⁸⁰⁻¹⁸₈₀₅

\$ *15,662.81*

Fifteen thousand six hundred sixty two and 81/100

DOLLARS

CENTERRE BANK

Centerre Bank
of Springfield
Springfield, Missouri 65806

FOR

Re-imbursement postage & printing

William E. Bennett
Mrs. M.D. Hancock

⑈00001005⑈ ⑈086500181⑈ ⑈046⑈787⑈ ⑈0001566281⑈

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

89 JAN -6 PM 2:28

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE
EXECUTIVE SESSION

MUR 2725

DATE COMPLAINT RECEIVED BY OGC:

10-13-88

DATE OF NOTIFICATION TO

RESPONDENTS: 10-14-88

STAFF MEMBER: C. L. Jacoby

JAN 24 1989

COMPLAINANT: Richard M. Bates, Director of Democratic
Congressional Campaign Committee

RESPONDENTS: Taxpayers' Survival Association, Inc.

Melton D. Hancock

Mel Hancock for Congress and William E. Bennett,
as treasurer

RELEVANT
STATUTES:

2 U.S.C. §§ 431(8)(A)(i) and (9)(A)(i)

2 U.S.C. § 432(e)(1)

2 U.S.C. § 433(a)

2 U.S.C. § 434(a)(2)

2 U.S.C. § 441a(f)

2 U.S.C. §§ 441b(a) and (b)(2)

11 C.F.R. §§ 100.7(a)(1)(iii), (a)(4) & (b)(1)(i)

11 C.F.R. § 100.8(b)(1)(i)

11 C.F.R. § 114.10(a)

INTERNAL REPORTS CHECKED: Reports of Receipts and Disbursements

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF THE MATTER

On October 13, 1988, Richard Bates filed a sworn complaint with the Federal Election Commission (the "Commission"). The complainant alleges that a corporate contribution to Mel Hancock for Congress (the "Committee") may have occurred when the Taxpayers' Survival Association, Inc. ("TSA") paid for printing and postage on behalf of the Committee. Subsequently the Committee reimbursed TSA \$15,662 for those goods and services. TSA is identified in the complaint as a tax-exempt corporation

89040762445

established and controlled by Mel Hancock. The complainant states that "nearly three-quarters of the money spent by the Committee went to an incorporated entity controlled by the candidate for services provided to the Committee."

Under these circumstances the complainant ponders whether the use of a non-profit corporation instead of a commercial vendor was appropriate, whether the fair market value for the goods and services rendered was charged to and paid by the Committee, whether payment for those goods and services occurred within a reasonable time, and whether TSA's mailing list was either used or paid for by the Committee. Except for these speculations, no evidence is provided. According to public records at the Commission, the treasurer of the Committee signed its Statement of Organization on March 14, and paid TSA on March 24, 1988.

Mr. Hancock, TSA and the Committee were advised of this complaint on October 14, 1988. An extension of time to reply was sought and received by these respondents. On November 28, responses were received from the Committee and TSA.

II. FACTUAL AND LEGAL ANALYSIS

The Committee and TSA submitted identical responses (Attachment 1). These responses acknowledge that around February 5, 1988, TSA sent "a postal patron mailing" to the residents of the Missouri 7th Congressional District to determine "whether Melton D. Hancock should become a candidate for Congress." TSA

89040762447

contracted with McCann Publishing Company ("McCann") to print and mail this inquiry. McCann billed TSA \$15,662.81 for these printing and mailing services on February 24. TSA paid McCann in two installments (\$5172.18 on 2-18 and \$10,490 on 2-25), a commercially reasonable sum according to the respondents. On March 5, Mr. Hancock announced his candidacy for the 7th Congressional District, Missouri. On March 24, the Committee reimbursed TSA \$15,662.81 for the printing and mailing costs incurred on behalf of Mr. Hancock. The Committee and TSA argue that this mailing and expenditure constituted "proper 'testing the waters activity'" under 11 C.F.R. § 100.8(b)(1) and were fully disclosed in the Committee's 1988 April Quarterly Report.

Under the Federal Election Campaign Act of 1971, as amended (the "Act"), an individual becomes a candidate if such individual or a person authorized by such individual has received contributions or has made expenditures in excess of \$5000. 2 U.S.C. § 431(2). Contributions and expenditures are generally defined as payments made "for the purpose of influencing" a federal election. 2 U.S.C. § 431(8)(A)(i) and § 431(9)(A)(i). Within fifteen days of becoming a candidate, an individual must designate a principal campaign committee. 2 U.S.C. § 432(e)(1). Within ten days of such designation, the committee must file its Statement of Organization with the Commission. 2 U.S.C. § 433(a). A committee must then file periodic reports of its receipts and disbursements. 2 U.S.C. § 434(a)(2).

The Commission's regulations provide, however, that an individual may raise and spend funds without becoming a candidate

89040762448

under the Act if the funds are received or spent solely for the purpose of determining whether candidacy for federal office should be sought. 11 C.F.R. §§ 100.7(b)(1)(i) and 100.8(b)(1)(i). Under these regulations, polling or canvassing the electorate is a permissible testing the waters activity. Id. However, all funds used in such testing the waters activity are subject to the limitations and prohibitions of the Act. Id. Should the individual become a candidate, such funds must be reported, and if the funds were excessive and/or prohibited, their receipt would violate 2 U.S.C. § 441a(f) or § 441b(a).

Melton Hancock filed a Statement of Candidacy and designated a principal campaign committee, Mel Hancock for Congress, on March 5, 1988. The Committee filed its Statement of Organization on March 18. The Committee's 1988 April Quarterly Report indicates that before that date, substantial testing the waters activity occurred. The responses received also confirm that a mass mailing, in value of \$15,662, occurred prior to the candidacy announcement. Under Section 100.8(b)(1)(i) of the Commission's regulations, the expenditure of funds to assess the public's response to a potential candidate is permissible. Further those expenditures were apparently properly reported. However, the funds expended to test the waters must comply with the prohibitions and limitations of the Act.

These sums were advanced by TSA, a not-for-profit corporation, on behalf of an anticipated federal candidate and

99040762449

his campaign committee. Corporations are prohibited from making a contribution or expenditure, defined to include any direct or indirect loan, advance or "anything of value," in connection with federal elections. It is also unlawful for any officer or director to consent to a corporate contribution or expenditure in connection with a federal campaign. Nor may any candidate or political committee knowingly accept or receive a contribution from a corporation. 2 U.S.C. §§ 441b(a), (b)(2). The term "anything of value" includes all in-kind contributions, mailing lists and the provision of goods and services without charge or at a charge less than the usual and normal charges for such goods and services. 11 C.F.R. § 100.7(a)(1)(iii)(A). "Usual and normal charge" for goods is considered to be the price of such goods in the prevailing market at the time of the contribution. 11 C.F.R. § 100.7(a)(1)(iii)(B). The amount of the contribution if services or goods are obtained at a discount is the difference between the market price and amount actually charged. 11 C.F.R. § 100.7(a)(1)(iii)(A). The Commission's regulations at 11 C.F.R. § 100.7(a)(4) further provide that an extension of credit by any person for a length of time beyond normal trade or business practices is a contribution. Finally, a corporation may extend credit to a candidate or committee if that credit is extended in the ordinary course of business and on terms comparable to those given to a non-political debtor. 11 C.F.R. § 114.10(a).

The information available indicates that the sum charged for the printing and mailing services was the commercial rate of a third-party vendor. The Committee reimbursed TSA in full within

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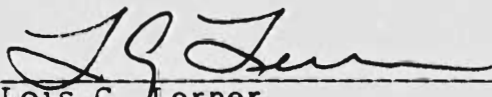
ten days of the Committee's organization and within one month after the expense was paid by TSA, contrary to the complainant's assertion that repayment was unduly delayed. Significantly, however, there is no evidence that TSA, a not-for-profit corporation, in the ordinary course of its business would purchase such services and materials and effectively extend credit to its clientele. Melton D. Hancock has also been identified as TSA's president in its response. TSA and the Committee have acknowledged that corporate funds were utilized to test the waters for Mr. Hancock. The use of such funds for that purpose, even though repaid to the corporation, is prohibited under the Act. Therefore, the Office of the General Counsel recommends that the Commission find reason to believe that Melton D. Hancock, the Committee and TSA violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i).

III. RECOMMENDATIONS

1. Find reason to believe that Taxpayers' Survival Association, Inc., Melton D. Hancock, and Mel Hancock for Congress and William E. Bennett, as treasurer, violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i).
2. Approve the attached letters and Factual and Legal Analyses.

Lawrence M. Noble
General Counsel

1-5-88
Date

BY: 
Lois G. Lerner
Associate General Counsel

Attachments

1. Responses to complaint
2. Letters (2)
3. Factual and Legal Analyses (3)

89040762451

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Taxpayers' Survival Association, Inc.) MUR 2725
Melton D. Hancock)
Mel Hancock for Congress and)
William E. Bennett, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 12, 1989, the Commission decided by a vote of 6-0 to take the following actions in MUR 2725:

1. Find reason to believe that Taxpayers' Survival Association, Inc., Melton D. Hancock, and Mel Hancock for Congress and William E. Bennett, as treasurer, violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i).
2. Approve the letters and Factual and Legal Analyses, as recommended in the First General Counsel's Report signed January 5, 1989.

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

Attest:

Jan 13, 1989

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary:	01-06-89, 2:28
Circulated on 48 hour tally basis:	01-09-89, 11:00
Objection received placing document on 1/24/89 Agenda:	01-11-89, 9:57
Objection withdrawn:	01-12-89, 4:48



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 19, 1989

James L. Robinett, Jr., Esquire
634 E. Phelps
P.O. Box 1308
Springfield, Missouri 65801

RE: MUR 2725
Mel Hancock for Congress
and William E. Bennett,
as treasurer; Melton D.
Hancock

Dear Mr. Robinett:

On October 14, 1988, the Federal Election Commission notified your clients, Melton D. Hancock and Mel Hancock for Congress (the "Committee") and William E. Bennett, as treasurer, 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, the Commission, on January 12, 1989, found that there is reason to believe the Committee and its treasurer and Mr. Hancock violated 2 U.S.C. § 441b(a), a provision of the Act, and 11 C.F.R. § 100.8(b)(1)(i) of the Commission's regulations. The Factual and Legal Analyses, which formed a basis for the Commission's findings, are attached for your information.

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 within 15 days of receipt of this letter. Where appropriate, 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.

3 0 0 4 0 7 6 2 4 5 3

James L. Robinett, Jr., Esq.
Page 2

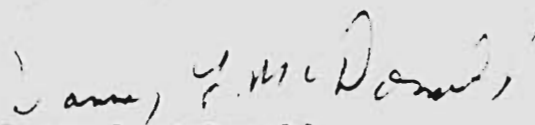
If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending 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 respondents.

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 ordinarily will not 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 Celia Jacoby, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,


Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analyses

89040762454



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

January 18, 1989

David H. Jones, Esquire
939-A Boonville
Springfield, Missouri 65802

RE: MUR 2725
Taxpayers' Survival
Association, Inc.

Dear Mr. Jones:

On October 14, 1988, the Federal Election Commission notified your client, Taxpayers' Survival Association, Inc., 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, the Commission, on January 12, 1989, found that there is reason to believe Taxpayers' Survival Association, Inc. violated 2 U.S.C. § 441b(a), a provision of the Act, and 11 C.F.R. § 100.8(b)(1)(i) of the Commission's regulations. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

89040762455

David H. Jones, Esq.

Page 2

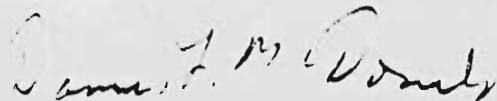
recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for 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 ordinarily will not 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 Celia Jacoby, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,



Danny L. McDonald
Chairman

Enclosure
Factual and Legal Analysis

89040762455

James L. Robinett, Jr.

ATTORNEY AT LAW

634 E. PHELPS • P. O. BOX 1308
SPRINGFIELD, MO 65801
417-866-5041

RECEIVED
FEDERAL ELECTION COMMISSION

89 FEB -6 PM 3:19

OAC 1759

89 FEB -6 PM 4:15

February 3, 1989

Mr. Danny L. McDonald, Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2725
Mel Hancock for Congress
William E. Bennett,
as treasurer; Milton D. Hancock

Dear Mr. Chairman:

In reference to your correspondence of January 19, 1989 it is the desire of Mel Hancock for Congress and Milton D. Hancock to enter into pre-probable cause conciliation.

Please advise as to future procedures regarding this request.

Very truly yours,

James L. Robinett, Jr.

JLR:ld

89040762457

06C 1831

DAVID H. JONES
ATTORNEY AT LAW
939-A BOONVILLE
SPRINGFIELD, MISSOURI 65802
(417) 869-4680

February 3, 1989

Mr. Danny L. McDonald
Chairman
Federal Election Commission
Washington, D.C. 20463

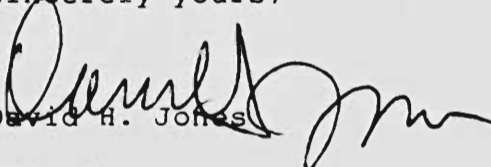
Re: MUR 2725
Taxpayers' Survival Association, Inc.

Dear Mr. McDonald:

Concerning my correspondnece of January 18, 1989, the Taxpayers' Survival Association, Inc. respectfully acknowledges entering into a Pre-Probable Cause Conciliation.

Please advise as to further procedures regarding this matter.

Sincerely yours,


David H. Jones

DHJ:sds

FEDERAL RECEIVED
89 FEB 13 PM 4:12

89 FEB 13 11:5:29

899040762458

DAVID H. JONES
ATTORNEY AT LAW
939-A BOONVILLE
SPRINGFIELD, MISSOURI 65802
(417) 869-4680

06C 8/35
RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION

89 MAR 13 AM 9:04

March 10, 1989

Hon. Lawrence M. Noble
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2725
Mel Hancock for Congress
William E. Bennett, Treasurer

Dear Mr. Noble:

This correspondence is to confirm that I nominate and appoint David H. Jones of 939-A Boonville, Springfield, Missouri, 65802, as my agent and attorney of record in the above-styled cause.

Please, in the future, forward all correspondence, pleadings and motions to my attorney, Mr. David Jones. Mr. Jones can be contacted telephonically at (417) 869-4680.

Sincerely yours,



William E. Bennett
Treasurer
Mel Hancock for Congress

RECEIVED
FEDERAL ELECTION COMMISSION
89 MAR 13 PM 1:04

89040762459

BEFORE THE FEDERAL ELECTION COMMISSION

89 MAR -1 PM 12:38

In the Matter of)
Mel Hancock for Congress and)
William E. Bennett, as treasurer)
Melton D. Hancock)
Taxpayers' Survival Association, Inc.)

MUR 2725

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On January 12, 1989, the Federal Election Commission (the "Commission") determined that there was reason to believe that Mel Hancock for Congress and William E. Bennett, as treasurer (the "Hancock Committee"), Melton D. Hancock, and the Taxpayers' Survival Association, Inc. ("TSA") had violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i). Mr. Hancock and the Hancock Committee requested the Commission enter into negotiations to resolve this matter prior to a determination of probable cause to believe on February 3, 1989. TSA made a similar request on February 3, 1989.

II. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

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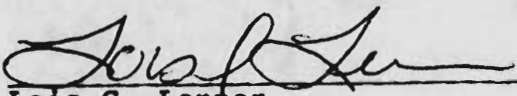
III. RECOMMENDATIONS

1. Enter into conciliation with Mel Hancock for Congress and William E. Bennett, as treasurer, Melton D. Hancock and Taxpayers' Survival Association, Inc. prior to a finding of probable cause to believe.

2. Approve the attached proposed conciliation agreements and letters.

Lawrence M. Noble
General Counsel

2/28/89
Date

BY: 
Lois G. Lerner
Associate General Counsel

Attachments

1. Requests for conciliation
2. Proposed Conciliation Agreements
3. Proposed letters

Staff Assigned: C.L. Jacoby

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MUR 2725

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CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 5, 1989, the Commission decided by a vote of 6-0 to take the following actions in MUR 2725:

1. Enter into conciliation with Mel Hancock for Congress and William E. Bennett, as treasurer, Melton D. Hancock and Taxpayers' Survival Association, Inc. prior to a finding of probable cause to believe.
2. Approve the proposed conciliation agreements and letters, as recommended in the General Counsel's report signed February 28, 1989.

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

Attest:

3-6-89

Date _____

Margaret W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary: Wed., 3-1-89, 12:38
Circulated on 48 hour tally basis: Thurs., 3-2-89, 11:00
Deadline for vote: Mon., 3-6-89, 11:00



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 13, 1989

James L. Robinett, Jr., Esquire
634 E. Phelps
P.O. Box 1308
Springfield, Missouri 65801

RE: MUR 2725
Mel Hancock for Congress and William E.
Bennett, as treasurer; Melton D. Hancock

Dear Mr. Robinett:

On January 12, 1989, the Federal Election Commission found reason to believe that your clients, Mel Hancock for Congress and William E. Bennett, as treasurer, and Melton D. Hancock, violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i). At your request, on March 6, 1989, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved 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 assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

89040762464



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 13, 1989

David H. Jones, Esquire
939-A Boonville
Springfield, Missouri 65802

RE: MUR 2725
Taxpayers' Survival
Association, Inc.

Dear Mr. Jones:

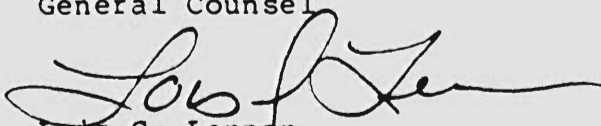
On January 12, 1989, the Federal Election Commission found reason to believe that your client, Taxpayers' Survival Association, Inc., violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i). At your request, on March 6, 1989, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees 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 assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

MELTON D. "MEL" HANCOCK
7TH DISTRICT, MISSOURI

06C2152
RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION

Congress of the United States
House of Representatives
Washington, DC 20515

89 MAR 14 AM 10:13

Wm 2725

March 13, 1989

Hon. Lawrence Noble
General Counsel,
Federal Election Commission
Washington, D. C. 20463

Dear Mr. Noble:

Ref: MUR 25 Hancock

By this letter I am requesting that the Commission recognize Mr. David Jones as legal counsel in regard to MUR 25, - due to the death of Mr. James Robinett, Jr. Mr. Jones can be contacted at the following address: 939 Boonville, Springfield, Mo. 65802.

Thank you for your courtesy.

Mel Hancock

Mel Hancock
Member of Congress

MH:glh

37040702460

1989 MAR 14 10:13 AM



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 15, 1989

David H. Jones, Esquire
939-A Boonville
Springfield, Missouri 65802

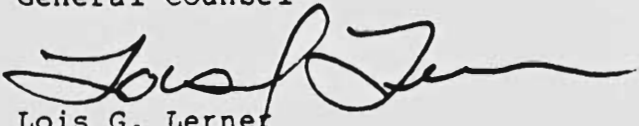
RE: MUR 2725
Mel Hancock for Congress and
William E. Bennett, as
treasurer; Melton D. Hancock

Dear Mr. Jones:

On March 14, the Commission received letters from Mel Hancock and William Bennett naming you as counsel in MUR 2725. Pursuant to your request, enclosed is a copy of the Commission's March 13 letter to Mr. Robinett, and a revised Conciliation Agreement substituting your name as counsel for the above-referenced respondents.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel

Enclosures
Copy of Robinett letter
Conciliation Agreement

39040762467

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION COMMISSION

89 APR 13 AM 10:34

SENSITIVE

In the Matter of)
)
Mel Hancock for Congress and William) MUR 2725
E. Bennett, as treasurer)
Melton D. Hancock)
Taxpayers' Survival Association, Inc.)

GENERAL COUNSEL'S REPORT

On March 6, 1989 the Commission agreed to enter into conciliation negotiations with the respondents prior to findings of probable cause to believe. The Commission then sent proposed conciliation agreements to the attorneys representing the respondents. Subsequently, this Office learned of the death of the attorney representing one of the respondents. This Office then mailed a copy of that respondent's conciliation agreement to the new attorney retained to represent that respondent. There has now been a new substitution of counsel, with all respondents retaining the same local counsel in Washington. Due to the appearance of new counsel, this Office will continue conciliation negotiations for an additional 20 days.

Lawrence M. Noble
General Counsel

April 12, 1989
Date

By:

George F. Riskel
George F. Riskel
Acting Associate General Counsel

Staff Member: Robert Raich

89040762468

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D. C. 20006
(202) 429-7000

TREVOR POTTER
(202) 429-7366

May 3, 1989

TELECOPIER
(202) 429-7049
TELEX 248349 WYRN UR

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

Attn: Robert Raich

Re: MUR 2725
Mel Hancock for Congress
and William E. Bennett, as
treasurer;
Melton D. Hancock;
Taxpayers' Survival
Association, Inc.

Dear Mr. Noble:

This letter is written on behalf of Mel Hancock for Congress and William E. Bennett, as treasurer; Melton D. Hancock; and Taxpayers' Survival Association, Inc. ("Respondents"). Statements of Designation of Counsel forms for these Respondents in this Matter Under Review ("MUR") 2725 are attached hereto.¹

The Commission has found reason to believe that Respondents have violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. § 100.8 (b)(1)(i) of the Commission's regulations. Respondents have informed the Commission of their interest in entering into a conciliation agreement in this MUR prior to probable cause to believe briefs, and the Commission has approved conciliation agreements in this matter.

¹ The Commission wrote Respondents on March 13, 1989 forwarding proposed conciliation agreements in this Matter. Thereafter, Respondents retained new Counsel due to the death of one of the attorneys previously involved. This letter is accordingly respectfully submitted in as timely a manner as possible.

WILEY, REIN & FIELDING

Lawrence M. Noble, Esq.

May 2, 1989

Page 2

This matter involves the payment by Taxpayers' Survival Association, Inc. ("TSA"), a not-for-profit Missouri corporation of which Melton D. Hancock ("Mel Hancock") was Chairman, of the cost of a testing the waters mailing on behalf of Mr. Hancock. This payment was reimbursed by Mel Hancock for Congress upon Mr. Hancock becoming a federal candidate, and was fully reported by Mel Hancock for Congress on its first report.

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The Commission's analysis in this matter to date has been limited to the facts that TSA was a corporation, and that it expended funds on behalf of a testing the waters effort of an individual who then became a federal candidate. What the Commission has not known, however, are the circumstances under which this expenditure came to be made. Attached hereto is a sworn statement from Congressman Hancock detailing his telephone call to the Federal Election Commission, and the advice which he received. Affidavit of Mel Hancock in MUR 2725 (hereinafter "Hancock Aff."). Congressman Hancock explains that he understood the advice he was given to be that it was permissible for the taxpayers' advocacy group which he chaired to expend funds on behalf of a testing the waters effort, so long as the funds were reimbursed and reported if he became a candidate.² Thus, Congressman Hancock's conduct, which was at all times publicly acknowledged and reported, was the result of a good-faith effort to seek out the relevant federal election law regulations, and to comply with them.

In light of this information, of which the Commission was not previously aware, Respondents believe the Commission should accept somewhat revised conciliation agreements in this MUR. The expanded record in this Matter now makes it clear that Congressman Hancock acted pursuant to what he believed to be legitimate guidance from the FEC, that he took affirmative steps to seek such advice, that his campaign

² This advice, while incorrect, is not inexplicable. Prior to the 1986 election cycle the Commission's regulations permitted the use of corporate, labor or other prohibited funds for testing the waters efforts, so long as these funds not permitted under the act were reimbursed if the individual became a federal candidate. 11 C.F.R. § 100.8(b)(1)(1985). Accordingly, the FEC employee with whom Congressman Hancock spoke may simply have been more familiar with the old FEC regulations for testing the waters efforts than with the new.

WILEY, REIN & FIELDING

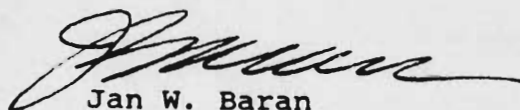
Lawrence M. Noble, Esq.

May 2, 1989

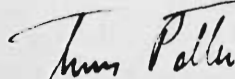
Page 3

committee reported the TSA expenditure and reimbursement on its first FEC report, that he answered questions from the press about these transactions when he first became a candidate, and that his conduct in this matter was at all times open, public, and consistent with that of a candidate attempting to comply with the federal election laws.

Sincerely,



Jan W. Baran



Trevor Potter

cc: The Honorable Mel Hancock
William E. Bennett
Carol Langsford

39040762471

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2725

NAME OF COUNSEL: Jan W. Baran, Trevor Potter

ADDRESS: Wiley, Rein & Fielding

1776 K St., N.W.

Washington, D.C. 20006

TELEPHONE: 429-7330

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.

April 12, 1984
Date

Melton D. Hancock
Signature

RESPONDENT'S NAME: Melton D. Hancock

ADDRESS: 6200 West Grand Street Rd.

Springfield, MO 65802

HOME PHONE: _____

BUSINESS PHONE: 225-1973

39040762472

STATEMENT OF DESIGNATION OF COUNSELMUR 2725NAME OF COUNSEL: Jan W. Baran, Trevor PotterADDRESS: Wiley, Rein & Fielding1776 K Street, N.W.Washington, D.C. 20006TELEPHONE: 429-7330

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

Date

4/6/89

Signature

William E. (Gene) Bennett

RESPONDENT'S NAME:

Mel Hancock for Congress Cmte.and William E. Bennett as Treasurer

ADDRESS:

322C E. Pershing St.Springfield, MO 65806

HOME PHONE:

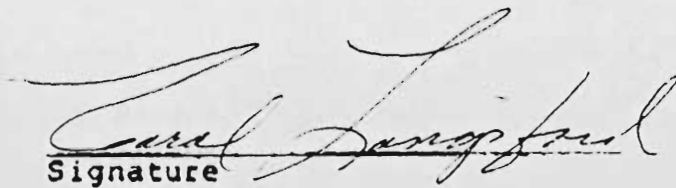
417/732-7106

BUSINESS PHONE:

408 E Elm
REPUBLIC, Mo.
65738

STATEMENT OF DESIGNATION OF COUNSELMUR 2725NAME OF COUNSEL: Jan W. Baran, Trevor PotterADDRESS: Wiley, Rein & Fielding1776 K Street, N.W.Washington, D.C. 20006TELEPHONE: 429-7330

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.

4/6/89
Date
SignatureRESPONDENT'S NAME: Taxpayers' Survival Assn., Inc.ADDRESS: 614 Haseltine RdSpringfield, MO 65802CAROL LANGFORDHOME PHONE: (417) 881-3056BUSINESS PHONE: (417) 868-4051

89040762474

BEFORE THE FEDERAL ELECTION COMMISSION

City of Washington)
District of Columbia) MUR 2725

AFFIDAVIT OF MEL HANCOCK

MEL HANCOCK, being first duly sworn, deposes and says:

1. I am Mel Hancock, United States Representative for Missouri's Seventh Congressional District.

2. On January 18, 1988, Congressman Gene Taylor, the then incumbent Representative for Missouri's 7th District, announced that he would not be a candidate for re-election. At that time I ran a small security equipment company. I also served on a volunteer basis as chairman of Taxpayers' Survival Association ("TSA"), a non-profit citizen advocacy group. Through my work for TSA, I had come to know a number of people in the District, and following Congressman Taylor's announcement I received many calls urging me to run for the Congressional seat. While I had never planned to be a candidate for Congress, I was told that such a candidacy would be a good way to advance the goals I had been fighting for at the Taxpayers' Survival Association.

3. One of the first actions I took after being urged to run for Congress was to visit Congressman Taylor's

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district office in Springfield, Missouri, to find out what the legal requirements were for a candidate for federal office. My recollection is that this visit occurred within a week of Congressman Taylor's announcement. Bonnie Crume, Congressman Taylor's assistant in that office, helped me place calls to the House Administration Committee and the Federal Election Commission ("FEC") in Washington.

4. When I called the FEC, I stated that I needed to speak with someone concerning the requirements for campaign disclosure and finance. My call was transferred to an office, where I described my situation to the employee who answered. Although I know this FEC employee was a woman, I do not have a record of her name. I stated that I was considering becoming a candidate for Congress, and was currently chairman of a non-profit organization called the Taxpayers' Survival Association. My question was whether the organization could conduct a survey to solicit opinions on whether I should become a candidate, and if so how that expenditure should be reported.

5. I understood the advice of the FEC employee with whom I was speaking to be that I, or TSA, could do anything until I actually became a candidate and filed. At that point, I understood, I would have to file a statement of candidacy and of organization for my committee, have a treasurer, and so forth. Further, if I became a candidate, I would have to pay TSA back for any expenditures.

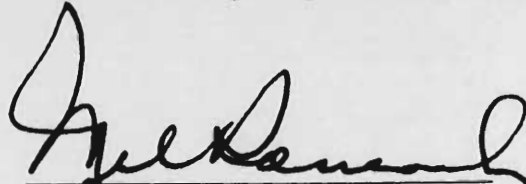
3 9 0 4 0 7 6 2 4 7 6

6. Following this understanding, I had TSA send out a mailing on February 5, 1988, soliciting opinions as to whether I should run for Congress. This mailing was paid for by TSA on February 18 and 25th, 1988. I became a candidate for Congress on March 5, 1988, and my campaign committee, Mel Hancock for Congress, reported on its very first FEC report a reimbursement to TSA for the expenses of this mailing. I discussed the TSA mailing with the press, and never sought to hide or disguise the TSA expenditure or the reimbursement by my campaign. Attached is a copy of a February 14, 1988 newspaper clipping noting the TSA expenditure.

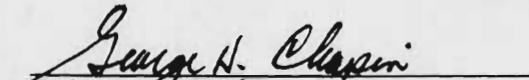
7. No suggestion that these transactions were improper was raised until I heard from the press in October of 1988, just three weeks before the election, that the Democratic Congressional Campaign Committee in Washington, D.C. had filed a complaint with the FEC concerning TSA's mailing, and was publicly attacking my actions. As someone whose business and public careers are based upon a reputation for honesty, I deeply resented then, and still do, the allegation that I did something dishonest. I feel especially strongly about this because I tried hard through my phone calls and research to make certain that I followed the law in making these expenditures, and that they were reported correctly and in full, and I carefully followed what I understood to be the FEC's rules in this regard. I have always attempted in every way possible to be a law abiding citizen, and this is the

89040762477

first time in my life that I have been a party to any lawsuit
or similar legal proceeding.


Mel Hancock

Signed and sworn to before me
this 3~~rd~~ day of May, 1989.


Notary Public

My Commission Expires:

George H. Chapin
Notary Public, Dist. of Columbia
Commission Expires June 30, 1990

89040762478

☐ GOP/Ozarks banker Tom Fowler predicted to become next state chairma

FROM PAGE 1A

reached for comment.

Hentges' widely expected announcement that he wouldn't run set off a chain of other announcements at the committee meeting besides Selck's, who will likely be unopposed as Hentges' replacement.

Republican Vice Chairman Mary Dogget and Secretary Jean Mathews, also a state representative, announced they also will not run for re-election. But party treasurer Harvey Tettlebaum will continue as treasurer.

Danforth urges aid for Contras

Strongly supporting the Contras is a political risk, Sen. John Danforth said Saturday, but one he will continue to talk about wherever he goes.

"I think Central America is a very serious matter as far as the U.S. is concerned," he said. "I think foreign policy is very important and I think the question of America's role in that area is something that should be discussed in an election year."

Danforth said his audiences so far have reacted positively to his message about the need to support the Contras although he isn't sure how much of an impact he has had on public opinion.

Up for re-election this year, Danforth said he is convinced the Sandinista regime in Nicaragua is a threat to the security of the United States because of the amount of support it receives from the Soviet Union.

Hancock asks backers

Springfield businessman Mel Hancock has mailed out 4,500 letters to members of the Taxpayers

Survival Association and former supporters of his previous campaigns asking them to help him decide whether he should run for Congress from the 7th District.

"People who have supported the efforts of the Taxpayers Survival Association since it was started over 10 years ago are calling and asking, 'Is this our opportunity to take the principle of constitutional tax and spending limits to Washington?'" says Hancock in his Feb. 5 letter.

"Maybe, just maybe, something started in Missouri 10 years ago that can change things even in Washington. All the powers of state government opposed us in 1980. They said it couldn't be done, but thanks to you, we did it anyway," he wrote.

Hancock is not asking for money now - although his letter includes a card for people to pledge future contributions. What he wants people to do is indicate the amount of support he would have by returning the cards to him.

"I've decided to leave the decision entirely up to you. The total number of replies and pledges of time and money received in the next few days will decide," he wrote.

Hancock will announce his decision March 5, the date of Greene County's Lincoln Day, with press conferences in both Springfield and Joplin. Few undeclared candidates scheduled press conferences in different cities to say they won't run.

Bush elected.

"Even though I'm retiring from Congress, I'm not retiring from politics," he said.

Party to seek \$1.25 million

Republicans have set a fund-raising goal of \$1.25 million for the elections this year, a hefty increase over four years ago but 10 percent below what was raised in the 1986 election, said Republican Party finance director Jeff Ledbetter.

The decline since 1986 is due to the competition for political money posed by Danforth's re-election campaign and those of the three incumbent Republican congressmen as well as the four Republican statewide officials who are also seeking re-election this year.

One tactic the party will use to raise money is a series of three

fund-raising dinners in St. Louis, Kansas City and Springfield.

The first even in St. Louis, at speaker Dr. Otis Williams, former Indiana governor and health and human resources secretary.

The events for Springfield have not yet been announced but speakers, said Ledbetter.

That \$1.25 million is 10 percent higher than what was raised in the 1986 election, the year in which Danforth, Secretary of State, Attorney General and Treasurer were elected.

But there was a record that year.

GOP chairman says Ozarker to get his post

By Keith White

Our ONS Capital Bureau

KANSAS CITY — Tom Fowler as the next Republican state chairman?

That was the word Saturday from current Chairman Hillard Selck during the annual Lincoln Day activities here at the Westin-Crown Center Hotel.

Selck announced at the traditional Republican State Committee meeting that he won't seek re-election as state chairman so he can run instead for the Republican National Committee spot being vacated by Jay Hentges of St. Louis.

Following long-standing political custom, Gov.

John Ashcroft will be asked to recommend a new state chairman, Selck said, and he then added he had expected Ashcroft to choose Fowler.

The Springfieldian is a long-time political ally and friend of the governor.

Fowler, 46, is president of the State Bank of Southwest Missouri. He is a former assistant professor of finance and business at Southwest Missouri State University. He is an attorney and has a master's degree in business administration.

Fowler

One of Ashcroft's key advisers, Fowler was the southwest Missouri campaign coordinator for Ashcroft when he was elected governor in 1984.

Ashcroft declined comment Saturday evening when asked about the possibility, and Fowler — who is a member of the Republican State Committee — was absent because of recent leg surgery and couldn't be

Please see GOP Page 12A



A Kansas Newspaper

SPRINGFIELD, MISSOURI, SUNDAY, FEBRUARY 14, 1988

SPRINGFIELD The News-Lead

At the...
with...
Special...

College...
Missouri...
in sports...

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WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D. C. 20006
(202) 429-7000

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE SERVICES BRANCH

89 JUL 11 AM 11:21

JAN W. BARAN
(202) 429-7330

July 10, 1989

TELECOPIER
(202) 429-7049
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Lawrence M. Noble, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

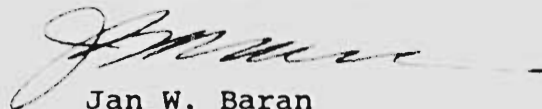
Attn: Robert Raich

Re: MUR 2725

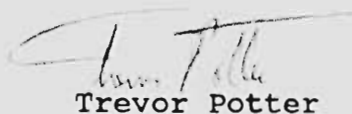
Dear Mr. Noble:

As of this date, the undersigned no longer represent Mel Hancock for Congress and William E. Bennett, as treasurer; Melton D. Hancock; and Taxpayers' Survival Association, Inc. in Federal Election Commission Matter Under Review 2725. Future correspondence in this matter should be addressed directly to the above-named Respondents, or their designees.

Sincerely Yours,



Jan W. Baran



Trevor Potter

TP/JWB:co

cc: The Honorable Mel Hancock

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

89 JUL 11 PM 1:05

39040762431

BEFORE THE FEDERAL ELECTION COMMISSION

89 JUL 26 PM 2:02

In the Matter of)
)
Mel Hancock for Congress and)
William E. Bennett, as)
treasurer)
Melton D. Hancock)
Taxpayers' Survival Association,)
Inc.)

SENSITIVE

MUR 2725

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On June 23, 1989, the Commission approved revised Conciliation Agreements in the matter. On July 10, the respondents' previous counsel ceased representing the respondents in the matter. (Attachment 1)

II. DISCUSSION OF CONCILIATION PROVISIONS

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this matter.

III. RECOMMENDATIONS

1. Accept the respondents' counterproposals.
2. Close the file.
3. Approve and send the attached letters.

Lawrence M. Noble
General Counsel

Date 7/25/88

By: 
Lois G. Lerner
Associate General Counsel

Attachments

1. Counsels' withdrawal
2. Counterproposals
3. Letters

Staff Member: R. Raich

8 9 0 4 0 7 6 2 4 8 3

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2725
Mel Hancock for Congress and)
William E. Bennett, as treasurer)
Melton D. Hancock)
Taxpayers' Survival Association, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 28, 1989, the Commission decided by a vote of 6-0 to take the following actions in MUR 2725:

1. Accept the respondents' counterproposals.
2. Close the file.
3. Approve and send the letters as recommended in the General Counsel's Report dated July 25, 1989.

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

Attest:

7-31-89

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary:	Wed., July 26, 1989	2:02
Circulated on 48 hour tally basis:	Wed., July 26, 1989	4:00
Deadline for vote:	Fri., July 28, 1989	4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 2, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Richard M. Bates
Executive Director
Democratic Congressional Campaign Committee
430 South Capitol Street
Washington, D.C. 20003

RE: MUR 2725

Dear Mr. Bates:

This is in reference to the complaint you filed with the Federal Election Commission on October 13, 1988, concerning Mel Hancock for Congress and William E. Bennett, as treasurer, Melton D. Hancock, and Taxpayers' Survival Association, Inc.

The Commission found that there was reason to believe the respondents violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i), provisions of the Federal Election Campaign Act of 1971, as amended, and Regulations promulgated pursuant thereto, and conducted an investigation in this matter. On July 28, 1989, Conciliation Agreements signed by the respondents were accepted by the Commission. Accordingly, the Commission closed the file in this matter on July 28, 1989. 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

89040762435



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 2, 1989

Hon. Mel Hancock
511 CHOB
U.S. House of Representatives
Washington, D.C. 20515

RE: MUR 2725
Mel Hancock for Congress and
William E. Bennett, as
treasurer
Melton D. Hancock
Taxpayers' Survival Association,
Inc.

Dear Representative Hancock:

On July 28, 1989, the Federal Election Commission accepted the signed conciliation agreements and civil penalties you submitted in settlement of violations of 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i). 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

A handwritten signature in cursive script, appearing to read "Lois G. Lerner", is written over the typed name of the Associate General Counsel.

BY: Lois G. Lerner
Associate General Counsel

Enclosures
Conciliation Agreements

89040762430

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Mel Hancock for Congress and) MUR 2725
William E. Bennett, as treasurer)
)
Melton D. Hancock)

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn and notarized complaint filed by the Democratic Congressional Campaign Committee. The Federal Election Commission (the "Commission") found reason to believe that Mel Hancock for Congress and William E. Bennett, as treasurer (the "Hancock Committee"), and Melton D. Hancock violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i). The Hancock Committee and Mr. Hancock are collectively referred to as the "Respondents."

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. Mel Hancock for Congress (the "Hancock Committee") is a political committee within the meaning of 2 U.S.C. § 431(4),

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FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK

89 JUL 17 PM 4:07

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and is the principal campaign committee for Melton D. Hancock ("Mel Hancock").

2. William E. Bennett is the treasurer of the Hancock Committee.

3. Taxpayers' Survival Association, Inc. ("TSA") is a not-for-profit corporation organized and existing under the laws of the State of Missouri. Mr. Hancock is the president of TSA.

4. On or around February 5, 1988, TSA sent a postal patron mailing to residents of the Missouri 7th Congressional District to determine whether Melton D. Hancock should become a candidate for the U.S. House of Representatives.

5. TSA expended \$15,662.81 for printing and mailing services in connection with this postal patron mailing.

6. On March 5, 1988, Mr. Hancock announced his candidacy for the 7th Congressional District of Missouri.

7. On March 24, 1988, the Hancock Committee reimbursed TSA in full for all costs incurred in connection with this postal patron mailing.

8. The Hancock Committee's 1988 April Quarterly Report, which was the first report the Committee was required to file, included this reimbursement on Schedule B, at entry E.

9. The Commission's regulations at 11 C.F.R. §§ 100.7(b)(1)(i) and 100.8(b)(1)(i) provide that an individual may raise and spend funds without becoming a candidate if the funds are received solely for the purpose of determining whether

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candidacy for federal office should be sought, i.e., "to test the waters."

10. These regulations further provide that polling or canvassing the electorate is a permissible testing the waters activity. All funds used in such testing the waters activity must conform with the prohibitions and limitations of the Federal Election Campaign Act of 1971, as amended (the "Act"). Id.

11. Should an individual become a candidate, funds expended to test the waters must be reported, and if such funds did not conform to the prohibitions and limitations of the Act, their receipt would constitute a violation of the Act.

12. Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making a contribution or expenditure, defined to include any direct or indirect loan, advance or anything of value, in connection with a federal election. Further, it is unlawful for any officer or director of a corporation to consent to a corporate contribution or expenditure in connection with a federal election. No candidate or political committee may knowingly accept or receive a contribution from a corporation. 2 U.S.C. §§ 441b(a) and (b)(2).

V. Corporate funds were used to test the waters for a federal candidate. Accordingly, the Hancock Committee received corporate funds and Mr. Hancock apparently consented to such corporate expenditure in violation of 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i).

VI. Respondents contend that these actions were not knowing and willful.

VII. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Two Thousand Dollars (\$2,000.00), pursuant to 2 U.S.C. S 437g(a)(5)(A).

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. S 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.

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

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

XI. 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,

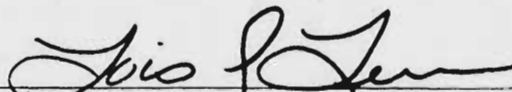
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made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

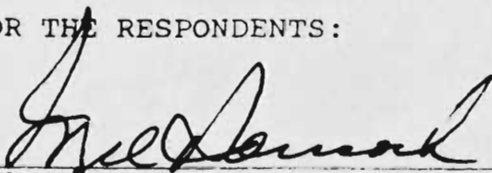
Lawrence M. Noble
General Counsel

BY:


Lois G. Lerner
Associate General Counsel

8/1/89
Date

FOR THE RESPONDENTS:


Mel Hancock, for Mel Hancock for
Congress and William E. Bennett, as
treasurer, and Melton D. Hancock

7/14/89
Date

390400762491

DEC 3425

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
Taxpayers' Survival Association,)	MUR 2725
Inc.)	

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn and notarized complaint filed by the Democratic Congressional Campaign Committee. The Federal Election Commission (the "Commission") found reason to believe that the Taxpayers' Survival Association, Inc. (the "Respondent") violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 100.8(b)(1)(i).

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. Taxpayers' Survival Association, Inc. is a not-for-profit corporation organized and existing under the laws of the State of Missouri. Melton D. Hancock ("Mel Hancock") is the Respondent's president.

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OFFICE OF THE CHIEF CLERK
89 JUL 17 PM 4:07

2. Mel Hancock for Congress (the "Hancock Committee") is a political committee within the meaning of 2 U.S.C. § 431(4).

3. On or around February 5, 1988, the Respondent sent a postal patron mailing to residents of the Missouri 7th Congressional District to determine whether Mr. Hancock should become a candidate for the U.S. House of Representatives.

4. The Respondent expended \$15,662.81 for printing and mailing services in connection with this postal patron mailing.

5. On March 5, 1988, Mr. Hancock announced his candidacy for the 7th Congressional District of Missouri.

6. On March 24, 1988, the Hancock Committee reimbursed the Respondent in full for all costs incurred in connection with this postal patron mailing.

7. The Commission's regulations at 11 C.F.R. §§ 100.7(b)(1)(i) and 100.8(b)(1)(i) provide that an individual may raise and spend funds without becoming a candidate if the funds are received solely for the purpose of determining whether candidacy for federal office should be sought, i.e., "to test the waters."

8. These regulations further provide that polling or canvassing the electorate is a permissible testing the waters activity. All funds used in such testing the waters activity must conform with the prohibitions and limitations of the Federal Election Campaign Act of 1971, as amended (the "Act").

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9. Should an individual become a candidate, funds expended to test the waters must be reported, and if such funds did not conform to the prohibitions and limitations of the Act, their receipt would constitute a violation of the Act.

10. Pursuant to 2 U.S.C. S 441b(a), corporations are prohibited from making a contribution or expenditure, defined to include any direct or indirect loan, advance or anything of value, in connection with a federal election. Further, it is unlawful for any officer or director of a corporation to consent to a corporate contribution or expenditure in connection with a federal election. Id.

V. Respondent expended corporate funds to test the waters on behalf of a federal candidate in violation of 2 U.S.C. S 441b(a) and 11 C.F.R. S 100.8(b)(1)(i).

VI. Respondent contends that these actions were not knowing and willful.

VII. Respondent will pay a civil penalty to the Federal Election Commission in the amount of One Thousand Five Hundred Dollars (\$1,500.00), pursuant to 2 U.S.C. S 437g(a)(5)(A).

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. S 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believe 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.

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


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

XI. 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 agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

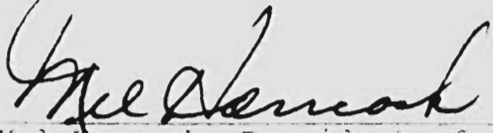
Lawrence M. Noble
General Counsel

BY:


Lois G. Lerner
Associate General Counsel

8/1/89
Date

FOR THE RESPONDENT:


Mel Hancock, President, for
Taxpayers' Survival Association,
Inc.

7/14/89
Date

89040762495



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2725

DATE FILMED 8/29/89 CAMERA NO. 4

CAMERAMAN AS

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