

House Calendar No. 139

100TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
100-526

IN THE MATTER OF
REPRESENTATIVE CHARLES G. ROSE III

REPORT

OF THE

COMMITTEE ON
STANDARDS OF OFFICIAL CONDUCT
U.S. HOUSE OF REPRESENTATIVES



MARCH 23, 1988.—Referred to the House Calendar and ordered to be
printed

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LETTER OF SUBMITTAL

**U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT,
Washington, DC, March 23, 1988.**

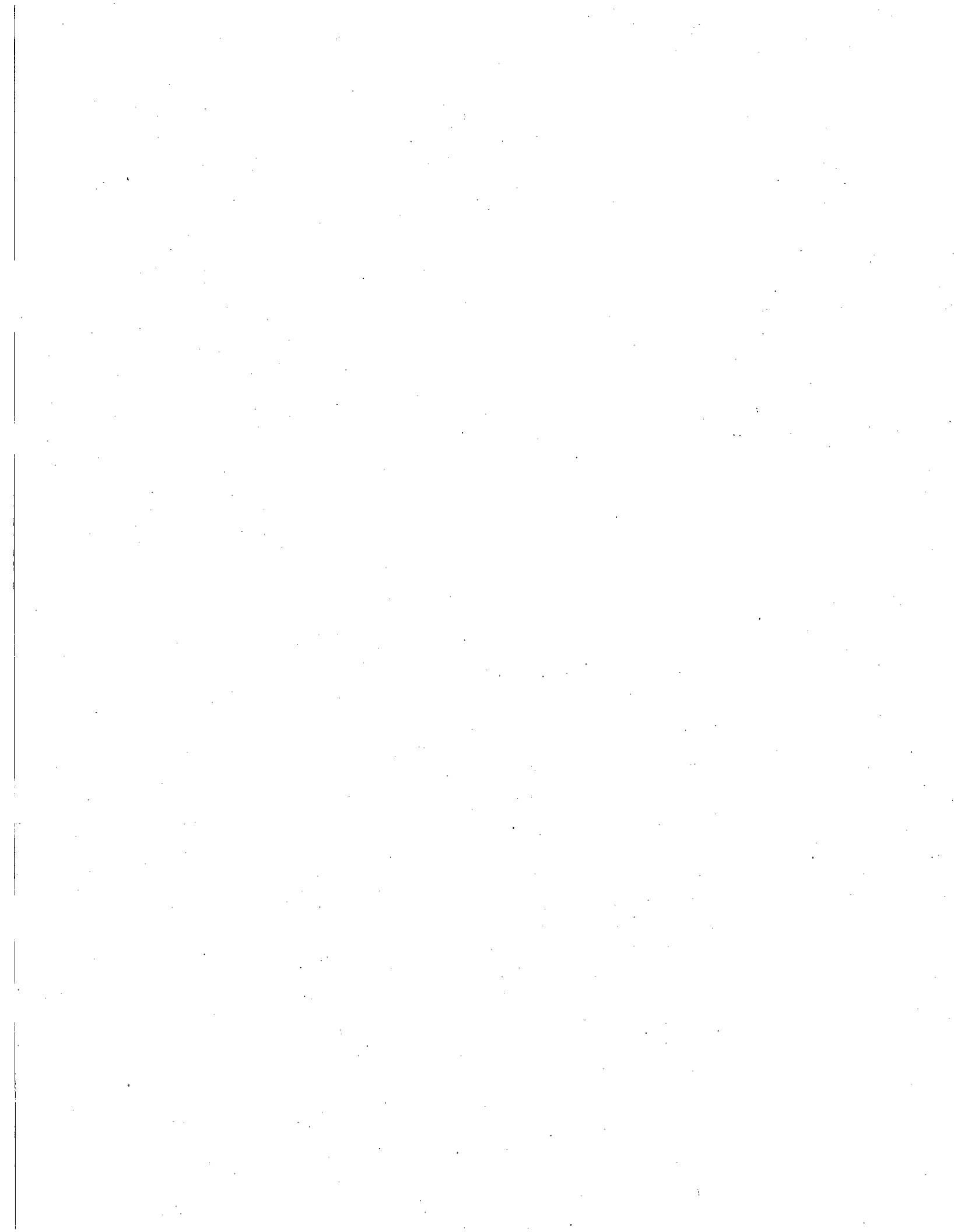
**HON. JIM WRIGHT,
Speaker of the House of Representatives,
Washington, DC.**

DEAR MR. SPEAKER: By direction of the Committee on Standards of Official Conduct, I herewith submit the enclosed report, "In the Matter of Representative Charles G. Rose III."

Respectfully,

**JULIAN C. DIXON,
Chairman.**

Enclosure.



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IN THE MATTER OF REPRESENTATIVE CHARLES G. ROSE III

MARCH 23, 1988.—Referred to the House Calendar and Ordered to be printed

Mr. DIXON, from the Committee on Standards of Official Conduct,
submitted the following

REPORT

I. PROCEDURAL HISTORY

On October 15, 1986, the Committee on Standards of Official Conduct received a properly filed complaint against Representative Charles G. Rose, III. Pursuant to Rule 9 of the Committee's Rules of Procedure, the complaint included letters from three Members of the House of Representatives who refused, in writing, to transmit the complaint to the Committee. The three signing Members were Representative Gene Chappie of California, Representative Eldon Rudd of Arizona, and Representative David S. Monson of Utah. After the receipt of the complaint, the Committee did not meet again during the 99th Congress.

The new Committee formed for the 100th Congress held its first meeting on February 25, 1987. The Committee addressed the issue of whether a complaint filed in one Congress (99th), which included letters of refusal signed by three Members of the House, was still valid in a new Congress (100th), even though none of the signing Members were currently seated in the new Congress. The Committee adopted the position that a properly filed complaint remains valid from one Congress to a subsequent Congress. Thus, the new Committee took up the complaint at its first meeting as required by the Committee's Rules of Procedure.

The complaint alleged that Representative Rose violated House rules by converting campaign funds to personal use and by expending campaign funds not attributable to bona fide campaign purposes in eight separate transactions in 1978, 1982, 1983, 1984, and 1985. The complaint alleged that Representative Rose violated the Ethics in Government Act of 1978 (EIGA) by failing to report liabil-

ities to his campaign on his Financial Disclosure Statements in 1982, 1983, 1984, and 1985. Finally, the complaint alleged that Representative Rose failed to report, as gifts, the value of interest forgiven on loans from his campaign committee.

The Committee decided to seek information from Representative Rose relevant to the allegations raised in the complaint. Answers to specific questions would facilitate its making a decision on whether to initiate a formal Preliminary Inquiry. To this end, the Committee sent letters to Representative Rose on three occasions. In response to these inquiries, Representative Rose submitted answers with documentation. Discussion of relevant issues also took place with the congressman's counsel. Based upon these efforts, the Committee concluded that there were matters which should be pursued through a formal investigation. Thus, on June 17, 1987, the Committee adopted a Resolution to conduct a Preliminary Inquiry based on the allegations raised in the complaint. (Appendix A.)

Following the Preliminary Inquiry, the Committee agreed to, and issued, a Statement of Alleged Violations to Representative Rose on October 28, 1987. The statement, included as Appendix B, consisted of four counts. Count one alleged that Representative Rose borrowed from his campaign in eight transactions from 1978 to 1985 in violation of House Rule XLIII, clause 6. Count two alleged that Representative Rose pledged a \$75,000 certificate of deposit belonging to his campaign as collateral on a personal loan, in violation of House Rule XLIII, clause 6. Count three alleged Representative Rose violated House Rule XLIV, clause 2 (EIGA), by failing to report on his Financial Disclosure Statements, as liabilities, outstanding indebtedness to his campaign from 1982-1986. Count four alleged that Representative Rose violated House Rule XLIV, clause 2 (EIGA), by failing to report on his Financial Disclosure Statements, as liabilities, outstanding indebtedness to seven financial institutions from 1979 to 1984.

On November 16, 1987, Representative Rose, through counsel, filed an Answer of Respondent to Statement of Alleged Violations and Accompanying Memorandum of Points and Authorities. (Appendix C.) The response denied each and every allegation of count one. With respect to count two, the response admitted that, on the date in question, Representative Rose signed a paper entitled "Assignment of Southern National Bank Savings Accounts/Savings Instrument." Representative Rose denied each and every remaining allegation of count two. Representative Rose denied each and every allegation contained in count three.

As to count four, Representative Rose admitted subsection (a), March 26, 1979, Waccamaw Bank \$5,000 and \$10,000 liabilities. As to count four, subsection (b), Representative Rose denied the allegation asserting that the February 29, 1980, First Citizens Bank \$20,000 liability was inadvertently reported as a liability to First Union Bank. As to subsection (c), June 2, 1980, National Bank of Washington \$10,496 liability, Representative Rose denied this allegation. As to subsection (d), August 1, 1980, \$20,000 liability to Southern National Bank, Representative Rose admitted this allegation. As to subsection (e), February 7, 1981, Wright Patman Congressional Federal Credit Union \$13,000 liability, Representative Rose denied this allegation and asserted this information "may

have been erroneously, though inadvertently and unintentionally," submitted to the Committee. As to subsection (f), April 15, 1983, Wachovia Bank \$12,500 liability, Representative Rose admitted this allegation. As to subsection (g), September 7, 1984, and September 11, 1984, Wright Patman Congressional Federal Credit Union liabilities, in the amounts of \$500 and \$10,000, respectively, respondent admitted these allegations.

On December 7, 1987, Committee counsel filed Committee Counsel's Reply Brief to Answer of Respondent to Statement of Alleged Violations, wherein Committee counsel recommended that the Committee move to sustain counts one, two, and three. (Appendix D.) Further, Committee counsel moved to dismiss count four, subsection (b), based on respondent's explanation, and moved to sustain the remaining subsections of count four. Subsequently, the Committee sustained counts one, two, and three, and dismissed count four, subsection (b).

On December 15, 1987, counsel for respondent filed an Amended Answer of Respondent to Count Four fo the Statement of Alleged Violations, admitting count four, subsection (c). (Appendix E.) On December 16, 1987, Committee counsel moved to amend the Statement of Alleged Violations to correct count four, subsection (e), to read the National Bank of Washington, February 6, 1981, \$12,702.74. Respondent admitted this allegation. (Appendix F.)

The Committee and the respondent entered into a Post Statement of Alleged Violation Procedure agreement, in which Representative Rose waived his right to phase one of a Rule 16 disciplinary hearing, should the Committee vote to go forward with such a hearing. (See Appendix H.) The agreement provided that counsel for the respondent and Committee counsel would enter into a stipulation agreement identifying issues of fact both parties agreed on, which would be submitted to the Committee. The agreement also provided that both counsel would present oral argument to the Committee on the issues in the Statement of Alleged Violations, in lieu of testimony from witnesses at a hearing. Committee Chairman Julian C. Dixon and Ranking Minority Member Floyd D. Spence approved and signed the Post Statement of Alleged Violation Procedure agreement on December 2, 1987. The respondent, Representative Rose, approved and signed the agreement on December 8, 1987, and counsel for respondent, William C. Oldaker, signed the agreement on December 10, 1987. The respondent and his counsel also signed a Waiver of Phase One of Rule 16 Disciplinary Hearing on the corresponding dates. (See Appendix H.)

The Stipulations agreement between counsel was signed on December 15, 1987. (See Appendix G.)

On December 16, 1987, the Committee heard oral arguments on the allegations in the Statement of Alleged Violations from Committee counsel and respondent's counsel. Following deliberations, the Committee sustained all counts by unanimous vote. On February 18, 1988, the Committee formally notified Representative Rose of its decision that all four counts had been proved.

By letter dated February 19, 1988, Representative Rose formally notified the Committee that he waived his right to phase two of the disciplinary hearing. (Appendix I.) Rule 16(f) of the Committee's Rules of Procedure explains that in phase two Committee counsel

and counsel for the respondent may make a written and/or oral submission to the Committee on the issue of sanction.

II. CONDUCT OF INVESTIGATION

A. METHODOLOGY

The Committee proceeded with a number of investigative techniques during the Preliminary Inquiry phase. Among them were written interrogatories; the use of subpoena power to obtain various financial institution documents; requests for various public documents—Federal Election Campaign Act (FECA) reports, EIGA filings, and North Carolina Corrupt Practices Act filings; depositions from Alton Buck, Charles G. Rose, Jr., and Anthony Rand. The Committee also contracted for the services of the certified public accounting firm of Laventhol & Horwath. The respondent voluntarily testified, under oath, before the Committee.

The depositions in this case were taken in executive session pursuant to the rules of the House of Representatives and this Committee. Consequently, they are not included in this report in their entirety. Only the excerpts contained in the Committee Counsel's Reply Brief to Answer of Respondent to Statement of Alleged Violations are included herein. The report gives certain factual information that may be attributable to the deponents. The deposition of the individual should be viewed as one of the sources of this information.

The information obtained from all sources was considered in adopting this report.

B. SCOPE

The Resolution adopted June 17, 1987, defined the scope of this investigation. This definition included violations of clause 6 of House Rule XLIII by failing to keep campaign funds separate from personal funds, converting campaign funds to personal use, and expending campaign funds not attributable to bona fide campaign purposes; violations of the EIGA by failing to report liabilities in excess of \$10,000; and EIGA violations by failing to report the forbearance of interest on loans from his campaign. The Committee undertook to investigate alleged violations in these areas.

The allegation in count two, while not specifically included as a part of the complaint, fell within the parameters of violations of clause 6 of House Rule XLIII during the relevant time period and was discovered during the regular course of investigation in the Preliminary Inquiry phase. The Committee, therefore, included this information as a basis for an allegation in its Statement of Alleged Violations.

C. FINDINGS OF FACT

The Committee adopted the December 15, 1987, Stipulations (Appendix G) signed by Committee counsel and counsel for the respondent as its findings of fact.

III. HIGHLIGHTS

A. COUNT ONE

Count one alleged that on eight occasions Representative Rose borrowed money from his campaign in violation of House Rule XLIII, clause 6. This rule provides, in part, that a Member—

. . . shall keep his campaign funds separate from his personal funds. . . . and he shall expend no funds from his campaign account not attributable to bona fide campaign purposes.

The borrowings occurred from 1978 to 1985, and ranged in amount from \$895 to \$18,000.

Representative Rose argued as a defense that the withdrawals from his campaign were not borrowings. Rather, he argued that they were repayments to him for money loaned to his campaign in 1972. Only \$9,500, however, was actually loaned by the congressman himself. Mr. Charles G. Rose, Jr., the congressman's father, contributed \$16,400 and also paid a bank note of \$20,000. Representative Rose explained that he reimbursed his father in 1975 with the proceeds of a \$50,000 bank loan, in addition to property transfers in 1978 and 1980. Thus, Representative Rose argued he replaced his father as a creditor of the campaign and was entitled to the withdrawals as repayments.

The Committee concludes that the evidence did not support Representative Rose's theory. The lack of documentation made at the time of the alleged loans to the campaign, the carrying of the disbursements as loans to Representative Rose on FECA and Clerk of the House of Representatives (Clerk) reports from 1978 until 1986, the characterization as repayments of loan of deposits back to the campaign on FECA reports, and the failure to establish a valid entitlement to funds the campaign may have owed his father, were significant factors which caused the Committee to hold that the withdrawals from his campaign were indeed borrowings by Representative Rose.

Finally, and perhaps most importantly, the Committee adopts two key positions: (1) a Member may not borrow money from his campaign; and (2) a Member's withdrawal of funds from his campaign as repayment to himself of prior unreported campaign loans will be construed as borrowings, in violation of House Rule XLIII, clause 6. It should be stressed, however, that these two positions did not govern either the Committee's findings or disposition in this case.

B. COUNT TWO

Count two alleged that Representative Rose used a certificate of deposit belonging to his campaign as collateral for a personal loan during the years 1985 and 1986.

House Rule XLIII, clause 6, states that a Member of the House of Representatives—

. . . shall convert no campaign funds to personal use in excess of reimbursement for legitimate and verifiable campaign expenditures. . .

Additionally, House Rule XLIII, clause 2, states:

A Member, officer, or employee of the House of Representatives shall adhere to the spirit and the letter of the Rules of the House of Representatives and to the rules of duly constituted committees thereof.

The argument and evidence presented established that Representative Rose did indeed use his campaign's funds for personal benefit by pledging the certificate of deposit on his own loan.

Representative Rose did not dispute that he signed an assignment of his campaign's certificate of deposit. He argued, however, that, since he had no legal authority to make this assignment, it was not valid and, therefore, no House rule was violated. Representative Rose testified before the Committee that the purpose of executing the assignment was to receive a lower interest rate on the loan in question, and that he had indeed received a lower interest rate.

The Committee rejected Representative Rose's position for several reasons. First, a strong argument could be made that the assignment was enforceable because it had been validated by a letter sent to Southern National Bank by the Assistant Campaign Treasurer, Mr. Alton G. Buck, four days before the transaction was entered into, which stated that Representative Rose's campaign funds were his to do with as he pleased. Secondly, the Committee concluded that Representative Rose violated the spirit of Rule XLIII, clause 6, by attempting to assign the certificate of deposit, regardless of whether the assignment would have been legally enforceable had the bank attempted to seize the collateral. And, Members are required by House Rule XLIII, clause 2, to adhere to the spirit and the letter of the rules. Finally, the Committee noted that the bank had accepted the certificate of deposit as collateral, in that no alternative collateral was ever requested and, in fact, the bank lowered Representative Rose's interest rate on the loan because of it. Using the campaign's funds to obtain a lower loan interest rate on a personal loan constituted personal use in violation of the rule.

For these reasons, the Committee concluded that Representative Rose received a personal benefit from the use of the funds and, therefore, violated Rule XLIII, clause 6. The attempt to accomplish something which may not be legally enforceable is not recognized as a valid defense to violations of House rules. A violation of the spirit of the rule in this case constitutes a violation of the rule.

C. COUNT THREE

Count three alleged that Representative Rose failed to report, in the liabilities section of his Financial Disclosure Statements, the indebtedness incurred to his campaign for the years 1982 through 1986, resulting from the borrowings alleged in count one. EIGA requires that Members report obligations over \$10,000. A finding on this count is inextricably tied to the finding in count one. Given that Representative Rose denied borrowing from his campaign, his concomitant argument was that he had no reportable liability to his campaign.

Committee counsel and counsel for the respondent stated in the Stipulations that the Committee's finding with respect to count one

would result in a like finding as to count three. The Committee found that the evidence presented supported a finding that count one had been proved—Representative Rose borrowed money from his campaign on eight occasions from 1978 to 1985. The concomitant finding then, was that count three also had been proved in that Representative Rose's Financial Disclosure Statements for the years in which his indebtedness exceeded \$10,000, 1982 through 1986, did not disclose these liabilities to his campaign.

D. COUNT FOUR

Count four alleged that Representative Rose failed to report, as liabilities on his Financial Disclosure Statements, obligations to various financial institutions. The respondent admitted most of the allegations, explaining that the omissions were unintentional. He promptly filed amendments to his Financial Disclosure Statements. The amendments were filed at the Member's own initiative without the request of the Committee. The two-pronged test to establish a presumption of good faith set out in the April 23, 1986, memorandum to Members, officers, and employees of the House of Representatives (Appendix N) does not apply to circumstances where the amendments are filed after a Statement of Alleged Violations has been issued. Here, the respondent is merely taking appropriate corrective action.

Subsection (b) of count four was dismissed by the Committee. In his Response to the Statement of Alleged Violations, Representative Rose informed the Committee that an effort was made to disclose this loan. Erroneously, the loan was reported as an obligation to First Union Bank, not First Citizens Bank. The Committee accepted this explanation and dismissed this subsection of the count.

IV RESULTS OF INVESTIGATION

A. COUNT ONE—REPRESENTATIVE ROSE BORROWED FROM HIS CAMPAIGN

Count one alleged that Representative Rose borrowed from his campaign on eight occasions from 1978 to 1985, in violation of House Rule XLIII, clause 6. The rule states:

A Member of the House of Representatives shall keep his campaign funds separate from his personal funds. He shall convert no campaign funds to personal use in excess of reimbursement for legitimate and verifiable prior campaign expenditures and he shall expend no funds from his campaign account not attributable to bona fide campaign purposes.

The Committee began by trying to determine what evidence existed that would bear on whether the eight campaign disbursements to Representative Rose were actually loans to the congressman as alleged in the complaint, or whether the disbursements were repayments of prior loans to the campaign attributable to Representative Rose. The evidence considered included campaign reports filed with the Clerk of the House of Representatives (Clerk) in 1972; FECA reports filed with the Clerk from 1978 through 1987; campaign reports filed with the Secretary of State of North Carolina pursuant to the North Carolina Corrupt Practices Act; cam-

paign checks written to Representative Rose; checks from Representative Rose to the campaign; check stubs from the campaign checkbook; a promissory note executed April 21, 1987; letters between Mr. Alton G. Buck, Assistant Campaign Treasurer, and the Office of the Clerk; two loan transactions between Representative Rose and North Carolina National Bank (NCNB); a loan transaction between Mr. Charles G. Rose, Jr. and First Citizens Bank; and two property transfers between Representative Rose and his father. All evidence was considered in light of what it appeared to show on its face, the surrounding circumstances, and the explanation of events as put forward by Representative Rose. It is, therefore, necessary to understand the explanation and defense put forward by Representative Rose.

1. Representative Rose's Explanation

Representative Rose asserted that the disbursements to him were not loans but, rather, payments to him of prior loans made to his campaign. The explanation began in 1972 when, during his first successful run for Congress, Representative Rose and his father contributed \$45,900 to the campaign. The contributions consisted of six separate "seed money" loans (hereinafter referred to as seed money loans) and are reflected in 1972 filings with the Secretary of State of North Carolina under the North Carolina Corrupt Practices Act and the federal campaign report filed with the Clerk. Information provided by Representative Rose from those documents indicated contributions as follows:

Date of loan	Source of contribution	Amount of contribution	Total contribution
Apr 7, 1972	C.G. Rose, Jr.	\$8,750	\$8,750
Apr 20, 1972	C.G. Rose III	7,500	16,250
May 5, 1972	C.G. Rose, Jr.	5,150	21,400
May 23, 1972	First Citizens Bank	20,000	41,400
June 2, 1972	C.G. Rose III	2,000	43,400
June 2, 1972	C.G. Rose, Jr.	2,500	45,900

As the chart shows, campaign reports indicated that Representative Rose contributed \$9,500 of his personal funds, although he testified to the Committee that the original source of this money may also have been from his father, Mr. Rose, Jr. In addition, the records show the campaign borrowed \$20,000 from First Citizens Bank (the note was later discharged by Mr. Rose, Jr.), and the remaining \$16,400 was contributed by Mr. Rose, Jr. (Campaign law at that time did not limit the amount of contribution a family member could make.) It was Representative Rose's contention that these monies were intended, at the time they were made, to be loans to the campaign.

The next element of the respondent's defense rested on the repayment arrangement for the so-called loans. Representative Rose asserted that, at the time the loans/contributions were made to the campaign, he and his father entered into an oral agreement wherein the congressman agreed to personally reimburse his father for any money he (father) loaned to the campaign. Thus, by virtue of this oral agreement, the congressman contended he made himself,

not the campaign, liable to his father. As a result, the campaign's liability was to the congressman, not his father, for all the seed money contributions.

The defense explained that the Congressman's father consolidated or made a benchmark of the seed money debt owed to him resulting from his campaign contributions, by borrowing \$50,000 from First Citizens Bank in November 1973. Although the six seed money contributions from 1972 totaled only \$45,900, the additional \$4,100 represented interest from 1972 to the time of the 1973 consolidation loan, at 6 percent, the legal rate of interest at that time. Thus, under Representative Rose's theory, a \$50,000 obligation, stemming from 1972 campaign contributions, accrued to the campaign in favor of Representative Rose.

Representative Rose asserted that he did, in fact, repay his father the \$50,000 and was, therefore, entitled to receive disbursements of this amount from the campaign. The repayment occurred in January 1975 when he borrowed \$50,000 from NCNB. In addition, the Congressman said he transferred property he owned in the State of Alaska to his father in satisfaction of all debts between them.

The final part of his defense stated that his payments to the campaign, which appeared to be repayments of his borrowings from the campaign and which were reported as such on FECA filings, were, in fact, re-loans made by him to the campaign. He stated, under oath, to the Committee that he felt these loans were necessary to keep his campaign balances high. The net effect of these re-loans was that the campaign currently still owes the respondent \$50,000, and a promissory note evidencing this was executed in April 1987.

2. Committee Analysis of the Evidence

After considering Representative Rose's explanation, the Committee then examined it in light of all available evidence.

a. Seed Money Loans

The evidence supports the fact that contributions totaling \$45,900 were put into the campaign in 1972 by Representative Rose and his father. The campaign filings with the Clerk and with the Secretary of State of North Carolina clearly indicate these transactions occurred. (Exhibit 1 of Appendix D.) These documents do not, however, justify the conclusion that the entire amount was *loaned* to the campaign and repayment was expected.

Examining first the North Carolina filings, Representative Rose correctly asserted that the North Carolina Corrupt Practices Act filing procedure did not require that a distinction be made between contributions intended as gifts/donations to the campaign and those intended as loans. Both categories of receipts were reported as contributions. The reports indicate Representative Rose contributed \$9,500 and Mr. Rose, Jr. contributed \$16,400. The \$20,000 loan from First Citizens Bank was not reported on these forms. Thus, the face of these documents did not conclusively establish that \$45,900 in seed money contributions were *loaned* to the campaign.

The next set of reports examined on this issue was the campaign reports filed in 1972 with the Office of the Clerk. (See Exhibits 3

and 4 of Appendix D.) The Federal Election Campaign Act became effective April 7, 1972. As of that date, all congressional candidates were required to file campaign reports with the Clerk, which included information on receipts and expenditures up to and including April 7. These reports provided a separate schedule for the reporting of loans. Thus, unlike the North Carolina filings, there should have been no ambiguity about which contributions were intended as loans and which were intended as gifts/donations.

The separate loan schedule included in Representative Rose's filing with the Clerk did not indicate loans of \$45,900 to the campaign. Only two loans were disclosed—one on May 23, 1972, for \$20,000 from First Citizens Bank, and one for \$5,150 from Mr. Rose, Jr. on May 5, 1972.

Respondent's counsel offered, in submissions to the Committee, that the instructions for reporting to the Clerk did not require the reporting of loans which were not evidenced in writing. Counsel argued that, since no written loan agreements were executed contemporaneously between the campaign and Representative Rose, nor were any executed between the campaign and the Congressman's father, no obligation existed to report any of these loans on the separate schedule.

The instructions on the face of the report read:

Every debt incurred, or a contract, agreement, or promise to make a contribution or expenditure entered into on or after April 7, 1972, *which is in writing and exceeds the amount of \$100, shall be reported in separate schedules on the reporting forms prescribed by the Clerk.* . . . (Emphasis supplied.)

The respondent urged that the emphasized language supported his position of not having included the entire \$45,900 on the separate schedule. None of the seed money loans to the campaign from the respondent and his father were in writing. The oral nature of the loans made them exempt from the reporting requirement under the respondent's theory.

The Committee did not take a position on the proper interpretation of instructions. FECA law and the instructions for completing the reports promulgated by the Clerk's office are not within the jurisdiction of this Committee. Instead, the Committee chose to look at the surrounding circumstances in determining what the face of the reports, as filed, meant. The Committee noted that, notwithstanding the arguments put forth by respondent's counsel, the campaign did report at least two of the seed money loans on the separate schedule. The fact that these loans also were not evidenced in writing strongly suggested that the filer was not under the impression that only loans in writing had to be reported on the loan schedule. Rather, it suggested these two contributions were the only ones considered as loans at that time.

Further, respondent's counsel argued that the beginning cash-on-hand balance of \$14,428.12 shown on the 1972 Clerk filing included the April 7, 1972, seed money loan/contribution of \$8,750. However, all loans made *on or after April 7, 1972*, were required to be reported separately, not as part of the start up cash-on-hand balance. Representative Rose's North Carolina campaign filing clearly indi-

cates April 7, 1972, as the date of the \$8,750 contribution. Thus, according to the instructions, the contributions should not have been reported as part of the cash on hand. The contribution should have been itemized separately, either as a regular contribution or as a loan. Again, the evidence, on its face, does not support the conclusion that this contribution was a loan.

Representative Rose did put forth a promissory note in the amount of \$50,000 as evidence of the loan obligation to him. (Exhibit 1 of Appendix C.) The note was executed on behalf of the campaign by Assistant Campaign Treasurer Buck and made payable to Charles G. Rose, III. The respondent alleged that the note represents the campaign's indebtedness to him resulting from the 1972 seed money loans and the agreement with his father. The note recites an interest rate of zero and is due on April 20, 1988. The note was not executed contemporaneously with the loans made to the campaign in 1972. The date of the note was April 21, 1987.

A note executed fifteen years after the transactions giving rise to the indebtedness was not sufficient as conclusive evidence of the nature of the original transactions. The signatory, Mr. Buck, testified during his deposition (Exhibit 11 of Appendix D.) that he was not an officer of the campaign in 1972 when the transactions took place, and that he had no independent, personal knowledge of whether or not the contributions were intended to be loans at the time they were made. Mr. Buck stated he relied on three things in executing the promissory note in 1987 (as well as amending the FECA reports to reflect repayments to the Congressman and loans to the campaign): (1) a conversation with Mr. I.B. Julian, a former official of the First Citizens Bank; (2) a bank ledger card evidencing a \$50,000 loan from the bank to Mr. Rose, Jr. in November 1973; and (3) North Carolina Corrupt Practices Act filings with the Secretary of State.

The Committee was not satisfied that these factors were conclusive evidence that the contributions were loans. The statement of Mr. Julian, a former official of First Citizens Bank, said that he recalled Mr. Rose, Jr. coming to the bank in November 1973 to apply for a \$50,000 loan. (See Appendix J.) He recalled that Mr. Rose, Jr. said that the purpose of the loan was for his son's campaign debts.

The bank was not able to produce any loan records which showed the purpose of the loan. Due to the passage of time, these records are no longer available. The Committee does not question the best intentions of Mr. Julian's statement. However, the numerous business transactions with the bank that Mr. Rose, Jr. had over the last two decades required stronger evidence than recollection to establish that the purpose of this particular loan in November 1973 was related to campaign debts of Charles G. Rose, III.

The ledger card relied on by Mr. Buck in creating the promissory note also was insufficient. (See Exhibit 5 of Appendix D.) A bank ledger card did reveal that Mr. Rose, Jr. received a \$50,000 loan from First Citizens Bank in November 1973. The ledger card does not prove, however, that the loan was related to the campaign debts of the respondent. As explained, Mr. Rose, Jr. had numerous transactions with First Citizens Bank.

The final evidence relied on by Assistant Campaign Treasurer Buck was the North Carolina campaign reports listing contribu-

tions from the respondent and his father. As explained above, however, these reports merely raise the possibility that the contributions may have been loans. The Committee recognizes that the reports leave open the possibility that the contributions were donations. However, they do not resolve the issue.

Although Assistant Campaign Treasurer Buck felt there was sufficient evidence to support the execution of a \$50,000 promissory note, fifteen years after the fact, the Committee viewed the available evidence as too sparse to substantiate using the document to verify the existence of prior loans. Thus, the promissory note was not persuasive evidence on the issue of whether the respondent was responsible for \$50,000 in campaign loans in 1972. The Committee is firmly convinced that the respondent is not entitled to collect on the note.

b. The Benchmark or Consolidation Transaction

The respondent explained the purpose of the November 1973 \$50,000 loan from First Citizens Bank to his father was to make a benchmark in one place of the money owed to him as a result of his seed money contributions. Recall that the \$9,500 listed from the respondent was also said to come from Mr. Rose, Jr., so that the campaign's indebtedness to him, with interest, was \$50,000. The money was also alleged to have been borrowed to consolidate and retire the campaign's debt from 1972. Examination of campaign records, including FECA reports and bank records revealed that, in fact, no true consolidation occurred. The \$50,000 was not deposited into the campaign account and paid out to creditors, nor was it used to retire the \$20,000 note at First Citizens Bank.¹ The congressman testified that his father simply kept the money as repayment. Mr. Rose, Jr. testified in deposition (Exhibit 7 of Appendix D.) that he recalled giving the money to the campaign. The confusing and contradictory testimony on this point did not aid in resolving the issue of whether the seed money was intended as loans. The Committee concluded that the evidence established that Mr. Rose, Jr. did receive a \$50,000 loan in November 1973. But, the purpose of the loan and ultimate use of the money was unclear.

c. Payment to Charles G. Rose, Jr.

In response to questions, Representative Rose explained that he repaid his father the \$50,000 seed money obligation. The Committee was interested in this as a key to the respondent's theory of entitlement to campaign funds.

The respondent argued that he repaid his father the \$50,000 with the proceeds of a loan from NCNB in January 1975. As evidence of the transaction, respondent produced a copy of the nonnegotiable portion of a NCNB bank draft made payable to him. (See Exhibit 9 of Appendix D.) The Committee was unable to obtain any other evidence of the transaction. Bank records for this time period are no longer available. Neither the respondent nor his father recalls whether the payment was made by endorsing the bank draft over to the elder Rose, by depositing it into the respondent's account

¹ Although the \$20,000 note was eventually retired by Charles G. Rose, Jr., that did not occur until May 17, 1976.

and writing a check, or otherwise. As in the case of the November 1973 loan to Mr. Rose, Jr., the Committee again concluded that the evidence supported the fact that a loan of \$50,000 was made. However, it is unclear what the purpose of the loan was and whether it related to any campaign transactions.

The Committee asked the certified public accounting firm of Laventhol & Horwath to use all available bank records, and other documentation submitted by the respondent, to determine how the proceeds of the \$50,000 may have been used. The firm's final report traces the transactions of the respondent through several years, and concludes that there is strong evidence to support that the January 1975 \$50,000 loan from NCNB was used to satisfy a December 1974 obligation of \$50,000 to People's Bank. The transactions leading up to this were illustrated in a flow chart included in the firm's report. A complete analysis required the firm of Laventhol & Horwath to examine numerous personal transactions of the respondent not directly related to the issues before this Committee in preparing its report. For this reason, only excerpts from the final report are included. The report stated:

It is our position, based on the documentation made available to us, and after reviewing all relevant aspects of these transactions, that Rep. Rose then obtained the subject \$50,000 loan from NCNB in January 1975 to satisfy the People's loan. . . . We are unable to reconcile this [Representative Rose's] assertion with contemporaneous documentation, facts and circumstances surrounding these events. . . .

Absent further documentation from the respondent, the Committee finds the position of Laventhol & Horwath persuasive.

However, in addition to this payment, Representative Rose explained that he transferred two parcels of Alaska land to his father in May 1978 and April 1980 in satisfaction of the debt. The land was purchased with the proceeds of a \$100,000 loan from NCNB by Charles Rose, III and guaranteed by Mr. Rose, Jr. in December 1975. Fifty thousand dollars of that loan were used to retire the \$50,000 January 1975 NCNB note. The remaining fifty thousand dollars were used to purchase the Alaska property.

After unsuccessfully attempting to sell the Alaska property, Representative Rose conveyed it to his father. The evidence obtained by the Committee indicated that the respondent had invested approximately \$91,535 of his personal funds into the land at the time of the first conveyance. The congressman's father took over the notes on the property at some time after the conveyance. Later, Mr. Rose, Jr. sold the property at a substantial profit. Both father and son acknowledged that the property transfer satisfied all debts between them, including debts not related to the campaign. However, neither could put a dollar figure on how much the respondent owed.

Thus, the Committee concluded that it is impossible to determine if the property transfer was adequate to repay all previous debts between father and son, as well as the \$50,000 campaign obligation. Further, the Committee's position that the evidence failed to substantiate that \$45,900 was actually loaned to the campaign in 1972,

necessarily means that any repayment by the respondent to his father would not legitimize the withdrawals the congressman made from his campaign.

d. Use of Campaign Funds for Personal Purposes

The respondent began withdrawing funds from his campaign in November 1978 and continued with seven other withdrawals through 1985. House Rule XLIII, clause 6, requires that all campaign expenditures must be for bona fide campaign purposes. Representative Rose has not asserted that he used the money for campaign purposes because he relies on the fact that he was entitled to the funds as repayments of prior loans. Consequently, however, if he were not entitled to the withdrawals, then the money would have to have been used for campaign purposes in order to avoid a violation.

The Committee's investigation revealed that at least two of the withdrawals were used for personal purposes. In one instance, the respondent used funds borrowed from his campaign to purchase property in New Hanover County, North Carolina, and, in another instance, an automobile was purchased. On September 15, 1983, Representative Rose's joint account with his wife was credited with \$18,000 according to a Statement of Account from Wright Patman Congressional Federal Credit Union for that time period. Records from Southern National Bank in Fayetteville indicate that on September 20, 1983, the respondent's campaign account was debited for \$18,000. On September 23, 1983, a check for \$15,000 cleared the respondent's account completing the transaction. (Exhibit 18 of Appendix D.)

A copy of the check indicated that it was written on July 27, 1983, to Gleason Allen, the trustee of the property, as a downpayment. The back of the check revealed that it apparently was held until September 21 when it was deposited into the realty company's account. Thus, the sequence of events was as follows: Representative Rose wrote a check for the property in July. In mid-September, the campaign loaned the Congressman \$18,000. He deposited the money into his Credit Union account. The check which had been held since July was deposited into the realty company's account. The Committee is satisfied the money from the campaign was used to purchase the property.

Similarly, the Committee has traced the source of the funds for the purchase of an automobile to the respondent's campaign account. The campaign check to Representative Rose for \$9,600 is dated August 19, 1985. (Exhibit 19 of Appendix D.) The notation on the bottom left corner of the check says "loan". The check is endorsed by the Congressman's wife and deposited into the Credit Union account. On August 21, 1985, the Congressman wrote a check on the Credit Union account for \$9,600 to Michael Gavlak for a 1984 Jeep Station Wagon. (Exhibit 20 of Appendix D.)

These two transactions evidence personal use of campaign funds in violation of the rule.

e. Deposits into the Campaign

Six deposits went from Representative Rose into the campaign account. Four of these deposits corresponded exactly to amounts

withdrawn from the campaign within a relatively short period of time. The final deposit of \$11,895 made in September 1987 was the total of the three withdrawals made in 1978, 1982, and 1983, which had not been matched with identical deposits within a short period of time.

FECA reports filed from 1978 to 1985 characterized these deposits from the Congressman as repayments of loan. (Exhibit 2 of Appendix D.) The respondent explained that FECA reports filed from 1978 to 1985 were in error. On January 6, 1987, all of these FECA statements were amended, so that they currently reflect that the disbursements to the respondent from the campaign from 1978 to 1986 were repayments to him of loans and the deposits from the Congressman to the campaign were reloans to the campaign.

f. FECA Amendments

The Committee holds that the FECA amendments filed in 1987 are not supported by the evidence. Alton Buck prepared and signed the original filings which characterized transactions between the campaign and the respondent as loans and repayments of loans. The communications from his office suggest he believed this was the correct characterization at the time he prepared the reports. In an affidavit submitted to the Committee, however, he stated he was unaware of how to obtain advice from the Federal Election Commission in preparing the reports and, therefore, mistakenly characterized the transactions. Later, in 1986, when confronted with what he believed correct information, he amended his reports.

One communication between Mr. Buck and the Clerk of the House dated May 18, 1982, read:

In response to your letter of May 13, 1982 to Mr. Rand concerning the April 15 report of receipts and disbursements, and more particularly, items that should be included on Line 13a of the report, your letter indicates that you are under the impression that the committee has borrowed money during this reporting period. This is not the case. The line-by-line instructions for FEC Form 3 directs that loans made to the committee during the reporting period are to be reported on this line. There were no loans made to the committee during this period.

The candidate did receive a loan from the committee during this period and this has been reported in the disbursement section, i.e., Line 17 "Operating Expenditures" We were instructed by FEC personnel to report this loan expenditure on Line 17. (Exhibit 12 of Appendix D; emphasis supplied.)

A second letter, in June of 1984, also confirmed that the disbursements were loans to the Congressman:

Although all of the information relevant to *Mr. Rose's loan* was disclosed in our Pre-primary report, we failed to list the information again on supporting Schedule C. Page 2 of 2, Schedule C has been amended and is enclosed for your records. (Exhibit 13 of Appendix D; emphasis supplied.)

Finally, a letter signed by an employee of Alton Buck on January 21, 1986, read:

Enclosed are amended pages to the July 31, 1985 Mid-Year Report. After a telephone conversation today with Mr. Stuart Herscheld, Reports Analyst, we were informed that *loans repaid by the Congressman* should be reported on Line 14—"Offset to Operating Expenditures" rather than Line 15—"Other Receipts".

We have included all amended pages to the report applicable to this amendment for your records. (Exhibit 14 of Appendix D; emphasis supplied.)

The Committee took into consideration the FECA reports as originally filed, the FECA reports as amended, the close proximity in time of the withdrawals and deposits, checks written to the campaign, letters from the office of Alton Buck to the Clerk of the House, and all evidence relating to the seed money contributions. These factors cause the Committee to conclude that the transactions between Representative Rose and his campaign were loans from and repayments to the campaign, notwithstanding the amendments.

The Committee takes note of the fact that the respondent repaid in full all monies borrowed from his campaign. There is no outstanding indebtedness to the campaign at this time. Nevertheless, the Committee iterates its position that Representative Rose *is not entitled to repayment of \$50,000 from his campaign.*

B. COUNT TWO—REPRESENTATIVE ROSE USED A CAMPAIGN CERTIFICATE OF DEPOSIT AS COLLATERAL ON A PERSONAL LOAN

Count two alleged that on or about March 26, 1985, Representative Rose violated House Rule XLIII, clause 6, in that he converted campaign funds to personal use. The Statement of Alleged Violations charged that Representative Rose used a campaign certificate of deposit as collateral on a personal loan. Specifically, the evidence showed that Representative Rose had an existing loan of \$56,277.77 at Southern National Bank (SNB) in Fayetteville, North Carolina. The respondent's campaign committee also did its banking at this financial institution. The campaign had a \$75,000 certificate of deposit with the bank which was used to secure the \$56,277.77 loan. The purpose of the collateral was to obtain a lower rate of interest.

1. The Nature of the Loan—Personal or Campaign

The first issue was whether the loan was actually a personal one for Representative Rose or whether the loan actually was a campaign loan. Obviously, if the loan were for campaign purposes, there was no impropriety in pledging the campaign's certificate of deposit as collateral. A violation could only lie if the loan were personal.

During the investigation, respondent's counsel raised the point that the loan may have been a campaign loan. A March 26, 1985, credit memo in the bank's loan file for the respondent, lists the certificate as collateral, and states that the purpose of the loan was to "regroup campaign expenses and secure." (See Exhibit 21 of Ap-

pendix D.) A review of all available bank records and FECA reports led to the conclusion that, indeed, the loan was personal.

The Committee asked the private accounting firm of Laventhol & Horwath to assist in this aspect of the investigation. In its final report to the Committee, the conclusion of the firm, after tracing the financial transactions giving rise to the \$56,277.77 loan, was that the loan to Representative Rose was "obtained to satisfy precedent personal liabilities of Representative Rose and resulted in a commingling of personal and campaign obligations." Recall that the collateral was pledged on an existing loan of \$56,277.77 from SNB. This loan represented a consolidation and/or refinancing of two prior outstanding personal loans—a June 1982 loan for \$40,000 and a December 1983 loan for \$16,000. The report of Laventhol & Horwath concluded:

Based on a loan analysis provided by Representative Rose and confirmed to the fullest extent possible through the documentation made available to us, we constructed the loan flow analysis . . . detailing the relationship of . . . precedent loans to the March 1985 borrowing. In view of this summary, it is clear from the relevant loan documentation that at least [some] of the . . . precedent loans were for personal use. Assuming that if a given loan was for personal use, any subsequent loan used to satisfy that debt would carry that personal use "taint", it is clear that each path to the aforementioned \$40,000 loan from SNB in June 1982 passed through a personal use juncture.

The report to the Committee included a loan flow analysis illustrating this point.

Under House Rule XLIII, clause 6, commingling of personal and campaign money is also prohibited. Although some of the money may have been borrowed to repay the campaign for prior withdrawals, this did not constitute a true campaign obligation. Since the original borrowing from the campaign was for personal purpose, notwithstanding the source, the repayment loan was also a personal obligation. In addition, the campaign's FECA reports did not reflect a \$56,277.77 liability to the bank. This should have been the case if the loan was a campaign obligation.

The Committee accepts the finding of Laventhol & Horwath that the loan was a personal loan to the respondent and not a campaign loan, in that it resulted from commingling of funds.

2. Evidence of a Violation of House Rule XLIII, Clause 6

After determining that the loan in question was a personal loan, the Committee turned to the issue of whether a violation of House Rule XLIII, clause 6, occurred by converting campaign funds to personal use.

The evidence presented included a document entitled "Assignment of Southern National Bank Savings Accounts/Savings Instruments" signed by the respondent. The assignment read:

The *undersigned* warrant(s) and represent(s) that the above described savings account(s) instrument(s) is (are) owned solely by *undersigned* and is (are) free and clear of

all liens and encumbrances and *the undersigned has (have) full power, right and authority to execute and deliver this assignment.* (See Exhibit 21 of Appendix D; emphasis supplied.)

The document, dated March 25, 1985, recites the identification number of the collateral instrument used to secure a \$56,277.77 loan to Representative Rose, and the amount of the security is listed as \$75,000.

The March 26, 1985, credit memo notes the respondent's existing \$56,277.77 loan is secured by a \$75,000 "SNB certificate." The identification number shown on the face of the certificate matches the number listed on the assignment instrument. The name listed on the certificate is "Committee for Congressman Charlie Rose."

Respondent acknowledged that he signed what purported to be an assignment for use of a certificate of deposit as collateral on a loan. He also acknowledged that the certificate of deposit was property of the campaign. His defense centered around the legal argument that, although he had endorsed the assignment for use of the campaign's certificate of deposit as collateral, the assignment was legally ineffective because he did not have the authority to sign on behalf of the campaign. The bank's signature card for the campaign's certificate listed Alton G. Buck as the authorized signatory for the account. Consequently, respondent argued the assignment was invalid and no actual converting to personal use in violation of House rules could have occurred.

Southern National Bank submitted to the Committee a letter dated October 29, 1987, which included an opinion from the bank's counsel. (Exhibit N of Appendix C.) Counsel's opinion, after reviewing the signature card and the assignment, was that the assignment endorsed by Representative Rose was invalid.²

Regarding the assertion that the assignment was invalid, the Committee notes that a letter was sent from Assistant Campaign Treasurer and Campaign Accountant Buck to Southern National Bank on March 22, 1985, 4 days *prior* to the date of the assignment. (See Exhibit 21 of Appendix D.) The letter appeared to have been written in response to a previous bank inquiry regarding propriety of the respondent's use of the campaign's certificate of deposit. Mr. Buck responded:

In regard to the use of the Committee for Congressman Charlie Rose's Certificate of Deposit with Southern National Bank as collateral for his loan, this would be permissible [sic]. Since Congressman Rose was elected to Congress prior to 1980, he may use any campaign funds he has raised in any manner in which he sees fit. He, of course, would have to pay income tax if he makes personal use of the funds other than to carry out the objectives of the election committee.

I hope this answers your question—if not, please do not hesitate to call.

² A second letter from the bank's counsel to the Committee dated December 12, 1987, states that a March 22, 1985, Buck letter was also considered in their legal opinion.

The letter indicated that the individual, who did have authority to sign for use of the certificate of deposit, was aware of the respondent's intended use of the campaign's savings instrument and had no objection to it.

In the Committee's view, by endorsing the assignment, the respondent showed an intent to obtain personal benefit from the use of the campaign's certificate. In addition, the respondent stated under oath that he did, in fact, receive a lower interest rate on the loan as a result of pledging the certificate of deposit. (See Appendix L, at p. 27; see, also, Appendix M, at p. 102.) Thus, not only did the respondent have an intent to obtain a personal benefit, he actually received such a benefit from the use of the campaign's money.

In response to the argument that the assignment was invalid, the Committee notes that this fact would be irrelevant, unless the loan was in default and the bank decided to seize the collateral in satisfaction of the loan. The bank's attempt to seize the collateral would fail in a court of law should the campaign contest the action. This does not change the fact that the certificate was encumbered while the loan was outstanding.

House Rule XLIII, clause 2, states:

A Member, officer, or employee of the House of Representatives shall adhere to the spirit and the letter of the Rules of the House of Representatives and to the rules of duly constituted committees thereof.

In its Advisory Opinion No. 4 dated April 6, 1977, the Select Committee on Ethics of the 95th Congress cited this provision to show that a narrow technical reading of a House rule should not overcome its "spirit" and the intent of the House in adopting the particular rule. Although the original purpose of the rule, as described in the report of the Select Committee on Standards of Official Conduct for the 90th Congress, was to deal with questions of decorum and legislative practice, this application has been expanded to include other provisions of the Code of Official Conduct (House Rule XLIII) and House rules. Thus, as evidenced by his endorsement of the assignment, the mere attempt by Representative Rose to use the certificate as collateral was improper and tantamount to a violation, even though he may have failed to meet the legal requirements to accomplish this task.

Finally, the bank accepted the assignment as valid at the time the transaction occurred. No additional or alternative collateral was ever requested by the bank. The bank's counsel did not render an opinion rejecting the validity of the assignment until recently reviewing the records, probably as a result of the Committee's investigation. The campaign funds, therefore, remained encumbered during a portion of the time that the loan was pending. The campaign could not have used those funds during that time.

The Committee believes the evidence, viewed in its totality, best supports a finding that a violation of House Rule XLIII, clause 6, did occur. The assignment document endorsed by the respondent clearly purports to pledge a \$75,000 certificate of deposit on what has been established as a personal loan. The certificate was the property of the campaign. The bank accepted the collateral, and the respondent received a personal benefit from the use of the

funds. The Committee finds these factors satisfy the elements of a violation. While it may not have been the respondent's intention to violate the rules of the House, it was his intention to use the campaign's funds to secure a lower interest rate for himself. The Committee charges every Member of the House with knowledge of House rules.

C. COUNT THREE—REPRESENTATIVE ROSE FAILED TO DISCLOSE ON HIS FINANCIAL DISCLOSURE STATEMENTS LIABILITIES TO HIS CAMPAIGN

Count three alleged that Representative Rose failed to report in the liabilities section of his Financial Disclosure Statements, the indebtedness incurred to his campaign resulting from the borrowings alleged in count one.

Members of the House of Representatives are required, under the Ethics in Government Act of 1978, to disclose liabilities over \$10,000. (Public Law 95-521, as amended, at section 102(a)(4).) These provisions have been adopted by the House in the form of House Rule XLIV, clause 2. The indebtedness referred to in this count was the obligation incurred by the respondent to his campaign resulting from his borrowings as alleged in count one. The Committee found count one has been proved.

An analysis of the borrowings and repayments in count one reveals that for calendar years 1982, 1983, 1984, 1985, and 1986, respondent owed his campaign in excess of \$10,000.

Date	Disbursement to Congressman	Deposit to committee	Total owed by Rose
Nov 17, 1978	\$4,000	0	\$4,000
Feb 25, 1982	7,000	0	11,000
July 21, 1983	895	0	11,895
Sept. 12, 1983	18,000		29,895
Dec. 15, 1983		18,000	11,895
Apr 1, 1984	10,000		21,895
Apr 17, 1984		10,000	11,895
Sept 5, 1984	5,000		16,895
Sept. 28, 1984		5,000	11,895
Jan 31, 1985	9,500		21,395
Mar 21, 1985		9,500	11,895
Aug 19, 1985	9,600		21,495
Dec. 31, 1985		*9,600	11,895
Sept 26, 1986		11,895	0

*The congressman wrote a check to the campaign for \$10,100 of which \$500 was for an unrelated transaction.

A look at the Financial Disclosure Statements for the relevant years show that these obligations were not reported. (See Appendix K.) Neither the statute nor the House rule exempt from disclosure indebtedness to the campaign of the filer. In the Stipulations signed by respondent's counsel and the Committee's counsel, it was agreed that a finding against the respondent on count one would result in a finding against the respondent on this count as well.

In adopting the Stipulations as agreed to by both counsel, the Committee accepted the view that the sufficiency of the evidence to support a finding against the respondent on count one, coupled with the omission of the liability information on the respondent's Financial Disclosure Statements, support a finding against the respondent on count three.

D. COUNT FOUR—REPRESENTATIVE ROSE FAILED TO DISCLOSE ON HIS FINANCIAL DISCLOSURE STATEMENTS LIABILITIES TO FINANCIAL INSTITUTIONS

Count four alleged that Representative Rose failed to report, as liabilities on his Financial Disclosure Statements, obligations to various financial institutions. The count included subsections (a) through (g). Representative Rose responded to each count as follows:

1. Subsection (a)

Waccamaw Bank—March 26, 1979—\$5,000, \$10,000.
Admitted.

Respondent stated that these were two distinct loans owed to two separate branches of Waccamaw Bank in two separate cities in North Carolina. His staff was unaware these should have been reported. The omission was inadvertent and unintentional.

Action Taken: Financial Disclosure Statements appropriately amended. (See Exhibit 22 of Appendix D.)

2. Subsection (b)

First Citizens Bank—February 29, 1980—\$20,000.
Denied.

Respondent stated that this loan was disclosed on the 1980 Financial Disclosure Statements, but was erroneously and inadvertently typed as a liability to First Union Bank.

Action Taken: The Committee accepted this explanation and dismissed this subsection of the count.

3. Subsection (c)

National Bank of Washington—June 2, 1980—\$10,496.
Admitted.

The respondent explained that this was a 6-month salary advance from the Office of the Sergeant at Arms of the House of Representatives to which he believed no reporting requirement attached.

Action Taken: On December 15, 1987, Representative Rose filed with this Committee his Amended Answer of Respondent to Count Four of the Statement of Alleged Violations, wherein he admitted obtaining a 6-month salary advance from the Office of the Sergeant at Arms which was not contained in his Financial Disclosure Statements. (Appendix E.) The amended answer states that the omission was inadvertent and unintentional, in that he, nor his staff, was aware that such a salary advance was subject to disclosure.

4. Subsection (d)

Southern National Bank—August 1, 1980—\$20,000.
Admitted.

Action Taken: Financial Disclosure Statements appropriately amended. (See Exhibit 22 of Appendix D.)

5. Subsection (e)

Wright Patman Congressional Federal Credit Union—February 7, 1981—\$13,000.

Denied.

Respondent stated that, even though his counsel may have provided this information to Committee staff in a previous submission, his records show no evidence of this liability. Committee counsel, in its Reply brief to the Answer of Respondent to Statement of Alleged Violations, stated it had no other evidence of this obligation beyond the earlier submission of respondent's counsel. (See Exhibit 25 of Appendix D.)

Action Taken: Subsequently, on December 16, 1987, the Committee filed an Amendment to Statement of Alleged Violations as to count four, subsection (e), to reflect Washington National Bank—February 6, 1981—\$12,702.74. (Appendix F.) The respondent admitted this allegation.

6. Subsection (f)

Wachovia Bank—April 15, 1983—\$12,500.

Admitted.

Respondent states any omission was inadvertent and unintentional.

Action Taken: Financial Disclosure Statements appropriately amended. (See Exhibit 22 of Appendix D.)

7. Subsection (g)

Wright Patman Congressional Federal Credit Union—September 7, 1984—\$500; September 11, 1984—\$10,000.

Admitted.

Action Taken: Financial Disclosure Statements appropriately amended. (See Exhibit 22 of Appendix D.)

With respect to count four, the Committee accepted the admissions of the respondent as to subsections (a), (c), (d), (e), as amended, and subsection (f), and dismissed subsection (b). The Committee also took note of the respondent's self-initiated action to promptly amend his Financial Disclosure Statements. The Committee recognizes, however, that the amendments were not timely as described in its Memorandum of April 23, 1986, to all Members, officers, and employees of the House, and reprinted as Appendix F to the Instructions for Completing Financial Disclosure Statement. (Appendix N.) Thus, the respondent does not escape a finding of a violation. The Committee does not believe the amendments were an attempt to "paper over" a violation, since the amendments were submitted in direct response to a Statement of Alleged Violations.

Rather, the Committee views the respondent's filings, together with his Answer to the Statement of Alleged Violations, as admissions and appropriate corrective action. The two-pronged test to establish a presumption of good faith, as set out in the April 23, 1986, memorandum, applies to amendments filed prior to the issuance of a Statement of Alleged Violations. Such amendments are an attempt to avoid a charge related to disclosure. The action taken in this case, following an admission to a Statement of Alleged Violations, is viewed as a positive gesture toward correcting his Financial Disclosure Statements.

V. LEGAL ANALYSIS

A. HOUSE RULE XLIII, CLAUSE 6, AND COUNT ONE

1. A Member of the House of Representatives May Not Borrow From His Campaign

The allegations in count one stem from the respondent's withdrawals from his campaign from 1978 through 1985. The Committee found that these withdrawals constituted borrowings and thereby violated House Rule XLIII, clause 6. The Committee has dealt with the issue of Representatives borrowing from their campaign committees most recently in two reports—*Investigation of Financial Transactions of Representative James Weaver with his Campaign Organization*, House Report 99-933 (Weaver report) and *In the Matter of Representative Richard H. Stallings*, House Report 100-382 (Stallings report). The rule states:

A Member of the House of Representatives shall keep his campaign funds separate from his personal funds. He shall convert no campaign funds to personal use in excess of reimbursement for legitimate and verifiable prior campaign expenditures and he shall expend no funds from his campaign account not attributable to bona fide campaign purposes.

Borrowing from the campaign violates the rule's prohibition against expending campaign funds not attributable to bona fide campaign purposes. In the Weaver report, the Committee stated:

When a candidate borrows money from his own campaign, a presumption is raised that a candidate is receiving a personal benefit—i.e., the use of the money. This presumption can be overcome by demonstrating that, notwithstanding the appearance of personal benefit, the purpose for which the funds are borrowed is a bona fide campaign purpose—i.e., a political objective.

Representative Rose made no assertion that the withdrawals were for bona fide campaign purposes. Rather, his defense was that the withdrawals were not borrowings at all, but repayments to him of prior loans to the campaign. The Committee rejected this explanation, due to a lack of sufficient evidence to substantiate that the 1972 seed money contributions were indeed loans.

The Committee, in the Weaver report and, again, in the Stallings report, stated that "a bona fide campaign purpose is not established merely because the use of campaign money might result in a campaign benefit as incident to benefits personally realized by the recipient of such funds. . . ." The Committee feels that there is no circumstance in which a Member could borrow from his campaign and satisfy the requirement that the use of the funds would exclusively and solely benefit the campaign. Therefore, the Committee takes the firm position that a Member may not borrow funds from his campaign. The act of borrowing shall be construed as a violation of the provision of House Rule XLIII, clause 6, which requires that all campaign expenditures must be for a bona fide campaign expense.

2. A Member of the House of Representatives May Not Collect for Prior Unreported Loans to His Campaign

Representative Rose's defense rested on the proposition that he was entitled to collect from his campaign committee repayment for loans made to it in 1972. These seed money contributions were not carried forward as obligations on FECA filings. No liability to the congressman was shown.

The Committee takes the firm position that there is a presumption that a Member has borrowed from his campaign in violation of House Rule XLIII, clause 6, when funds are withdrawn under the guise of repayment of prior unreported loans to the campaign. In the case of Representative Rose, the Committee found that the alleged seed money loans in 1972 had not been carried forward as campaign obligations on FECA reports. This raised a presumption that the withdrawals were borrowings in violation of House Rule XLIII, clause 6. The fact that no loan agreements were contemporaneously executed further reinforced the established presumption.

The Committee does accept the premise that a Member may legitimately loan money to his campaign, and does not want to discourage such activity. The appropriate course of action, however, must be complied with if the Member intends to be repaid. The obligation should be properly reported on FECA reports and should continue to be carried forward as long as the obligation exists. Such action would avoid the presumption against receiving repayment. The Member should also execute a written loan document which recites all essential terms of the loan.

The intent of the Committee, in construing the withdrawals as borrowings in violation of the rule, is to prohibit Members from resurrecting a prior unreported loan to his campaign. The Committee feels strongly that the integrity of the institution is weakened when questions arise due to the withdrawal of funds from campaign accounts when no tangible evidence of the underlying obligation supports such a withdrawal.

B. HOUSE RULE XLIII, CLAUSE 6, AND COUNT TWO

Representative Rose endorsed an assignment document which purported to use a \$75,000 certificate of deposit belonging to the campaign as collateral on a personal loan. The relevant portion of the rule reads:

He shall convert no campaign funds to personal use in excess of reimbursement for legitimate and verifiable prior campaign expenditures. . .

Pledging the certificate in this manner constituted converting to personal use in violation of the rule.

The Committee finds that Representative Rose attempted to commit an act which, if completed, would have been a clear violation of a rule of this body. Putting his signature on a document which was intended to assign campaign funds as collateral on a personal note constituted an attempt to violate the rule. The cornerstone of the defense was the document's invalidity, which resulted from the respondent's lack of authority to sign it.

The defense failed, however, when viewed in the context of House Rule XLIII, clause 2, which compels Members to adhere to the spirit of the rules. To hold otherwise would permit a Member to circumvent the rule through fraud. This Committee has long said Rule XLIII, clause 2, stands for the proposition that a Member may not do indirectly what he cannot do directly. In this instance, the attempt to use campaign funds must be recognized as a violation of the spirit of the rules, much the same way as an attempt in the criminal code has been recognized as a criminal code violation, e.g., burglary and attempted burglary.

The Committee finds the argument even more powerful here, in that the act accomplished its desired purpose through the bank's acceptance of the document and actual lowering of the respondent's interest rate. The Committee holds that such a violation of the spirit of the rule in this instance is also a violation of the rule itself.

VI. CONCLUSION

The Committee concludes that—

(A) Representative Rose borrowed from his campaign on eight separate occasions from 1978 to 1985 in violation of House Rule XLIII, clause 6, as follows:

- (1) \$4,000 on November 17, 1978
- (2) \$7,000 on February 25, 1982
- (3) \$895 on July 21, 1983
- (4) \$18,000 on September 12, 1983
- (5) \$10,000 on April 1, 1984
- (6) \$5,000 on September 5, 1984
- (7) \$9,500 on January 31, 1985
- (8) \$9,600 on August 19, 1985

(B) Representative Rose pledged a \$75,000 certificate of deposit belonging to his campaign on a personal loan at Southern National Bank in Fayetteville, North Carolina, on March 26, 1985, in violation of House Rule XLIII, clause 6.

(C) Representative Rose failed to list as liabilities to his campaign the borrowings referred to in subparagraph (A) above on his Financial Disclosure Statements for 1982, 1983, 1984, 1985, and 1986, in violation of the Ethics in Government Act of 1978 and House Rule XLIV, clause 2.

(D) Representative Rose failed to list liabilities to certain financial institutions on his Financial Disclosure Statements, in violation of the Ethics in Government Act of 1978, as follows:

Bank	Date	Amount
(1) Waccamaw Bank	Mar. 26, 1979	\$5,000.00
(2) National Bank of Washington	June 2, 1980	10,496.00
(3) Southern National Bank	Aug. 1, 1980	20,000.00
(4) National Bank of Washington	Feb. 6, 1981	12,702.74
(5) Wachovia Bank	Apr. 15, 1983	12,500.00
(6) Wright Patman Congressional Federal Credit Union	Sept. 7, 1984	500.00
	Sept. 11, 1984	10,000.00

VII. RECOMMENDATION

The Committee recommends that Representative Charles G. Rose, III, be issued a formal and public letter of reproof from this Committee. (Appendix O.) While we recognize that violations have occurred, the Committee believes that there are mitigating circumstances which prevent these violations from rising to the level of a recommendation of sanction to the full House of Representatives.

The letter serves as a public rebuke for the violations, while condoning the positive action taken by Representative Rose which served as mitigation. The Committee adopts and incorporates the letter as part of this report.

This report was adopted on March 23, 1988, by a vote of 9 yeas, 3 nays.

STATEMENT UNDER RULE XI, CLAUSE 2(1)(3)(A), OF THE RULES OF THE HOUSE OF REPRESENTATIVES

The Committee's oversight findings and recommendation are as stated above.

ONE HUNDRETH CONGRESS
ARMAN G. BISHOP, CALIFORNIA, CHAIRMAN
W. FLEIS, CALIFORNIA
BENJAMIN J. SWINER, NEW JERSEY
ALAN S. BELLINGER, WEST VIRGINIA
JOHN W. GAYLOR, PENNSYLVANIA
ONETTA S. ATHERS, MASSACHUSETTS
DOD 216-1103

APPENDIX A

FLOYD P. SPENCE, SOUTH CAROLINA
JOHN T. MYERS, DELAWARE
JAMES V. HANSEN, UTAH
CHARLES FARMER, JR., CALIFORNIA
THOMAS S. PETW, WISCONSIN
LARRY A. CRAIG, OHIO
RALPH L. LUTEN, CHIEF CLERK

U.S. House of Representatives
Committee on Standards of Official Conduct
Suite 3C-2, U.S. Capitol
Washington, DC 20515

June 17, 1987

RESOLUTION

WHEREAS, a complaint has been properly filed with the Committee on Standards of Official Conduct alleging that Representative Charles Rose violated (1) clause 6 of Rule XLIII of the House of Representatives by failing to keep campaign funds separate from personal funds, converting campaign funds to personal use, and expending campaign funds not attributable to bona fide campaign purposes in eight transactions in 1978, 1982, 1983, 1984 and 1985; (2) the requirements of Section 102(a)(4) of the Ethics in Government Act (EIGA) in 1982, 1983, 1984 and 1985 by failing to report obligations to his campaign committee and to an unrelated individual in excess of \$10,000; and (3) the requirements of Section 102(a)(2)(B) of the EIGA by failing to report the forbearance of interest on loans from his campaign committee in each of the years 1978-1985,

NOW, THEREFORE, BE IT RESOLVED that the Committee determines, pursuant to Committee Rule 10(b), that violations alleged in the complaint are within the jurisdiction of the Committee and merit further inquiry; and

BE IT FURTHER RESOLVED that this Committee conduct a Preliminary Inquiry, pursuant to Committee Rule 11(a), to determine whether such violations have occurred; and

BE IT FURTHER RESOLVED, that the Chairman and Ranking Minority Member may authorize and issue subpoenas, either for the taking of depositions or the production of records, and that all testimony taken by deposition or things produced by deposition or otherwise shall be deemed to have been taken, produced, or furnished in Executive Session; and

BE IT FURTHER RESOLVED, that Representative Rose be immediately notified of this action and informed of his rights pursuant to the Rules of this Committee.

APPENDIX B

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
IN THE MATTER OF REPRESENTATIVE CHARLES G. ROSE, III, RESPONDENT
STATEMENT OF ALLEGED VIOLATIONS

COUNT ONE

From 1978 to 1985 Representative Rose borrowed from his campaign in violation of paragraph 6 of the Code of Official Conduct of the House of Representatives, Rule XLIII, the Rules of the House of Representatives. Specifically, Representative Rose borrowed:

- (a) \$4,000 on November 17, 1978
- (b) \$7,000 on February 25, 1982
- (c) \$895 on July 21, 1983
- (d) \$18,000 on September 12, 1983
- (e) \$10,000 on April 1, 1984
- (f) \$5,000 on September 5, 1984
- (g) \$9,500 on January 31, 1985
- (h) \$9,600 on August 19, 1985

Representative Rose thereby violated the prohibition against converting campaign funds to personal use and the requirement that all campaign expenditures shall be for a bona fide campaign purpose.

COUNT TWO

On or about March 26, 1986, Representative Rose pledged \$75,000 in certificates of deposit from his campaign as collateral on a personal loan at Southern National Bank in violation of the Code of Official Conduct of the House of Representatives, Rule XLIII, clause 6, the Rules of the House of Representatives. Representative Rose thereby violated the prohibition against converting campaign funds to personal use.

COUNT THREE

From 1983 to 1987 Representative Rose violated House Rule XLIV, clause 2, of the Rules of the House of Representatives (Ethics in Government Act of 1978) by failing to report on his Financial Disclosure Statements, as liabilities, outstanding indebtedness to his campaign exceeding the reporting requirement threshold on disclosure statements for the following years:

- (a) 1982
- (b) 1983
- (c) 1984
- (d) 1985
- (e) 1986

COUNT FOUR

From 1980 to 1985 Representative Rose violated House Rule XLIV, clause 2, of the Rules of the House of Representatives, (Ethics in Government Act of 1978), by failing to report on his Financial Disclosure Statements, as liabilities, outstanding indebtedness to financial institutions as follows:

<u>Bank</u>	<u>Date</u>	<u>Amount</u>
(a) Waccamaw Bank	March 26, 1979	\$ 5,000 10,000
(b) First Citizens Bank	February 29, 1980	\$ 20,000
(c) National Bank of Washington	June 2, 1980	\$ 10,496
(d) Southern National Bank	August 1, 1980	\$ 20,000
(e) Wright Patman Federal Congressional Credit Union	February 7, 1981	\$ 13,000
(f) Wachovia Bank	April 15, 1983	\$ 12,500
(g) Wright Patman Federal Congressional Credit Union	September 7, 1984 September 11, 1984	\$ 500 10,000

APPENDIX C

UNITED STATES HOUSE OF REPRESENTATIVES
 COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

IN THE MATTER OF
 THE HONORABLE CHARLES G. ROSE III

Answer of Respondent to
 Statement of Alleged Violations
 and Accompanying Memorandum
of Points and Authorities

Respondent, the Honorable Charles G. Rose III (hereinafter "Congressman Rose") hereby submits the following Answer to the Committee on Standards of Official Conduct (hereinafter the "Committee") pursuant to Rule 12(a)(1) of the Committee's Rules of Procedure (hereinafter "Committee Rules"). Congressman Rose has incorporated herein the relevant Points and Authorities, pursuant to Committee Rule 12(a).

Statement of the Case

This matter arose from charges made by the Republican Party of North Carolina during the 1986 election for the United States House of Representatives from the seventh district of North Carolina. These charges were contained in a complaint filed by the Republican Party with the Committee.

On October 28, 1987, Congressman Rose received a Statement of Alleged Violations from the Committee. Congressman Rose states that he never intended to violate any Rule of the House of Representatives, nor did he believe that any of his actions violated those Rules.

COUNT ONE

Congressman Rose denies each and every allegation of Count One of the Committee's Statement of Alleged Violations. Congressman Rose denies that any violation of the House Rules occurred.

A. Congressman Rose Never Borrowed Money From His Campaign; Mr. Rose Lent Money To His Campaign For Which He Received Partial Repayment.

As the evidence overwhelmingly demonstrates, Congressman Rose never borrowed any funds from his campaign committee. In fact, just the opposite occurred. In 1972, Congressman Rose and his father, Charles G. Rose, Jr. lent a total of \$45,900 to the Congressman's campaign as necessary seed money for a race against an incumbent Representative. This money was a combination of personal funds and loans obtained from banks in the seventh district.

1. Contemporaneous reports filed by the campaign verify the existence of all loans.

All loans were reported either on federal reports submitted to the Clerk of the House, pursuant to the Federal Election Campaign Act of 1971, 2 U.S.C. §431 et seq. (hereinafter the "FECA") or on state reports submitted to the North Carolina Secretary of State, as required by the North Carolina Corrupt Practices Act, N.C. Gen. Stat. 163.259 163.268 (repealed in

1975).^{1/} Thus, Congressman Rose's federal reports show a direct bank loan of \$20,000 from First Citizens Bank of Fayetteville, North Carolina (Exhibit A), and a \$5,150 contribution by Charles G. Rose, Jr. (Exhibit B). The latter, as the uncontroverted sworn testimony in this matter indicates, was a loan made pursuant to an oral agreement by Charles G. Rose, Jr. to his son's campaign.^{2/} (Exhibit C). As with all loans made by or obtained through the assistance of his father, Congressman Rose became obligated to his father for the repayment thereof.

The effective date of the FECA of 1971 was April 7, 1972. Until that date, even though candidates were raising funds for the 1972 primaries, they incurred no federal reporting requirements. As of April 7, 1972, candidates were required to complete federal reports including a start-up balance of cash-on-hand comprising previously raised contributions. Congressman Rose's initial FECA filing reflects a beginning cash-on-hand of \$14,428.12. (Exhibit D). This amount includes an oral loan from the Congressman's father of \$8,750. This loan was reported separately on the Congressman's North Carolina filing.^{3/} (Exhibit E).

^{1/}For the probative value of federal and state filings, see In the Matter of James Weaver, H.R. Rep. No. 99-933, 99th Cong., 2nd Sess. at 63; In the Matter of Charles H. Wilson, H.R. Rep. No. 96-930, 96th Cong., 2nd Sess. at 8 (Part 2).

^{2/}Under the FECA of 1971, oral loans were permissible.

^{3/}Loans were reported as contributions under North Carolina campaign law; the North Carolina forms contained no separate schedule for the reporting of loans.

Thus, standing alone, Congressman Rose's federal filings account for \$33,900 in loans to his campaign. In addition, loans of \$7,500 and \$2,000 by the Congressman and a loan of \$2,500 by Charles G. Rose, Jr. are separately disclosed on filings made to the North Carolina Secretary of State, for a total campaign indebtedness of \$45,900. ^{4/} (Exhibit F).

2. From 1979-1985, Congressman Rose received partial repayment for loans made to his campaign.

^{4/}Congressman Rose charged his campaign interest on this debt until November 21, 1973, when the indebtedness had reached \$50,000. On that date, Charles G. Rose, Jr. obtained a \$50,000 bank loan from First Citizens Bank for the purpose of satisfying the Congressman's prior debts which included monies lent to the campaign. (Exhibit G). Thus, while the campaign owed the Congressman \$50,000 for the loans made to it in connection with the 1972 election, Congressman Rose owed his father the same amount for his assistance in obtaining and satisfying a portion of the original loans. The Congressman and his father assert that the extent of the son's debt to his father for this and other intra-family financial assistance exceeded the \$50,000 sum.

In 1975, the Congressman extinguished the 1972 campaign portion of this indebtedness by obtaining a \$50,000 bank loan and transferring the proceeds immediately and directly to his father. In 1978 and 1980, this intra-family debt was extinguished for all time upon the conveyance, in satisfaction of all debts, of two parcels of real property located in Alaska from the Congressman to his father.

It should be noted that the Committee staff's focus on the chain of repayments between the Congressman and his father is misguided. Even though Congressman Rose fully repaid his father, both the Rules of the House and the Federal Election Campaign Act would have permitted Mr. Rose's father to make an unlimited gift to the Congressman by forgiving the obligation, and such a gift by a relative would not have been reportable under the Ethics In Government Act. Only under the circumstances where these loans had been made by a non-relative would a legitimate inquiry exist into their repayment. Since the loans here were made by a relative, such an inquiry does not pertain to whether the House Rules were violated.

Beginning in 1978, Congressman Rose sought repayment from the campaign's accountant on the debt owed to him by the campaign. As the campaign's accountant has stated under oath to the Committee, he was aware of the original loans and repayments, but mistakenly reported the repayments as loans to Congressman Rose, since he had not reviewed the campaign's earlier FECA filings. (Exhibit H).

The repayments are set forth in the chart below:

TOTAL OUTSTANDING INDEBTEDNESS OF COMMITTEE
AT ANY GIVEN DATE

<u>DATE OF REPAYMENT</u>	<u>AMOUNT OF REPAYMENT</u>	<u>RELOAN TO COMMITTEE</u>	<u>TOTAL AMOUNT REPAID BY COMMITTEE</u>
11/15/78	\$ 4,000		\$ 4,000
12/25/82	7,000		11,000
7/21/83	895		11,895
9/12/83	18,000		29,895
12/31/83		\$ 18,000	11,895
4/01/84	10,000		21,895
4/30/84		10,000	11,895
9/05/84	5,000		16,895
9/30/84		5,000	11,895
1/30/85	9,500		21,395
3/21/85		9,500	11,895
8/19/85	9,600		21,495
12/31/85		9,600	11,895
9/26/86		11,895	-0-

As this chart illustrates, Congressman Rose never received, on any one date, more than \$29,895 in repayments, far below the \$50,000 owed to him by the campaign. ^{5/} All amounts repaid by the campaign were, of political necessity, reloaned by the Congressman to his committee in order to ensure a sufficient war chest for subsequent re-election campaigns.

- B. Because Congressman Rose's Campaign Was Obligated To Pay Its Debts, All Repayments To Mr. Rose Were Bona Fide Campaign Expenditures Permitted Under House Rules.

Paragraph 6 of Rule XLIII of the Code of Official Conduct of the Rules of the House of Representatives states in part:

A Member ... shall convert no campaign funds to personal use in excess of reimbursement for legitimate and verifiable prior campaign expenditures and he shall expend no funds from his campaign account not attributable to bona fide campaign purpose.

Plainly, Congressman Rose did not violate this Rule. No conversion occurred. Loans were made to the campaign as permitted by the FECA. These were actual verifiable campaign obligations; a note has since been executed by the Campaign for this debt. (Exhibit I). The campaign, in part, repaid its obligation to Congressman Rose. Rather than a conversion of funds from campaign to personal, the campaign was attempting to satisfy its obligation and extinguish its debt.

Moreover, the existence of the debt establishes the repayment as bona fide campaign expenditures. Obviously, a campaign committee must pay all of its debts and obligations, as any other

^{5/}This figure is also well below the \$33,900 in loans which are reflected on the Congressman's 1972 FECA filings, without even considering the additional \$12,000 in loans evidenced by his North Carolina reports.

debtor.^{6/} The actual repayment of campaign debt establishes the bona fide campaign purpose, notwithstanding the use to which the funds may have been ultimately put by Mr. Rose. Given the obligation to repay loans rather than to default, the repayment thereof is clearly a bona fide campaign purpose. Because the repayments to Congressman Rose were bona fide campaign expenditures, no violation of Rule XLIII, paragraph 6 occurred.

COUNT TWO

Congressman Rose admits that on or about March 26, 1985, he signed a paper entitled "Assignment of Southern National Bank Savings Accounts/Savings Instrument." Congressman Rose denies each and every remaining allegation contained in Count Two of the Committee's Statement of Alleged Violations. Congressman Rose denies that any violation of the House Rules occurred.

- A. Congressman Rose's Campaign Never Effectively Pledged A Campaign Certificate Of Deposit For A Loan Made To Congressman Rose; Therefore No House Rules Were Violated.
1. In complying with his bank's request to sign an assignment, Congressman Rose never intended to violate House Rules.

In March 1985, Congressman Rose had an outstanding unsecured campaign loan at Southern National Bank in the amount of

^{6/}Under the FECA as amended to date, a candidate's principal campaign committee is not permitted to terminate until all debts are satisfied. However, such a committee may continue to raise funds for a previous election, as long as the committee has net debts outstanding from that election.

\$56,277.77.^{7/} (Exhibit J). During that month, bank officials requested that this loan be secured with a Certificate of Deposit owned by Mr. Rose's campaign. (Exhibit K). Congressman Rose signed an assignment of "savings instruments" at the request of bank officials. However, Congressman Rose states that he never intended to violate any Rule of the House by signing this paper, nor did he believe that his action so violated the Rules.

2. A valid assignment did not occur.

Moreover, even though Congressman Rose signed a piece of paper at the request of bank officials, no valid or effective pledge of a Certificate of Deposit occurred. Records maintained by Southern National Bank reflect clearly that the only lawful signatory for the campaign's Certificate was the campaign's accountant, Alton S. Buck. (Exhibit L). The purported assignment does not contain Mr. Buck's signature; without it, no assignment occurred. (Exhibit M).

An effective assignment requires the party with ownership rights over property to make a transfer of those rights. Here, the Certificate of Deposit was property of the Committee for Congressman Charlie Rose; only the Committee could effect an assignment. Southern National Bank has since recognized that no assignment occurred and has so stated to the Committee. (Exhibit N). Moreover, counsel to the bank has stated that the

^{7/}Congressman Rose was fully aware that this was a campaign loan of the full amount, \$16,000 was loan to the Committee for Congressman Charlie Rose and \$40,000 was used to repay banks for prior campaign loans.

assignment was invalid (Exhibit O). In fact, the balance of this loan remains unsecured to date.

3. No Rules of the House were violated.

Paragraph 6 of Rule XLIII of the Code of Official Conduct states in part:

A Member ... shall convert no campaign funds to personal use in excess of reimbursement and verifiable prior campaign expenditures ...

The plain language of this rule requires both (1) conversion and (2) personal use. Because Southern National Bank, as a matter of law, did not have a legally effective assignment of the Certificate of Deposit, no conversion of campaign funds to personal use occurred.^{8/} Simply put, Congressman Rose's signature was not sufficient to effect a conversion. The loan at Southern National Bank was initially unsecured and remained without collateral. In view of these circumstances, no violation of the House Rules occurred.

COUNT THREE

Congressman Rose denies each and every allegation contained in Count Three of the Committee's Statement of Alleged Violations. Congressman Rose denies any violation of the House Rules occurred.

A. Because Congressman Rose Did Not Borrow Funds From His Campaign, No Liabilities Existed For Him To Disclose.

^{8/}Had a legally effective assignment been executed, no violation of Rule XLIII, paragraph 6 would have occurred, since the loan was for campaign purposes.

Congressman Rose incorporates his answer to Count One of the Committee's Statement of Alleged Violations herein. For the reasons previously stated, Congressman Rose had no indebtedness to his campaign for the years 1982-1986. Because he had no such liability, Congressman Rose incurred no reporting requirement for such on his Financial Disclosure Statements. Accordingly, no violation of House Rule XLIV, clause 2, (Ethics in Government Act of 1978) occurred.

COUNT FOUR

With respect to Count Four of the Committee's Statement of Alleged Violations, Congressman Rose states that he did not intend to violate any provision of the House Rules nor did he believe his actions were in violations of such Rules. Congressman Rose responds as follows with specificity to each of the subparagraphs contained in Count Four.

Subparagraph (a)

Congressman Rose admits making two loans from Waccamaw Bank in 1979 of \$5,000 and \$10,000 which were not contained on his Financial Disclosure Statement and further states that any omission was inadvertent and unintentional. Congressman Rose states that the liabilities listed in subparagraph (a) were two distinct loans owed to two separate branches of Waccamaw Bank, located in separate cities in North Carolina. As a result, the Congressman's staff in 1979 believed that these were two separate loans for reporting purposes and was unaware that disclosure was required. If these loans should have been included on the Financial

Disclosure Statement, their omission was inadvertent and unintentional.

Subparagraph (b)

Congressman Rose denies the allegations contained in Count Four subparagraph (b). Mr. Rose states that this \$20,000 loan was in fact disclosed on his Ethics in Government Act filing for 1980, but was erroneously and inadvertently typed as a liability to First "Union" Bank, rather than First "Citizens" Bank. (Exhibit P). For 1980, Congressman Rose had a loan to First Union in the amount of \$10,000 below the required reporting threshold; therefore there was no corresponding liability to First Union Bank which required disclosure.

Subparagraph (c)

Congressman Rose denies the allegations contained in Count Four subparagraph (c). Mr. Rose states that this subparagraph refers to a six month salary advance from the Sergeant-at-Arms of the House of Representatives to which there attaches no reporting requirement under House Rule XLIV, clause 2.

Subparagraph (d)

Congressman Rose admits that a loan was made from Southern National Bank in 1980 in the amount of \$20,000 which was not contained on his Financial Disclosure Statement and further states that any omission was inadvertent and unintentional. Moreover, this loan was disclosed the following year on Congressman Rose's 1981 Financial Disclosure Statement (Exhibit Q); thus, this information was on the public record.

Subparagraph (e)

Congressman Rose denies the allegations contained in Count Four subparagraph (e) and further states that while this liability may have been erroneously though inadvertently and unintentionally submitted to the Committee, his records show no such liability.

Subparagraph (f)

Congressman Rose admits that a loan was made in 1983 from Wachovia Bank in the amount of \$12,500 which was not contained on his Financial Disclosure Statement and further states that any omission was inadvertent and unintentional. Although this loan was entered on the worksheets prepared by his staff, it was inadvertently dropped from the filed version.

Subparagraph (g)

Congressman Rose admits that in 1981 he obtained a line of credit for \$10,000 and a loan for \$500 from Wright Patman Federal Congressional Credit Union which was not contained on his Financial Disclosure Statement and further states that any omission was inadvertent and unintentional. Neither he nor his staff was aware that a line of credit offered by the Credit Union was subject to disclosure.

With respect to any inadvertent and unintentional violations of House Rule XLIV, clause 2, Congressman Rose will undertake to have the necessary amendments made to his Financial Disclosure Statements.

Conclusion

With respect to Counts One, Two and Three, the evidence clearly and convincingly demonstrates that no violations of the House Rules occurred, nor were any intended. The allegations of the complaint are without merit. With respect to Count Four, Congressman Rose is willing to rectify any inadvertent errors which may have resulted. Accordingly, Congressman Rose respectfully requests the Committee make a determination regarding the allegations against him based on the record currently available and further urges the Committee to dismiss Counts One, Two and Three and Count 4(b), (c) and (e) of the Statement of Alleged Violations.

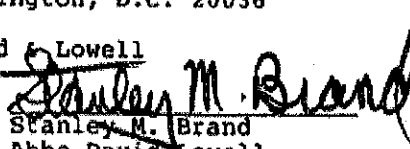
Respectfully submitted,

Manatt, Phelps, Rothenberg
& Evans

By: 
William C. Oldaker
Eric F. Kleinfeld

1200 New Hampshire Avenue, N.W.
Suite 200
Washington, D.C. 20036

Brand & Lowell

By: 
Stanley M. Brand
Abbe David Lowell

923 Fifteenth Street, N.W.
Washington, D.C. 20005

Counsel for the
Honorable Charles G. Rose III

I concur with and swear, under penalty, to the accuracy
of the foregoing Answer.

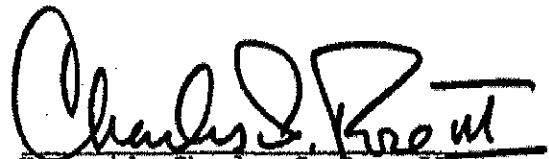

HONORABLE CHARLES G. ROSE III

EXHIBIT A
(Previously submitted April 27,
1987)

UNITED STATES HOUSE OF REPRESENTATIVES

Office of the Clerk
Washington, D.C.

1977 JUN 16 AM 8:56

REPORT OF RECEIPTS AND EXPENDITURES

**FOR A
CANDIDATE**

FOR NOMINATION OR ELECTION TO THE U.S. HOUSE OF REPRESENTATIVES

<u>Charles G. Ross, III</u> (Full Name of Candidate)	<u>North Carolina - VII</u> (District and State of Candidate)
<u>2802 Millbrook Rd.</u> (Home)	<u>Democratic</u> (Party Affiliation)
<u>Fayetteville, N.C.</u> (City, State, ZIP code)	

TYPE OF REPORT

(Check Appropriate Box and Complete, If Applicable)

- March 10 report.
- June 10 report.
- September 10 report.
- January 31 report.
- First-day report preceding _____ election on _____
(Primary, general, special, runoff, caucus, or convention) (Date)
- Fifth day report preceding _____ election on _____
(Primary, general, special, runoff, caucus, or convention) (Date)
- Termination report.

VERIFICATION BY OATH OR AFFIRMATION

State of North Carolina

in

County of Cumberland

I, H. G. Siles, Finance Chairman for
Charles G. Ross, III for Congress -NC-VII, being duly sworn, depose (affirm) and say
(Full Name of Candidate)

that this Report of Receipts and Expenditures is complete, true, and correct.
H. G. Siles Chairman
(Signature of Candidate)

Subscribed and sworn to (affirmed) before me this _____ day of _____, A.D. 19____

(Notary Public)

(SEAL)

My commission expires _____, 19____

RETURN COMPLETED REPORT AND ATTACHMENTS TO:
The Clerk, U.S. House of Representatives
Office of Records and Registration
300 Longworth House Office Building
Washington, D.C. 20540

720001110

SCHEDULE A

ITEMIZED RECEIPTS—CONTRIBUTIONS, TICKET PURCHASES, LOANS, AND TRANSFERS

Charles A. Ross, III
(Full Name of Candidate or Committee)

Part No. 3
(Use for itemizing Part 1, 2, 3, 4, or 5)

SEE REVERSE SIDE FOR INSTRUCTIONS
(Use separate page(s) for each numbered Part)

Date (in mth, day, year)	Full Name, Mailing Address, and ZIP Code (occupation and principal place of business, if any)	Aggregate Year-to-date (complete if applicable)	Amount of Receipt This Period
5-23-72	First Citizens Bank Fayetteville, N. C.	Aggregate Year-to-date \$	20,000.00
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	

200011110

TOTAL THIS PERIOD \$20,000.00
(Last page of this Part only)

Name of Candidate Charles G. Ross, III

SUMMARY REPORT COVERING PERIOD FROM May 23, 1972 THRU May 31, 1972

	Form 4 For 1972	Column 2 - October 1972 to date
SECTION A--RECEIPTS:		
Part 1. Individual contributions:		
a. Itemized (see schedule A*)	\$ 5000.00	
b. Unitemized	\$ 790.00	
	Total individual contributions	\$ 24,512.00
Part 2. Sales and collections:		
Itemized (see schedule B*)	\$ -0-	\$ -0-
Part 3. Loans received:		
a. Itemized (see schedule A*)	\$ 20,000.00	
b. Unitemized	\$ -0-	
	Total loans received	\$ 20,000.00
Part 4. Other receipts (refunds, rebates, interest, etc.):		
a. Itemized (see schedule A*)	\$ -0-	
b. Unitemized	\$ -0-	
	Total other receipts	\$ -0-
Part 5. Transfers in:		
Itemize all (see schedule A*)	\$ -0-	\$ 900.00
	TOTAL RECEIPTS	\$ 45,412.00
SECTION B--EXPENDITURES:		
Part 6. Contributions made expenditures:		
Itemize all (see schedule C*)	\$ 2075.95	\$ 30,074.27
Part 7. Expenditures for personal services, salaries, and reimbursed expenses:		
a. Itemized (see schedule D*)	\$ 250.00	
b. Unitemized	\$ -0-	
	Total expenditures for personal services, salaries, and reimbursed expenses	\$ 3831.00
Part 8. Loans made:		
a. Itemized (see schedule D*)	\$ -0-	
b. Unitemized	\$ -0-	
	Total loans made	\$ -0-
Part 9. Other expenditures:		
a. Itemized (see schedule C*)	\$ 7932.68	
b. Unitemized	\$ 143.27	
	Total other expenditures	\$ 20,847.00
Part 10. Transfers out:		
Itemize all (see schedule D*)	\$ 4000.00	\$ 4595.00
	TOTAL EXPENDITURES	\$ 59,347.27
SECTION C--CASH BALANCES:		
Cash on hand at beginning of reporting period	\$ 10,892.25	
Add total receipts (section A above)	\$ 25,720.00	
Subtotal	\$ 14,897.75	
Subtract total expenditures (section B above)	\$ 14,401.90	
Cash on hand at close of reporting period	\$ 495.85	

20001108

*Schedules are to be used only when information is required. (See each Schedule for instructions.) When scheduling is necessary for a given Part, the total of any amounts for that Part is to be entered on a line on the "Balance" line of the appropriate Part of the Summary Report. The word "None" should be entered on the line of the Summary Report when no amount is being reported.

SCHEDULE A

ITEMIZED RECEIPTS—CONTRIBUTIONS, TICKET PURCHASES, LOANS, AND TRANSFERS

Charles G. Ross, III
(Full Name of Candidate or Contributor)

Part No. 1
(Use for Numbering Part 1, 2, 3, 4, or 5)

SEE REVERSE SIDE FOR INSTRUCTIONS
(Use separate page (s) for each numbered Part)

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code (occupation and principal place of business, if any)	Aggregate Year-to-date (complete if applicable)	Amount of Receipt This Period
5-26-72	Harold Greene Fayetteville, N. C.	Aggregate Year-to-date \$	1,000.00
5-30-72	Hugh Cannon Raleigh, N. C.	Aggregate Year-to-date \$ 1500.00	750.00
5-30-72	Manley Eubank Charleston, S. C.	Aggregate Year-to-date \$ 1500.00	750.00
5-30-72	H. G. Stiles Fayetteville, N. C.	Aggregate Year-to-date \$ 3500.00	1,000.00
5-30-72	W. H. White Pinhurst, N. C.	Aggregate Year-to-date \$ 2500.00	1,000.00
5-30-72	A. G. Buck Fayetteville, N. C.	Aggregate Year-to-date \$ 1500.00	500.00
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	
		Aggregate Year-to-date \$	

TOTAL THIS PERIOD \$5,000.00
(Last page of this Part only)

SCHEDULE C
FINANCED EXPENDITURES - COMMUNICATIONS AND NON-COMMUNICATIONS MEDIA

Part No. 6
 (Use for Itemizing Part 6 or 8)

Charles G. Ross, III
 (Full Name of Candidate or Committee)

SEE REVERSE SIDE FOR INSTRUCTIONS
 (Use separate page(s) for each numbered Part)

DATE OF PAYMENT (Month, Day, Year)	PAYEE (Name of Payee) (Full Name, Mailing Address, (Company and Principal Name if business, if any))	PURPOSE OF EXPENDITURE (For communications media expenditures, also specify item(s) if any)	CHECK (1) CLASS OF TIME BY ELECTION				AMOUNT OF EXPENDITURE PERIOD	ALLOCATE EXPENDITURES TO A CATEGORY (To be completed by committee reporting item that was submitted)
			1	2	3	4		
5-26-72	Murchison & Bailey Advertising Fayetteville, N. C.	Radio, TV, & newspaper advertising to 6-5-72			X		1264.63	For News, Communications, Books, and Party
5-31-72	Murchison & Bailey Fayetteville, N. C.	Radio, TV, & newspaper advertising to 6-5-72			X		784.32	
5-31-72	Pine Forest High School Fayetteville, N. C.	Ad in High School Paper			X		27.00	

TOTAL THIS PERIOD \$2,075.95
 (Last page of this Part only)

ITEMIZED EXPENDING COMMUNICATIONS AND NON-COMMUNICATIONS MEDIA

Part No. 2
 (Use for Reporting Part 2 or 3)

Charlie G. Rose, III
 (Full Name of Candidate or Committee)

SEE REVERSE SIDE FOR INSTRUCTIONS
 (Use separate page(s) for each numbered part)

DATE OF PAYMENT (month, day, year)	PAYEE (Recipient of Payment) (Full Name, Mailing Address, Corporation and Principal place of business, if any)	PURPOSE OF EXPENDITURE (For communications media expenses, identify date(s) of use)	CHECK TYPE BY ELECTION		AMOUNT OF EXPENDITURE	ALLEGED EXPENDITURE ON 2/24/67 (To be completed only by Co-reporting Party)
			1	2		
5-25-72	Merritt-Holland Gas Co. Fayetteville, N. C.	Transportation Expenses	X		3468.77	Full Name, Corporation and Principal place of business, if any.
5-30-72	Carolina Telephone & Telegraph Fayetteville, N. C.	Telephone Service	X		109.25	
5-23-72	H. G. Sales Special Account	To reimburse for funds borrowed	X		2100.00	
5-26-72	Murchison & Bailey Fayetteville, N. C.	Non-Communications Media Advertising	X		1391.60	
5-31-72	Murchison & Bailey Fayetteville, N. C.	Non-Communications Media Advertising	X		863.06	

TOTAL THIS PERIOD \$7932.68
 (Last page of this Part only)

EXHIBIT B
(Previously sub
1987)

April 27,

UNITED STATES HOUSE OF REPRESENTATIVES

Office of the Clerk
Washington, D.C.

REPORT OF RECEIPTS AND EXPENDITURES
FOR A
CANDIDATE

FOR NOMINATION OR ELECTION TO THE U.S. HOUSE OF REPRESENTATIVES

Charles G. Rose, III North Carolina - XII
(Full Name of Candidate) (District)
2802 Millbrook Rd. Democratic
(Street) (Party Affiliation)
Fayetteville, N. C.
(City, State, ZIP code)

TYPE OF REPORT

- March 10 report
- June 10 report
- September 10 report
- January 31 report
- Fifteenth day report preceding election on _____ (Date)
- Fifth day report preceding RUDOFF election on June 3, 1972 (Date)
- Termination report

VERIFICATION BY OATH OR AFFIRMATION

State of North Carolina
County of Fayetteville
I, Charles G. Rose, III
(Full Name of Candidate)
do hereby swear, depose (affirm) and say
that this Report of Receipts and Expenditures is complete, true, and correct.
(Signature of Candidate) Finance Manager
Rose for Congress
Subscribed and sworn to before me this 27 day of April, 1972, A.D. 1972.

RETURN COMPLETED REPORT AND ATTACHMENTS TO
The Clerk, U.S. House of Representatives
Office of Records and Registration
1034 Longworth House Office Building
Washington, D.C. 20541

H.R. ELECTION FORM 1

SCHEDULE A

ITEMIZED RECEIPTS, CONTRIBUTIONS, TICKET PURCHASES, LOANS, AND TRANSFERS

Charles C. Rose, III
 (Full Name of Candidate or Committee)

SEE REVERSE SIDE FOR INSTRUCTIONS
 (If separate pages are used)

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code, Occupation and principal place of business, if any	Aggregate Year-to-date amount of contributions	Amount of this contribution
5-16-72	M. Williams Fayetteville, N.C.		
5-5-72	Charles Rose, Jr. Fayetteville, N.C.		14,150.00
		Aggregate Year-to-date	
		Aggregate Year-to-date	
		Aggregate Year-to-date	
		Aggregate Year-to-date	
		Aggregate Year-to-date	
		Aggregate Year-to-date	
		Aggregate Year-to-date	
		Aggregate Year-to-date	
		Aggregate Year-to-date	
		Aggregate Year-to-date	
		Aggregate Year-to-date	

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2

TOTAL THIS PERIOD \$14,150.00
 (Last page of this Part only)

EXHIBIT C
(Previously submitted April 27,
1987)

BEFORE THE HOUSE COMMITTEE
ON STANDARDS OF OFFICIAL CONDUCT

AFFIDAVIT OF CHARLES G. ROSE, JR.

Charles G. Rose, Jr., first being duly sworn, deposes
and says:

1. I reside in Fayetteville, North Carolina and am the father of Charles G. Rose, III, a Member of the House of Representatives. I am a partner in the law firm of Rose, Rand, Ray, Winfrey & Gregory of Fayetteville, North Carolina.

2. In 1972, I entered into an oral agreement with my son, Charles G. Rose, III, to make three loans to his campaign: One on April 7, 1972 in the amount of \$8,750; one on May 5, 1972, in the amount of \$5150; and one on June 2, 1972 in the amount of \$2500. Under this agreement, my son was to repay me for the sums lent to the campaign.

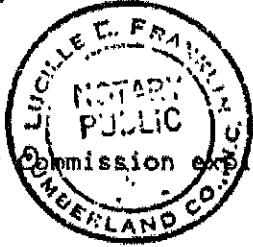
3. In November 1973, I assisted my son by obtaining a loan in the amount of \$50,000 from First Citizens Bank and Trust Company of Fayetteville, North Carolina, for the purpose of consolidating outstanding campaign loans. In my opinion, it was necessary to obtain this financing because the campaign was without sufficient funds to repay the loans, and my son was still unable to repay primary debts from 1970.

4. Further, I had an oral agreement with my son that he was to make all payments and be financially responsible for this \$50,000 loan to consolidate campaign debts.

5. Further, Affiant sayeth naught.

Charles G. Rose, Jr.
Charles G. Rose, Jr.

Subscribed and sworn to before me this 21st day of April, 1987.



Lucille E. Franklin
Notary Public

My Commission expires: 7-23-87

EXHIBIT D
[Previously submitted April 27, 1987]

STATE OF MICHIGAN

ANNUAL REPORT COVERING PERIOD FROM 1986 TO 1987

REVENUE

Part 1. Contributions (see schedule A)	\$ 350.00	\$ 350.00
Total individual contributions	\$ 350.00	\$ 350.00
Part 2. Contributions (see schedule B)	\$ -0-	\$ -0-

Part 3. Other receipts (refunds, interest, etc.)	\$ -0-	\$ -0-
Part 4. Other receipts (refunds, interest, etc.)	\$ -0-	\$ -0-
Part 5. Transfers in	\$ -0-	\$ -0-

SECTION B - EXPENDITURES

Part 6. Compensation (see schedule C)	\$ -0-	\$ -0-
Part 7. Expenditures for personal services, salaries, and other (see schedule D)	\$ 218.00	\$ 218.00
Part 8. Lease costs	\$ -0-	\$ -0-
Part 9. Other expenditures	\$ 211.65	\$ 211.65
Part 10. Transfers out	\$ -0-	\$ -0-
TOTAL EXPENDITURES	\$ 218.00	\$ 218.00

SECTION C - CASH BALANCES

Cash on hand at beginning of reporting period	\$ 14,428.18
Less: Total receipts (section A above)	\$ 350.00
Plus: Total expenditures (section B above)	\$ 218.00
Cash on hand at close of reporting period	\$ 13,868.18

* Information only to be used when reporting is required. This does not constitute an official statement of the Commission on Governmental Ethics. The total of all amounts for this report to be obtained by a simple sum of the "Total Receipts" and "Total Expenditures" items of the accompanying Part of the Reporting Form.

4 FIRST REPORT RGD UNDER FECA OF 1976

STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

GENERAL INSTRUCTIONS

1. Statements of Contributions and Expenditures must be filed with the Secretary of State by every candidate in any primary for federal, State or district office or for the State Senate in a district composed of more than one county except where there is a rotation agreement in effect. Such statements should be signed by the candidate and verified before an officer authorized to administer oaths.

2. Campaign committees covering more than one county in any primary, general or special election are required to file like statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.

3. The first statement is required 10 days before the election. The second statement is required within 70 days after the election.

(Detailed requirements of law are printed on back of this form.)

EXHIBIT E

TO THE SECRETARY OF STATE, RALEIGH, N. C.

(Previously submitted April 27, 1987)

The following itemized statement of contributions and expenditures is made in compliance with Article 22,

Chapter 163, General Statutes of North Carolina by Charles G. Bone, III

(Name of candidate or campaign committee)

In the Primary

(Primary, General or Special)

election for CONGRESSMAN

(Office)

CONTRIBUTIONS

Name of Contributor	Address	Date	Amount
Wayne Collier	Rt. 1, Linden, N.C.	1-25-72	20.00
Dr. S.L. Eifmon	117 Stedman St., Fay., N.C.	2-29-72	25.00
Floyd Ammons	First Citizens Bldg Fay, N.C.	4-1-72	100.00
Ed David	1942 Forest Hill Dr., Fay, N.C.	4-1-72	250.00
W.C. Sullivan	Rt.1, Winmahau, N.C.	3-21-72	50.00
Sam Noble	211 By-Pass, Lumberton, N.C.	3-27-72	50.00
Earl's Jewelers	413 Elm St., Lumberton, N.C.	3-27-72	50.00
Bruce Cameron	2219 Blythe Rd., Wilmington, N.C.	3-31-72	100.00
Norman Suttles	Union St., Fay., N.C.	2-15-72	100.00
Bruce Riley	Fayetteville, N.C.	2-21-72	100.00
Mel Thompson	Box 1540, Fayetteville, N.C.	3-15-72	50.00
John P. Manos	Fayetteville, N.C.	3-15-72	75.00
Ira S. Meiselman	Fayetteville, N.C.	3-15-72	100.00
Ivan Popkin	Jacksonville, N.C.	4-3-72	500.00
E.G. Stiles	126 Northview, Fayetteville, N.C.	4-3-72	1500.00
John C. Pate	Box 1540, Fayetteville, N.C.	4-4-72	200.00
Norman Bellamy	Shallotte, N.C.	4-5-72	500.00
W.C. Tripp	Fayetteville, N.C.	4-5-72	25.00
Henry Rankin Jr.	Fayetteville, N.C.	4-24-72	200.00
H. Lacy Godwin	Fayetteville, N.C.	4-24-72	100.00
Billy Hunt	Fayetteville, N.C.	4-19-72	100.00
Harold Arnette	Fayetteville, N.C.	4-19-72	75.00
Mr. & Mrs. George Vossler	Fayetteville, N.C.	4-17-72	50.00
John Wyatt	Summertime Dr., Fay., N.C.	4-5-72	350.00
Burney Rivenbark	541 Lennox Dr., Fay., N.C.	4-20-72	10.00
Arthur Wilkins	Fayetteville, N.C.	4-6-72	25.00
Mitchell Nance	Fayetteville, N.C.	4-19-72	75.00
K.T. Bellamy	Shallotte, N.C.	4-4-72	40.00
Rosell Hewett	Rt.2, Shallotte, N.C.	4-3-72	50.00
Harry K. Bennett	Little River, S.C.	4-4-72	10.00
Jessie Simmons	Shallotte, N.C.	4-5-72	10.00
Palmer Bellamy	Shallotte, N.C.	4-4-72	100.00
Mr. John Holden	Supply, N.C.	4-5-72	10.00
Mr. Hubert Bellamy	Shallotte, N.C.	4-4-72	25.00
Mr. Robert Bellamy	Shallotte, N.C.	4-4-72	20.00
Fred Duckworth	Norfolk, Va.	4-15-72	200.00
Riddick Revelle	Fayetteville, N.C.	4-20-72	20.00
William Zimmer	Wilmington, N.C.	4-10-72	50.00
George Caplan	Wilmington, N.C.	4-10-72	50.00
Sam Mendlesohn	Fayetteville, N.C.	4-15-72	25.00
Frances Rankin	Fayetteville, N.C.	4-17-72	50.00
Billy Horns	Fayetteville, N.C.	4-10-72	150.00
John Koester	Fayetteville, N.C.	4-17-72	100.00
Gerald Beard	Vander, N.C.	4-18-72	175.00
Leon Horne	Fayetteville, N.C.	4-20-72	200.00
Johnny Wood	Spring Lake, N.C.	4-15-72	200.00
Victor Tally, Jr.	Fayetteville, N.C.	4-14-72	180.00
Alex Bethune	Linden, N.C.	4-10-72	65.00
David Blalock	Linden, N.C.	4-8-72	135.00

Total Contributions \$ 24,594.00

(continued on attached sheet)

(Over)

Continuation of Campaign Contributions for Charles Rose III

NAME	ADDRESS	DATE	AMOUNT
Lewis Wilson	Fayetteville, N.C.	4-4-72	200.00
Ernest Freeman	Stedman, N.C.	4-3-72	175.00
Henry Clark	Rt. 5, Fayetteville, N.C.	4-16-72	150.00
Earl Faircloth	Rt. 1, Roseboro, N.C.	4-21-72	200.00
Curtis Dowd	Rt. 5, Fayetteville, N.C.	4-18-72	100.00
Clifton McNeil	Rt. 1, Hope Mills, N.C.	4-3-72	160.00
Gordon Newton	Rt. 3, Fayetteville, N.C.	4-4-72	80.00
Johnny Evans	Rt. 5, Fayetteville, N.C.	4-3-72	110.00
W.L. McDonald	Rt. 5, Fayetteville, N.C.	4-6-72	125.00
R.C. Pugh	Rt. 5, Fayetteville, N.C.	4-11-72	75.00
Luke Hales	Rt. 1, Roseboro, N.C.	4-9-72	95.00
A.G. Cooper, Jr.	Falcon, N.C.	4-18-72	117.00
Charles Rose III	Fayetteville, N.C.	4-20-72	7500.00
Charles Rose, Jr.	Fayetteville, N.C.	4-7-72	8750.00
Misc unidentified contributions.			112.00
			<u>324,594.00</u>

Statement of Contributions and Expenditures

GENERAL INSTRUCTIONS

1. Statements of Contributions and Expenditures must be filed with the Secretary of State by every candidate in any primary for federal, State or district office or for the State Senate in a district composed of more than one county except where there is a rotation agreement in effect. Such statements should be signed by the candidate and verified before an officer authorized to administer oaths.

2. Campaign committees covering more than one county in any primary for federal or special election are required to file like statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.

3. The first statement is required 10 days before the election. The second statement is required within 70 days after the election.

(Detailed requirements of law are printed on back of this form.)

EXHIBIT F

(Previously submitted April 27, 1987)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 22,

Chapter 163, General Statutes of North Carolina by Charles G. Ross, III

(Name of candidate or campaign committee)

In the Primary election for Congressman

(Primary, General or Special)

(Office)

CONTRIBUTIONS

Name of Contributor	Address	Date	Amount
Wayne Collier	Rt. 1, Linden, N.C.	1-25-72	20.00
Dr. S.L. Elimon	117 Stedman St., Fay., N.C.	2-29-72	25.00
Floyd Ammons	First Citizens Bldg Fay, N.C.	4-1-72	100.00
Ed David	1942 Forest Hill Dr., Fay, N.C.	4-1-72	250.00
W.G. Sullivan	Rt.1, Wintahaus, N.C.	3-21-72	50.00
Sam Noble	211 By-Pass, Lumberton, N.C.	3-27-72	50.00
Earl's Jewelers	413 Elm St., Lumberton, N.C.	3-27-72	50.00
Bruce Cameron	2219 Blythe Rd., Wilmington, N.C.	3-31-72	100.00
Norman Suttles	Union St., Fay., N.C.	2-15-72	100.00
Bruce Riley	Fayetteville, N.C.	2-21-72	100.00
Mal Thompson	Box 1540, Fayetteville, N.C.	3-15-72	50.00
John P. Manos	Fayetteville, N.C.	3-15-72	75.00
Ira S. Heisselman	Fayetteville, N.C.	3-15-72	100.00
Ivan Popkin	Jacksonville, N.C.	4-3-72	500.00
H.G. Stiles	126 Northview, Fayetteville, N.C.	4-3-72	1500.00
John C. Pate	Box 1540, Fayetteville, N.C.	4-4-72	200.00
Norman Bellamy	Shalotte, N.C.	4-5-72	500.00
W.C. Tripp	Fayetteville, N.C.	4-5-72	25.00
Henry Rankin Jr.	Fayetteville, N.C.	4-24-72	200.00
H. Lucy Godwin	Fayetteville, N.C.	4-24-72	100.00
Billy Hunt	Fayetteville, N.C.	4-19-72	100.00
Harold Arnette	Fayetteville, N.C.	4-19-72	75.00
Mr. & Mrs. George Vosaler	Fayetteville, N.C.	4-17-72	50.00
John Wyatt	Summertime Dr., Fay., N.C.	4-5-72	350.00
Burney Rivenbark	541 Lennox Dr., Fay., N.C.	4-20-72	10.00
Arthur Wilkins	Fayetteville, N.C.	4-6-72	25.00
Mitchell Rance	Fayetteville, N.C.	4-19-72	75.00
K.T. Bellamy	Shalotte, N.C.	4-4-72	40.00
Rosell Hewett	Rt. 2, Shalotte, N.C.	4-3-72	50.00
Harry K. Bennett	Little River, S.C.	4-4-72	10.00
Jessie Simmons	Shalotte, N.C.	4-5-72	10.00
Palmer Bellamy	Shalotte, N.C.	4-4-72	100.00
Mr. John Holden	Supply, N.C.	4-5-72	10.00
Mr. Hubert Bellamy	Shalotte, N.C.	4-4-72	25.00
Mr. Robert Bellamy	Shalotte, N.C.	4-4-72	20.00
Fred Duckworth	Norfolk, Va.	4-15-72	200.00
Riddick Bevelle	Fayetteville, N.C.	4-20-72	20.00
William Zimmer	Wilmington, N.C.	4-10-72	50.00
George Caplan	Wilmington, N.C.	4-10-72	50.00
Sam Mendlesohn	Fayetteville, N.C.	4-15-72	25.00
Frances Rankin	Fayetteville, N.C.	4-17-72	50.00
Billy Horne	Fayetteville, N.C.	4-10-72	150.00
John Koester	Fayetteville, N.C.	4-17-72	100.00
Gerald Beard	Vander, N.C.	4-18-72	175.00
Leon Horne	Fayetteville, N.C.	4-20-72	200.00
Johnny Wood	Spring Lake, N.C.	4-15-72	200.00
Victor Tally, Jr.	Fayetteville, N.C.	4-14-72	180.00
Alex Bethune	Linden, N.C.	4-10-72	65.00
David Blalock	Linden, N.C.	4-8-72	135.00

Total Contributions \$ 24,594.00

(continued on attached sheet)

(Over)

GENERAL INSTRUCTIONS

1. Statements of Contributions and Expenditures must be filed with the Secretary of State by every candidate in any primary for Federal, State or local office or for the State Senate in a district composed of more than one county except where there is a rotation agreement in effect. Such statements should be signed by the candidate and verified before an officer authorized to administer oaths.

2. Campaign committees covering more than one county in any primary, general or special election are required to file their statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.

3. The first statement is required 10 days before the election. The second statement is required within 20 days after the election.

(Detailed requirements of law are printed on back of this form.)

EXHIBIT F

(Previously submitted April 27, 1967)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 22, Chapter 163, General Statutes of North Carolina by CHARLES G. ROSE, III
(Name of candidate or campaign committee)
 on the Second Primary election for Congressman - 7th District
(Primary, General or Special) (Office)

CONTRIBUTIONS			
Name of Contributor	Address	Date	Amount
Balance previously reported			42,859.00
Hugh Cannon	Raleigh, N. C.	5-23-72	500.00
Manley Dubank	Raleigh, N. C.	5-23-72	500.00
J. A. Bouknight	Fayetteville, N. C.	5-24-72	25.00
J. O. Tally	"	5-24-72	100.00
L. Stein	Jacksonville, N. C.	5-24-72	275.00
L. Radosevich	Fayetteville, N. C.	5-24-72	390.00
Jesse Champion	"	5-28-72	15.00
Mrs. S. C. Rankin	"	"	50.00
Mrs. Claude Rankin, Sr.	"	"	25.00
John C. Pate	"	"	100.00
A. Buck	"	"	500.00
D. White	Pinehurst, N. C.	"	200.00
A McCauley	Fayetteville, N. C.	5-26-72	200.00
Wm. Fitzgerald	"	"	325.00
F. Ammons	"	"	100.00
Gene Merritt	Wilmington, N. C.	"	100.00
H. Greene	"	"	1,000.00
John Wynn	Fayetteville, N. C.	5-26-72	350.00
George Purvis, Jr.	"	"	500.00
D. Rivenbark	"	"	150.00
W. Coleman	"	"	10.00
E. Coleman	"	"	40.00
W. H. White	Pinehurst, N. C.	6-1-72	1,000.00
H. G. Stiles	Fayetteville, N. C.	6-1-72	1,000.00
Charles Rose, III	"	6-2-72	2,000.00
Charles Rose, Jr.	"	"	2,500.00
Miscellaneous		6-6-72	150.00

Total Contributions \$ 54,944.00

(Over)

Continuation of Campaign Contributions for Charles Rose III

NAME	ADDRESS	DATE	AMOUNT
Lewis Wilson	Fayetteville, N.C.	4-4-72	200.00
Ernest Freeman	Stedman, N.C.	4-3-72	175.00
Henry Clark	Rt. 5, Fayetteville, N.C.	4-16-72	150.00
Earl Faircloth	Rt. 1, Roseboro, N.C.	4-24-72	200.00
Curtis Dowd	Rt. 5, Fayetteville, N.C.	4-18-72	100.00
Clifton McNeil	Rt. 1, Hope Mills, N.C.	4-3-72	160.00
Gordon Newton	Rt. 3, Fayetteville, N.C.	4-4-72	80.00
Johnny Evans	Rt. 5, Fayetteville, N.C.	4-3-72	110.00
W.L. McDonald	Rt. 5, Fayetteville, N.C.	4-6-72	125.00
R.C. Pugh	Rt. 5, Fayetteville, N.C.	4-11-72	75.00
Luke Hales	Rt. 1, Roseboro, N.C.	4-9-72	95.00
A.G. Cooper, Jr.	Falcon, N.C.	4-18-72	117.00
Charles Rose III	Fayetteville, N.C.	4-20-72	7500.00
Charles Rose, Jr.	Fayetteville, N.C.	4-7-72	8750.00
Misc unidentified contributions			112.00
			<u>\$24,594.00</u>

7637

PREPARED IN TRIPLICATE

FIRST - CITIZENS BANK & TRUST COMPANY

Fayetteville, N.C. OFFICE

DATE November 21, 1977

APPLICANT Charles G. Rose, Jr. NET WORTH \$ 5250 (s) AMOUNT \$ 50,000.00
 ENDORSER P. O. Box 1239 TIME 90 days
 ENDORSER Fayetteville, N.C.
 ENDORSER _____

(* If current statement has been sent to home office, indicate by (s) but be sure a copy has been sent or is attached)

VALUE

SECURITY _____ \$ _____
 _____ \$ _____
 _____ \$ _____

METHOD OR PLAN OF PAYMENT At Maturity

OCCUPATION OR BUSINESS OF MAKER _____

PRESENT LINE
DIRECT INDIRECT

LOANS PREVIOUS YEAR HIGH \$ _____ THIS YEAR HIGH \$ 1000 UNSECURED \$ _____
 LOW \$ _____ LOW \$ _____ SECURED \$ _____

DATE PRIOR LOANS PAID OUT IN FULL
 AVERAGE BALANCE LAST YEAR \$ _____ THIS YEAR \$ _____ LAST MONTH \$ Med.

AFFILIATED ACCOUNTS NAME	BALANCED		BORROWING NOW
	THIS YEAR	LAST MONTH	
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

REMARKS AND RECOMMENDATIONS OF BRANCH MANAGER
Purpose of Loan- Business

REMARKS AND RECOMMENDATIONS (CONTINUED)

APPROVED:

BRANCH
FINANCE
COMMITTEE

DO YOU (BRANCH MANAGER) RECOMMEND THAT THIS LOAN BE MADE AS SET OUT ABOVE? (IF NOT GIVE REASON) _____

_____ *[Signature]* _____

BRANCH MANAGER

(SPACE BELOW FOR HOME OFFICE USE)

DATE 11.26.75

GENERAL FINANCE COMMITTEE

BY *[Signature]*

PRESIDENT - VICE PRESIDENT

BEFORE THE HOUSE COMMITTEE
ON STANDARDS OF OFFICIAL CONDUCT

AFFIDAVIT OF ALTON G. BUCK

Alton G. Buck, first being duly sworn, deposes and says:

1. I am currently a Certified Public Accountant in Fayetteville, N.C., practicing as a sole practitioner. I was the Assistant Treasurer of the Committee for Congressman Charlie Rose from July, 1986 to the present. To the best of my recollection, I was the accountant for the committee from about 1974 to the present.

2. Prior to the time I became accountant for the Rose Campaign, the campaign books and records were not kept in an orderly or complete fashion. As a result, I was unable to see all prior filings. Further, I did not retain any of the prior filings except for the last filing made prior to my assumption of the accountant position.

3. I did not see any of the 1970 or 1972 filings made under the North Carolina Corrupt Practices Act.

4. As the campaign's accountant I was aware of a debt the campaign owed the Congressman, however, I had no actual knowledge of the transaction which gave rise to the debt. I gained this knowledge through discussions with Campaign Treasurers, Anthony R. Rand and Herbert G. Stiles, as well as Congressman Rose.

5. I was aware that Charles G. Rose, Jr., had lent money to the campaign; that Congressman Rose had assumed

financial responsibility for those loans; and that the campaign would have to repay Congressman Rose for the loans when it was financially and politically able to do so.

6. The issue of repayment arose in 1978. Because I was unable to find any records of the loan transactions I was concerned about reporting a past loan for which no records were available. As the Assistant Treasurer, I consulted the Federal Election Campaign Act but was unfamiliar with the avenue of seeking an advisory opinion and I was also unfamiliar with any other services offered by the Federal Election Committee to address the issue. Therefore, I thought that the best way to handle the repayment of loans to Congressman Rose was to characterize them as loans. I reported all repayments of loans to Congressman Rose as loans to him.

7. Thereafter, I learned that records were available which would help me correctly characterize the transaction in questions. I learned what the early filings contained with respect to loans made by the Congressman and his father. Further, I saw the bank ledger card of the November, 1973 consolidated loan.

8. The documentation I have reviewed, in my opinion, establishes a valid loan of \$50,000 from Congressmen Rose to his principal campaign committee.

9. Further, Alliant sayeth naught.

Alton G. Buck

Alton G. Buck

Subscribed and sworn to before me this 21st day of

April, 1987.

Elizabeth Smit Hepatwa

Notary Public

My Commission expires: 9-17-87

PROMISSORY NOTE

\$ 50,000.00 _____ April 21 _____, 19 87

Twelve (12) months _____ after date, for value received, _____ I _____ promise to pay the order of _____ Charles G. Rose, III _____ the sum of _____ Fifty Thousand and no/100 _____ dollars, at _____ Fayetteville, N.C. _____ with interest at the rate of _____ 0 _____ centum per annum until paid; said interest payable _____ annually

No _____ 1 _____ By: Walter D. Dye Assistant Treasurer
Committee for Congressman Charlie Rose

Due April 20, 1988 Address _____ P.O. Box 1178 Fayetteville, N.C. 28302

CL0207-16 50739 23302 BANK OF SOUTHERN NATIONAL BANK
 0442117220622320 0300 CITY OF FAYETTEVILLE
 ACCOUNT 231022 COMMERCIAL USA TRANSACTION HISTORY

PAGE 1
 DATE 05/01/85

NAME CHARLES G ROSE III

ADDRESS 2435 RAYBURN BLDG
 WASHINGTON
 205150000

DC

LCAN 0622123

DATE T/C FIELDS

062232 301 TVI OFF AWC SC LN FED5700 29 PI 17.50004 PRIN 40000.00 F092782
 042382 521 PRIN .00 INT 1379.71 ADJ .00 DATE 09-28-82
 093082 471 FST 12-20-82 LST 12-20-82 INCR 01 AMT 41446.03 INT CD 0
 093082 492 NCR MSG 0 FIN MSG 0 AMT .00 NXT BILL DT 12-20-82 TYPE 1
 093082 541 AMT 40000.00 DT 09-20-82 FEE .00 OFF AWC INT ADJ .00
 122082 491 FST 03-21-83 LST 03-21-83 INCR 01 AMT 41313.41 INT CD 0
 122082 492 NCR MSG 0 FIN MSG 0 AMT .00 NXT BILL DT 03-21-83 TYPE 1
 122082 521 PRIN .00 INT 1313.41 ADJ .00 DATE 12-20-82
 122082 531 NOTE 1313.41 DISB 1313.41 DT 12-20-82 OFF AWC SC UN
 122082 531 FEE .00
 122182 541 AMT 41313.41 DT 12-20-82 FEE .00 OFF AWC INT ADJ .00
 032183 491 FST 09-17-83 LST 09-17-83 INCR 01 AMT 43656.39 INT CD 0
 032183 492 NCR MSG 0 FIN MSG 0 AMT .00 NXT BILL DT 09-17-83 TYPE 1
 032183 521 PRIN .00 INT 1313.41 ADJ .00 DATE 03-21-83
 032183 541 AMT 41313.41 DT 03-21-83 FEE .00 OFF AWC INT ADJ .00
 062683 522 PRIN 3300.00 INT .00 DT 08-26-83 NXT DUE 00-00-00
 092783 521 PRIN .00 INT 2264.36 ADJ .00 DATE 09-26-83
 092783 531 NOTE .00 DISB 2264.36 DT 09-26-83 OFF AWC SC UN
 092783 531 FEE .00
 092983 491 FST 03-16-84 LST 03-16-84 INCR 01 AMT 42674.57 INT CD 0
 092983 492 NCR MSG 0 FIN MSG 0 AMT .00 NXT BILL DT 03-16-84 TYPE 1
 092983 541 AMT 40277.77 DT 09-17-83 FEE .00 OFF AWC INT ADJ .00
 032284 521 PRIN .00 INT 2390.10 ADJ .00 DATE 03-22-84
 041684 491 FST 09-12-84 LST 09-12-84 INCR 01 AMT 42649.75 INT CD 0
 041684 492 NCR MSG 0 FIN MSG 0 AMT .00 NXT BILL DT 09-12-84 TYPE 1
 041684 541 AMT 40277.77 DT 03-16-84 FEE .00 OFF AWC INT ADJ .00
 050384 401 AWC
 091184 521 PRIN .00 INT 2685.37 ADJ .00 DATE 09-10-84
 091384 491 FST 03-11-85 LST 03-11-85 INCR 01 AMT 43058.59 INT CD 0
 091384 492 NCR MSG 0 FIN MSG 0 AMT .00 NXT BILL DT 03-11-85 TYPE 1
 091384 541 AMT 40277.77 DT 09-12-84 FEE .00 OFF AWC INT ADJ .00
 040985 521 PRIN 40277.77 INT 2658.33 ADJ .00 DATE 03-26-85

NO PAYMENTS	INT PAID	ORIG NOTE AMT	TINES RENEWED	LAST PAYMENT
8	14,204.69	40,000.00	06	03-26-85

PAST DUE DATA	CURRENT BALANCE
1*14 15*29 30*	
03 01 00	.00

AUTOMATICALLY RENEWING CERTIFICATE OF DEPOSIT
INTEREST SUBJECT TO CHANGE AT EACH RENEWAL

904824

ACCT NO. DAL-003482 **SOUTHERN NATIONAL BANK OF N.C., FAYETTEVILLE, N.C.**

F.D. No. 1178 **STREET ADDRESS** 17 1/2 **CITY RATE**

Fayetteville, N.C. 28303 **CITY STATE**

Committee for Congressman Charles Bonn **DEPOSITOR OR DEPOSITOR IN THIS BANK**

NAME 7500 **AMOUNT** 75,000.00 **AMOUNT**

Payable in 6 **MONTHS** (circle one) with interest at 8.00 **%** per annum (circle one) **DATE** MAR 1987

Payment according to N.C. General Statute, section 61-1, in the event of more than one depositor, the function and purpose of this certificate properly assigned on the maturity date. This certificate shall be automatically renewed for an equal period, the deposit (including at the end of the immediately preceding term and shall bear interest at the rate in effect for such deposits on the first day of the following term, unless payment is authorized for payment by depositor within ten days after the original or any extended maturity date. The Bank reserves the right not to renew this Certificate by written notice to depositor(s) at least ten days prior to the original or any extended maturity or its election not to renew the Certificate for all purposes including payment and assignment of this certificate, payment of interest thereon and any notice this Bank may deem and best as possible provided by depositor(s) named above.

Interest Payable Monthly Quarterly Semi-Annual Annual Maturity

NON-NEGOTIABLE - NON-TRANSFERABLE

941- (NOT SUBJECT TO WITHDRAWAL BY CHECK)

81231

Shirley R. Neff
 SOUTHERN SIGNATURE

EXHIBIT K

7/22/84

AUTHORIZED SIGNER (This form used only by individuals in organization)
By checking this check, I certify that I have not been notified by Internal Revenue Service that I am liable in making contributions for a month of failure to report all interest or dividends, or I have received information from IRS that I am no longer allowed to make contributions.

William H. Buck 1000

Signature (The name of holder of Power of Attorney if any)
(Insert only when Power of Attorney is an SA)

The signature authorized above is being given voluntarily, which you will recognize and honor in payment of funds to the institution of other business relating to other account. Depositor's hereby agree to the rules and regulations of the Bank with respect to this account, and subject to the procedure printed on the reverse side of this card.

Under penalty of perjury, I certify that the information provided on this form is true, correct and complete.
William H. Buck Date 7-22-84
C.A.P.

**SOUTHERN NATIONAL BANK OF N.C.
SIGNATURE CARD**

Name of Account <u>William H. Buck</u>		
Account Number <u>980-007517</u>	<input type="checkbox"/> Checking	<input type="checkbox"/> Individual
Social Security Number or Tax ID Number <u>1-11-11111</u>	<input type="checkbox"/> Savings	<input type="checkbox"/> Joint Tenants-Survivorship
Identification	<input type="checkbox"/> Certificate of Deposit	<input type="checkbox"/> Business
Main Address <u>1111</u>	<input type="checkbox"/> Other	<input type="checkbox"/> Organization
Alternate Address <u>(MARTIN)</u>	Approved by <u>William H. Buck</u>	<input type="checkbox"/> Joint Tenants in Common
Current Active Home and Phone <u>1111</u>		<input checked="" type="checkbox"/> Other: <u>WILLIAMS</u>
Employer's Occupation/Address <u>1111</u>		
Phone (Home)	Phone (Office)	Branch #
Payee Bank <u>1111</u>	Date Opened <u>11-11-84</u>	Opened by <u>1111</u>

EXHIBIT M

ASSIGNMENT OF SOUTHERN NATIONAL BANK SAVINGS ACCOUNTS/SAVINGS INSTRUMENTS

March 26 19 85

FOR VALUE RECEIVED, TO WIT, MONEY LOANED, the undersigned (jointly and severally) hereby assign(s) and sell(s) over to SOUTHERN NATIONAL BANK OF NORTH CAROLINA Fayetteville North Carolina and its successors and assigns (hereinafter "SMB") the savings account(s) and/or savings instrument(s) identified below

0 Savings Account(s) No(s) (Full Account Number(s))

Amount of Funds Assigned, \$

xxx Savings Instrument(s) No(s) 045-007887 (and any renewals thereof) (Account Number(s))

904824 (Certificate Number(s))

and all loans, rights, options, privileges, title and interest therein and thereunder. The exercise of any right, option, privilege or power of sale herein to SMB shall be at the option of SMB

This Assignment is given as security for a loan(s) made by said SMB to Charles G. Rose, III and

and 777100 (hereinafter "DEBTOR(S)") in the amount of Fifty six thousand two hundred seventy seven and 77/100 DOLLARS (\$ 56,277.77)

This Assignment shall be a continuing one and shall remain effective for any renewal(s) of the above loan(s). It further shall secure any other obligations and/or liabilities of any one or more of the above named DEBTOR(S) to SMB, due or to become due, whether now existing or hereafter arising and howsoever evidenced or acquired, whether direct, indirect, absolute or contingent and whether the individual, several, or joint and several obligation(s) or liability(ies) of said DEBTOR(S).

Said SMB is herewith authorized to apply the funds in or represented by the above described savings account(s)/instrument(s) to the payment of any and all obligations of any one or more of the above DEBTOR(S) on the due date of any installment and/or on maturity of the entire indebtedness or thereafter, together with all accrued interest, costs and reasonable attorneys' fees, if not otherwise paid. Said SMB may withdraw funds for these purposes at such times and in such amount(s) as it shall in its sole discretion, determine.

The undersigned warrant(s) and represent(s) that the above described savings account(s)/instrument(s) is/are owned solely by undersigned and is/are free and clear of all liens and encumbrances and the undersigned has/have, full power, right and authority to execute and deliver this assignment.

If said savings account(s)/instrument(s) is/are represented by a passbook, certificate or other document evidencing ownership such paper writing(s) has/have been delivered and is/are herewith assigned and pledged to said SMB by undersigned.

Each of the undersigned acknowledges that the above Assignment was complete, with all blanks filled in, prior to his/their executing same, one Assignor having received a copy hereof.

Witness the Hand(s) and Seal(s) of the undersigned this sealed instrument being executed and delivered on the date first above written. Each of the undersigned herewith expressly adopts as his seal the word "REAL" appearing beside or near his signature below.

WITNESS: (initials) ASSIGNOR: Charles G. Rose, III (REAL)
WITNESS: (initials) ASSIGNOR: (REAL)

The Signature(s) as shown above correctly set out titles. Present Balance is \$ 75,000.00 above assignment has been properly recorded on ledger and signature cards

Elmer I. Kifaw SAVINGS TELLER

Southern National



EXHIBIT-2

October 29, 1987

Committee on Standards of Official Conduct
U.S. House of Representatives
Suite HT-2 Capitol
Washington, D.C. 20515

Attention: Elaine Hutchins-Taylor

This is to advise that on this date we first discovered in a collateral file a purported Assignment of a Certificate of Deposit by the Committee for Congressman Charlie Rose to Southern National Bank of North Carolina to secure a loan of Congressman Rose's. In reviewing our signature cards in connection with this Certificate of Deposit, we discovered that the only authorized signatory on that signature card is Mr. Alton G. Buck who did not sign the Assignment of the Certificate of Deposit to the bank. Consequently, in the opinion of our counsel, for lack of an authorized committee signature, we did not have a valid Assignment of the Certificate of Deposit in the name of the Committee for Congressman Charlie Rose to secure the Congressman's personal debt.

Nevertheless, in response to your subpoena, we are forwarding you a copy of the purported Assignment, a copy of the Certificate of Deposit and a copy of the signature card for this certificate in explanation of this transaction.

Very truly yours,

Jo B. Hendrickson
Assistant Vice President

EXHIBIT O

MCLEAN, STACY, HENRY & MCLEAN

PROFESSIONAL ASSOCIATION

ATTORNEYS AND COUNSELLORS AT LAW

SOUTHERN NATIONAL BANK BUILDING

P. O. DRAWER 1887

LUMBERTON, NORTH CAROLINA 28358

TELEPHONE 810-730-8307

DICKSON MCLEAN, JR.
 MORRIS E. STACY, JR.
 EVERETT L. HENRY
 WILLIAM B. MCLEAN

D. A. MCLEAN 1983-1978
 W. A. MCLEAN 1976-1975
 A. H. MCLEAN 1970-1976
 DICKSON MCLEAN 1968-1969
 MORRIS E. STACY 1967-1968

November 11, 1987

Mr. Vince Nelson
 Vice President
 Southern National Bank of N. C.
 P. O. Box 969
 Fayetteville, North Carolina 28302

Dear Mr. Nelson:

On October 29, 1987, you showed me an assignment of a certificate of deposit which was formerly assigned to Southern National Bank of North Carolina to secure a loan made by the bank to Charles G. Rose, III. After reviewing the assignment document, a copy of the certificate of deposit and the signature card held by the bank for this certificate, I gave you my oral opinion that the purported assignment of the certificate of deposit was not valid because it did not have an authorized signature on the assignment.

You have now requested that my opinion be put in writing. Hence, this letter.

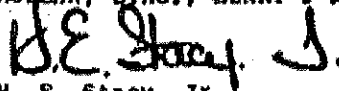
The purported assignment of Southern National's certificate of deposit # 904828 for account # 045-007887, dated March 26, 1985, was signed only by Charles G. Rose, III, as assignor. The bank's certificate of deposit # 904828 was issued on February 27, 1985, to Committee for Congressman Charlie G. Rose, as depositor. The signature card shown to me for this account in the name of Committee for Congressman Charlie G. Rose, for account # 045-007887, showed only one authorized signatory, the signature of Alton G. Buck.

Since the depositor of the certificate of deposit was the Committee for Congressman Charlie G. Rose and the signature card (contract between the bank and the depositor)

for this account had only one authorized signatory, Alton G. Buck, in my opinion the signature of Alton G. Buck was necessary to assign the certificate. Since Mr. Buck's signature was not on the assignment of the certificate of deposit, in my opinion, the assignment was not a valid assignment of the certificate.

Very truly yours,

MCLEAN, STACY, HENRY & MCLEAN



H. E. Stacy, Jr.

HESjr/a

EXHIBIT P

J 1 7 0 0 6

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

INSIDE MAIL

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1980

FORM A—For use by Members, officers, and employees

CHARLES C. ROSE, III
2435 RAYBURN BLDG
WASHINGTON, D.C 20515

1981 APR 20 11:51 AM
U.S. HOUSE OF REPRESENTATIVES
(Office Use Only)

Check the appropriate box and fill in the blanks.

Member of the U.S. House of Representatives—District 2, State NC

Check if amended Statement

Officer or Employee—Employing Office

Notes: Please read instructions carefully. Sign this form on the reverse side. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. Complete all parts. (If None, so indicate.) Please type or print clearly.

I. INCOME

A. The source, type, and amount of income (including honoraria and date received) aggregating \$100 or more in value received from any source during the preceding calendar year. Exclude income from current U.S. Government employment. Do not include here income reported in part I-B below.

Table with columns: SOURCE, TYPE, AMOUNT. Entry: SEE ATTACHED

B. The source, type, and category of value of income from dividends, interest, rent, and capital gains received from any source during the preceding calendar year which exceeds \$100 in value. Note: For this part only, indicate Category of Value, as follows: Category A—not more than \$1,000; B—\$1,001-\$1,500; C—\$1,501-\$2,000; D—\$2,001-\$25,000; E—\$25,001-\$50,000; F—\$50,001-\$100,000; G—over \$100,000.

Table with columns: SOURCE, TYPE, CATEGORY. Entry: NONE

II. GIFTS AND REIMBURSEMENTS

A. The source and a brief description of gifts of transportation, lodging, food, or entertainment aggregating \$250 or more in value received from any source during the preceding calendar year.

Table with columns: SOURCE, BRIEF DESCRIPTION. Entry: NONE

B. The source, a brief description, and value of all other gifts aggregating \$100 or more in value received from any source during the preceding calendar year.

Table with columns: SOURCE, BRIEF DESCRIPTION, VALUE. Entry: NONE

C. The source and a brief description of reimbursements aggregating \$250 or more in value received from any source during the preceding calendar year.

Table with columns: SOURCE, BRIEF DESCRIPTION. Entry: SEE ATTACHED

0 1 7 0 0 3 0 0 0

NOTE: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A--not more than \$5,000; B--\$5,001-\$15,000; C--\$15,001-\$50,000; D--\$50,001-\$100,000; E--\$100,001-\$250,000; F--over \$250,000.

III. HOLDINGS

The identity and category of value of any interest in property held during the preceding calendar year in a trade or business, or for investment or the production of income, which had a fair market value exceeding \$1,000 as of the end of the year.

IDENTITY	CATEGORY
NONE	

IV. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeded \$10,000 at any time during the preceding calendar year.

IDENTITY	CATEGORY
SEE ATTACHED	

V. TRANSACTIONS

A brief description, the date, and category of value of any purchase, sale, or exchange during the preceding calendar year which exceeded \$1,000 in real property, or in stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	DATE	CATEGORY
NONE		

VI. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.

POSITION	NAME OF ORGANIZATION
NONE	

VII. AGREEMENTS

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT
NONE		

VIII. ADDITIONAL INFORMATION

- A. Are you aware of any interests in property or liabilities of a spouse or dependent child or property transactions by a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES ___ NO NO.
- B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other exempted trust? (See Instructions) YES ___ NO NO.

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (5 U.S.C. § 704 and 18 U.S.C. § 1001).

Signature: <i>John Doe</i>	Date: 7 April 81
----------------------------	------------------

810700300

TO BE ADDED TO AND BECOME A PART OF:

FINANCIAL DISCLOSURE OF CONGRESSMAN CHARLES G. ROSE, III
FOR CALENDAR YEAR OF 1980

I. INCOME:

Feb. 7	Honorarium	National Independent Meat Packers Ass'n	1,000.00
Apr. 9	"	Scientific Time Sharing	750.00
May 19	"	Nat'l Cable TV Ass'n	1,000.00
June 16	"	Control Data Corp	1,000.00
Aug 12	"	Atlanta Cable Club/ Scientific Atlanta/ South Media	1,000.00
Sept 9	"	Distilled Spirits Council	1,000.00
Oct 24	"	Maryland-Delaware Cable TV	600.00
Dec 4	"	Farmland Industries	1,000.00
Dec 11	"	California Community TV Assn	1,000.00

II. GIFTS AND REIMBURSEMENTS:

C. Reimbursements aggregating \$250 or more:

<u>Source</u>	<u>Brief Description</u>
California Community TV	Air fare - lodging - meals
Farmland Industries	Air fare - lodging
Distilled Spirits Council	Air fare- lodging meals
Control Data Corp	Air fare - lodging meals
National Cable TV	Air fare lodging
YMCA Southeast Region	Air fare lodging
National Independent	Air fare lodging
National Symposium on Electronic Marketing of Agricultural Commodities	Air fare- lodging meals

J 1 3 / 3 0 3 3 0 2

Page #2

FINANCIAL DISCLOSURE OF CONGRESSMAN CHARLES G. ROSE, III
for Calendar year 1980

IV. LIABILITIES:

<u>Identify</u>	<u>Category</u>
Unitd Carolina Bank	C
First Union	C

RECEIVED

82070030989

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

FORM 278

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1961

FORM A—For use by Members, officers, and employees

CHARLES G. ROSE, III
2435 RAYBURN BUILDING
WASHINGTON, D.C. 20515

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES
JAN 11 1962

Check the appropriate box and fill in the blanks.

Member of the U.S. House of Representatives—District 7, State DC

Check if amended Statement.

Officer or Employee—Employing Office HOUSE OF REPRESENTATIVES

Note: Please read instructions carefully. Sign this form on the reverse side. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. Complete all parts. (If None, so indicate.) Please type or print clearly.

I. INCOME

A. The source, type, and amount of income (including honoraria and date received) aggregating \$200 or more in value received from any source during calendar year 1961. Exclude income from current U.S. Government employment. Do not include here income reported in part I-B below.

Table with columns: SOURCE, TYPE, AMOUNT. Row 1: SEE ATTACHED

B. The source, type, and category of value of income from dividends, interest, rent, and capital gains received from any source during calendar year 1961 which exceeds \$100 in value. Note: For this part only, indicate Category of Value, as follows: Category A—not more than \$1,000; B—\$1,001-\$5,000; C—\$5,001-\$25,000; D—\$25,001-\$50,000; E—\$50,001-\$100,000; F—\$100,001-\$500,000; G—over \$500,000.

Table with columns: SOURCE, TYPE, CATEGORY. Row 1: NONE

II. GIFTS AND REIMBURSEMENTS

A. The source and a brief description of gifts of transportation, lodging, food, or entertainment aggregating \$250 or more in value received from any source during calendar year 1961.

Table with columns: SOURCE, BRIEF DESCRIPTION, VALUE. Row 1: NONE

B. The source, a brief description, and value of all other gifts aggregating \$100 or more in value received from any source during calendar year 1961.

Table with columns: SOURCE, BRIEF DESCRIPTION, VALUE. Row 1: NONE

C. The source and a brief description of reimbursements aggregating \$250 or more in value received from any source during calendar year 1961.

Table with columns: SOURCE, BRIEF DESCRIPTION, VALUE. Row 1: SEE ATTACHED

8 2 0 / 0 0 3 9 9 0

NOTE: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A—not more than \$5,000; B—\$5,001-\$10,000; C—\$10,001-\$25,000; D—\$25,001-\$50,000; E—\$50,001-\$100,000; F—\$100,001-\$250,000; G—over \$250,000.

III. HOLDINGS

The identity and category of value of any interest in property held during calendar year 1981 if NONE, or for investment or the production of income, which had a fair market value exceeding \$1,000 as of the end of the year.

IDENTITY	NONE	CATEGORY

IV. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeded \$10,000 at any time during calendar year 1981.

IDENTITY	SEE ATTACHED	CATEGORY

V. TRANSACTIONS

A brief description, the date, and category of value of any purchase, sale, or exchange during calendar year 1981 which exceeded \$1,000 in real property, or in stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	NONE	DATE	CATEGORY

VI. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.

POSITION	NONE	NAME OF ORGANIZATION

VII. AGREEMENTS

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT

VIII. ADDITIONAL INFORMATION

- A. Are you aware of any interests in property or liabilities of a spouse or dependent child or property transactions by a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES NO
- B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other exempt trust? (See Instructions) YES NO

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions, (5 U.S.C. § 706 and 18 U.S.C. § 1001).

Charles F. Jones 11 May 82

8 2 0 0 1 1 9 9 1

TO BE ADDED TO AND BECOME A PART OF FINANCIAL DISCLOSURE OF
CONGRESSMAN CHARLES G. ROSE, III FOR CALENDAR YEAR 1981

I. INCOME

A.

5 February	Texas Cable TV	\$1,000.00
1	Mitre Corp	750.00
3 April	National Peanut Council	1,000.00
17	Society for Private and Commercial Earth Stations	500.00
29 July	N. C. Association of Educators	250.00
14 August	Gulf Oil	1,000.00
9 November	University of N. C.	500.00
4 November	International Systems	600.00
		<u>\$5,600.00</u>

II.

REIMBURSEMENTS

5 February	Texas Cable TV	Air Fare - hotel
25 April	University of California	Air Fare -lodging - meal
14 August	Gulf Oil	Air fare
2 November	N. C. Medical Society	Air Far - hotel

IV.

LIABILITIES

<u>Identify</u>	<u>Category</u>
Southern National Bank and Trust	C
Planters Bank & Trust	C

IV. TRANSACTIONS

1979
 Cong. Charles G. Ross, III

GENERAL GUIDELINES:

A brief description, the date, and category of value of any PURCHASE, SALE, OR EXCHANGE during calendar year 1985, which exceeds \$1,000 in real property, stocks, bonds, commodities futures, or other forms of securities. The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is NOT related to any CAPITAL GAIN OR LOSS on the transaction. INDICATE WHETHER THE PROPERTY WAS PURCHASED, SOLD, OR EXCHANGED.

EXCLUSIONS: Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children.

NOTE: A computer printout may be attached to this form if it contains the information requested.

For more information, see detailed instruction booklet at page 10

BRIEF DESCRIPTION	DATE	CATEGORY

V. LIABILITIES

GENERAL GUIDELINES:

All personal obligations aggregating over \$10,000 owed to one creditor AT ANY TIME during 1985, whether secured or not, and regardless of the repayment terms or interest rates, MUST be listed. The identity of the liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed.

EXCLUSIONS: Any mortgage secured by the PERSONAL RESIDENCE of the reporting individual or spouse (including a second residence or vacation home) that is NOT held for the PRODUCTION OF INCOME, any loan secured by a PERSONAL MOTOR VEHICLE, or household furniture or appliances, provided such loan does not exceed the purchase price of the item, and any liability owed to a relative.

For more information, see detailed instruction booklet at page 10

IDENTITY	CATEGORY
Waccamaw Bank *	
Waccamaw Bank *	
* Two separate branches located in two separate cities; combined liability listed.	B

VI. GIFTS

GENERAL GUIDELINES:

The term "gift" means a payment, advance, forbearance, rendering, or deposit of money, or any thing of value, unless consideration of equal or greater value is received by the donor.

EXCLUSIONS: Gifts from relatives, and gifts of personal hospitality of an individual, and political campaign contributions need not be reported. Gifts with a value of \$25 or less need not be aggregated towards the \$100 or \$250 disclosure threshold.

HOUSE RULE XLIII, clause 4, prohibits acceptance of gifts aggregating \$100 or more in value from any source having a "direct interest in legislation" before the Congress, or from a foreign national. Thus, this disclosure requirement applies primarily to gifts from personal friends, constituents, and other individuals or groups that do not have a "direct interest in legislation".

For more information, see detailed instruction booklet at page 11

A. The source and a brief description of gifts of transportation, lodging, food, or entertainment aggregating \$250 or more in value received from any source during calendar year 1985.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of all other gifts aggregating \$100 or more in value received from any source during calendar year 1985.

SOURCE	BRIEF DESCRIPTION	VALUE

Amendment to Financial Disclosure
IV. TRANSACTIONS 1985
 Cong. Charles C. Rose, III

GENERAL GUIDELINES:

A brief description, the date, and category of value of any PURCHASE, SALE, OR EXCHANGE during calendar year 1985, which exceeds \$1,000 in real property, stocks, bonds, commodities futures, or other forms of securities. The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is NOT related to any CAPITAL GAIN or LOSS on the transaction. INDICATE WHETHER THE PROPERTY WAS PURCHASED, SOLD, OR EXCHANGED.

EXCLUSIONS: Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children.

NOTE: A computer printout may be attached to this form if it contains the information requested.

For more information, see detailed instruction booklet at page 10.

BRIEF DESCRIPTION	DATE	CATEGORY

V. LIABILITIES

GENERAL GUIDELINES:

All personal obligations aggregating over \$10,000 owed to one creditor AT ANY TIME during 1985, whether secured or not, and regardless of the repayment terms or interest rates, MUST be listed. The identity of the liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed.

EXCLUSIONS: Any mortgage secured by the PERSONAL RESIDENCE of the reporting individual or spouse (including a second residence or vacation home) that is NOT held for the PRODUCTION OF INCOME; any loan secured by a PERSONAL MOTOR VEHICLE, or household furniture or appliances, provided such loan does not exceed the purchase price of the item, and any liability owed to a relative.

For more information, see detailed instruction booklet at page 10.

IDENTITY	CATEGORY
(Delete reference to First Union and replace with the following entry):	
First Citizens Bank	C
Southern National Bank	C
Sergeant At Arms Salary Advance, National Bank of Washington	B

VI. GIFTS

GENERAL GUIDELINES:

The term "gift" means a payment, advance, subsistence, rendering, or deposit of money, or any thing of value, unless consideration of equal or greater value is received by the donor.

EXCLUSIONS: Gifts from relatives, and gifts of personal hospitality of an individual, and political campaign contributions need not be reported. Gifts with a value of \$15 or less need not be aggregated towards the \$100 or \$250 disclosure threshold.

HOUSE RULE XLIII, clause 4, prohibits acceptance of gifts aggregating \$100 or more in value from any source having a "direct interest in legislation" before the Congress, or from a foreign national. Thus, this disclosure requirement applies primarily to gifts from personal friends, constituents, and other individuals or groups that do not have a "direct interest in legislation."

For more information, see detailed instructions booklet at page 11.

A. The source and a brief description of gifts of transportation, lodging, food, or entertainment aggregating \$50 or more in value received from any source during calendar year 1985.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of all other gifts aggregating \$100 or more in value received from any source during calendar year 1985.

SOURCE	BRIEF DESCRIPTION	VALUE

IV. TRANSACTIONS

Cong. Charles P. Ross, III

GENERAL GUIDELINES:

A brief description, the date, and category of value of any PURCHASE, SALE, OR EXCHANGE during calendar year 1985, which exceeds \$1,000 in real property, stocks, bonds, commodities futures, or other forms of securities. The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is NOT related to any CAPITAL GAIN or LOSS on the transaction. INDICATE WHETHER THE PROPERTY WAS PURCHASED, SOLD, OR EXCHANGED.

EXCLUSIONS: Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children

NOTE: A computer printout may be attached to this form if it contains the information requested.

For more information, see detailed instruction booklet at page 10

BRIEF DESCRIPTION	DATE	CATEGORY

V. LIABILITIES

GENERAL GUIDELINES:

All personal obligations aggregating over \$10,000 owed to one creditor AT ANY TIME during 1985, whether secured or not, and regardless of the repayment terms or interest rates, MUST be listed. The identity of the liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed

EXCLUSIONS: Any mortgage secured by the PERSONAL RESIDENCE of the reporting individual or spouse (including a second residence or vacation home) that is NOT held for the PRODUCTION OF INCOME; any loan secured by a PERSONAL MOTOR VEHICLE, or household furniture or appliances, provided such loan does not exceed the purchase price of the item, and any liability owed to a relative.

For more information, see detailed instruction booklet at page 11

IDENTITY	CATEGORY
Wachovia	B

VI. GIFTS

GENERAL GUIDELINES:

The term "gift" means a payment, advance, forbearance, rendering, or deposit of money, or any thing of value, unless consideration of equal or greater value is received by the donor.

EXCLUSIONS: Gifts from relatives, and gifts of personal hospitality of an individual, and political campaign contributions need not be reported. Gifts with a value of \$25 or less need not be aggregated towards the \$100 or \$250 disclosure threshold.

HOUSE RULE XI.111, clause 4, prohibits acceptance of gifts aggregating \$100 or more in value from any source having a "direct interest in legislation" before the Congress, or from a foreign national. Thus, this disclosure requirement applies primarily to gifts from personal friends, constituents, and other individuals or groups that do not have a "direct interest in legislation".

For more information, see detailed instruction booklet at page 11

A. The source and a brief description of gifts of transportation, lodging, food, or entertainment aggregating \$250 or more in value received from any source during calendar year 1985.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of all other gifts aggregating \$100 or more in value received from any source during calendar year 1985.

SOURCE	BRIEF DESCRIPTION	VALUE

IV. TRANSACTIONS **DATE**
Cong. Charles F. Rose, III

GENERAL GUIDELINES:

A brief description, the date, and category of value of any PURCHASE, SALE, OR EXCHANGE during calendar year 1985, which exceeds \$1,000 in real property, stocks, bonds, commodities futures, or other forms of securities. The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is NOT related to any CAPITAL GAIN or LOSS on the transaction. INDICATE WHETHER THE PROPERTY WAS PURCHASED, SOLD, OR EXCHANGED.

EXCLUSIONS: Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children.

NOTE: A computer printout may be attached to this form if it contains the information requested.

For more information, see detailed instruction booklet at page 10

BRIEF DESCRIPTION	DATE	CATEGORY

V. LIABILITIES

GENERAL GUIDELINES:

All personal obligations aggregating over \$10,000 owed to one creditor AT ANY TIME during 1985, whether secured or not, and regardless of the repayment terms or interest rates, MUST be listed. The identity of the liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed.

EXCLUSIONS: Any mortgage secured by the PERSONAL RESIDENCE of the reporting individual or spouse (including a second residence or vacation home) that is NOT held for the PRODUCTION OF INCOME, any loan secured by a PERSONAL MOTOR VEHICLE, or household furniture or appliances, provided such loan does not exceed the purchase price of the item, and any liability owed to a relative

For more information, see detailed instruction booklet at page 10

IDENTITY (The combined sum of the following two items necessitates the following reporting)	CATEGORY
Wright Patman Federal Congressional Credit Union-line of Credit	A
Wright Patman Federal Congressional Credit Union-Loan	

VI. GIFTS

GENERAL GUIDELINES:

The term "gift" means a payment, advance, forbearance, rendering, or deposit of money, or any thing of value, unless consideration of equal or greater value is received by the donor.

EXCLUSIONS: Gifts from relatives, and gifts of personal hospitality of an individual, and political campaign contributions need not be reported. Gifts with a value of \$35 or less need not be aggregated towards the \$100 or \$250 disclosure threshold

HOUSE RULE XLIII, clause 4, prohibits acceptance of gifts aggregating \$100 or more in value from any source having a "direct interest in legislation" before the Congress, or from a foreign national. Thus, this disclosure requirement applies primarily to gifts from personal friends, constituents, and other individuals or groups that do not have a "direct interest in legislation".

For more information, see detailed instruction booklet at page 11

a. The source and a brief description of gifts of transportation, lodging, food, or entertainment aggregating \$250 or more in value received from any source during calendar year 1985.

SOURCE	BRIEF DESCRIPTION

b. The source, a brief description, and value of all other gifts aggregating \$100 or more in value received from any source during calendar year 1985.

SOURCE	BRIEF DESCRIPTION	VALUE

APPENDIX D

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

IN THE MATTER OF REPRESENTATIVE CHARLES G. ROSE, III, RESPONDENT

COMMITTEE COUNSEL'S REPLY BRIEF TO ANSWER OF RESPONDENT
TO STATEMENT OF ALLEGED VIOLATIONS

I. COUNT ONE

Count One charges Representative Rose with borrowing his campaign on eight separate occasions in violation of Rule XLIII, clause 6, which states:

A Member of the House of Representatives shall keep his campaign funds separate from his personal funds. He shall convert no campaign funds to personal use in excess of reimbursement for legitimate and verifiable prior campaign expenditures and he shall expend no funds from his campaign account not attributable to bona fide campaign purposes.

The respondent denies that he borrowed from his campaign on these eight occasions, asserting that he was merely being repaid for loans to his campaign in 1972. Committee staff refutes his explanation and asserts that there is clear and convincing evidence of the allegations in Count One.

A. 1972 Seed Money.

The respondent relies on 1972 filings with the Secretary of State of North Carolina under the North Carolina Corrupt Practices Act as proof that he and his father actually loaned money to the campaign in 1972. (Exhibit 1.) These filings do reflect "contributions" made by the respondent and his father which shall be referred to hereinafter as the "seed money". The respondent stated that his father actually was responsible for the entire \$45,900 in contributions during his 1972 campaign even

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JAN 23 1973
11:45 AM

though the North Carolina campaign reports indicate that Representative Rose himself contributed \$9,500 of this amount and the campaign itself borrowed \$20,000.¹

The assertion that 1972 filings with the Secretary of State of North Carolina, showing "contributions" by the congressman and his father, evidence that money was indeed "loaned" to the campaign is not entirely accurate. The respondent is correct, in that, according to the statute, "loans" were to be reported as "contributions." However, gifts or donations were also reported as contributions. The state reports filed by Representative Rose's campaign in no way distinguish which contributions were intended as gifts or donations and which were intended as loans. Thus, the reporting of the money as a "contribution" serves only to raise the possibility that they may have been loans. Likewise, the reports equally raise the possibility that the money may have been donated to the campaign.

The view that the contributions from Representative Rose and his father were intended to be donations at the time they were made, is supported by Federal Election Campaign Act (FECA) reports from 1978-1986. (Exhibit 2.) These reports characterize the disbursements to the respondent from his campaign as loans. There is no documentation that the respondent intended to receive repayment for any campaign contributions made by him or his father, such as a written loan agreement with the campaign.

¹Campaign law at that time did not limit the amount of contribution a family member could make.

The FECA reports filed by the respondent with the Clerk of the House also fail to substantiate \$45,900 in loans to the campaign by the congressman. Unlike the state filings, the federal forms specifically provided that loans to the campaign should be reported on a separate schedule. This was the respondent's opportunity to clearly identify all contributions which were intended to be loans. These reports also do not evidence that the congressman loaned \$45,900 to his campaign in 1972. The loan schedules for the 1972 FECA filings indicate two loans--one on May 23, 1972, in the amount of \$20,000 from First Citizens Bank, and another on May 5, 1972, for \$5,150 from Charles G. Rose, Jr., the congressman's father. (Exhibit 3.) Again, these reports, on their face, do not substantiate the respondent's claim of \$45,900 in loans to his campaign, nor do they entitle the respondent to withdraw money from his campaign as repayments. These filings show \$20,000 owed to a bank and \$5,150 to the respondent's father.

Respondent argues that one additional loan of \$8,750 by the congressman's father is reflected in the FECA filings. The amount is said to have been included in the cash-on-hand balance of \$14,428.12. (Exhibit 4.) An \$8,750 contribution on April 7, 1972, was reported in the North Carolina state filing. As explained, instructions for the FECA filing require the reporting on separate schedules of every contribution made on or after April 7, 1972. If the \$8,750 was a loan received on April 7, 1972, it should have been reported on the separate loan schedule. Thus, the document does not support the conclusion

that \$8,750 received on April 7, 1972, was included in cash-on-hand. Respondent has submitted no working papers or other documentary evidence to support the conclusion that the \$8,750 was included in that balance, only his own assertion. Since the amount does not appear on any loan schedule as required by the instructions, the only inference to be drawn from the FECA reports is that the \$8,750 was not intended to be a loan.

B. Contract Privity.

The respondent asserts that a private agreement between him and his father created his entitlement to the \$50,000 repayment from the campaign. Essentially, the agreement was that for every dollar put into the campaign by his father, he, the congressman, would personally reimburse his father. Thus, the campaign would then reimburse the respondent \$45,900 instead of his father. Interest from 1972 to 1973 brought the total to \$50,000. Only sworn testimony of the congressman and his father attest to this.² No written document exists between father and son of any agreement regarding repayment of loans.

This approach totally ignores any concept of privity of contract. Even if the respondent entered into an oral contract with his father to repay him the money he contributed to the campaign, this would not bind the campaign to reimburse the respondent. It would simply represent a private agreement

²During a deposition, Mr. Rose, Jr., the congressman's father, acknowledged that his affidavits, as well as his responses to written questions, were prepared by his son and he merely signed them. Further, he acknowledged contributions of only \$36,000 in 1972.

between father and son. There is no evidence of any contract or agreement with the campaign to reimburse the respondent for money he agreed to pay his father.

While Committee counsel realizes that loans between parent and child are often based on mutual understandings and may not require a writing, this does not explain the failure of the campaign to have written documentation of an agreement between it and its creditors. There is no written agreement between the campaign and the father attesting to the fact that all contributions from him were loans and should be repaid to his son, nor is there any written agreement between the respondent and the campaign in which the campaign agreed to reimburse the congressman for the money he repaid his father.

C. November 1973 Consolidation/Marker.

Representative Rose has presented this Committee with a complicated explanation of transactions between himself and his father. They begin with a November 1973 loan obtained by Charles G. Rose, Jr., the congressman's father, which "consolidated" or served as a marker for the 1972 seed money loans. (Exhibit 5.) In fact, however, the \$20,000 First Citizen's Bank note was not consolidated or retired by this loan. Bank records indicate that the note was not retired until 1976. (Exhibit 5.)

Committee counsel rejects the congressman's assertions that a November 1973, loan obtained by Mr. Rose, Jr. was loaned to the campaign for consolidation of campaign debt stemming from the 1972 race. By affidavit of April 23, 1987, Representative Rose asserts:

Because of the difficulty in making payments on the loans from the 1972 race as they were due, I sought help from my father, Charles G. Rose, Jr., in consolidating these loans. In my recollection I caused to be executed a \$50,000 note on November 21, 1973 to consolidate all outstanding 1972 campaign debts. I assumed financial responsibility for the repayment of this debt until such time as the Committee was financially and politically able to repay me when I would cause it to do so. (Exhibit 6.)

In fact, this money was never deposited into the campaign account and checks written to campaign creditors. Committee counsel asserts that while there is evidence that Mr. Rose, Jr. borrowed \$50,000 in November 1973, there is little tangible proof this loan had anything to do with the congressman's 1972 campaign.

Respondent asserts that Mr. Rose, Jr., his father, kept the \$50,000 he borrowed from First Citizen's Bank in 1973, to pay himself back for money he loaned to the campaign in 1972. In other words, he borrowed money to retire the campaign's debt to him. The testimony of the congressman's own father was that he did not believe the November 1973 \$50,000 was used to pay him. In the words of the respondent's father--

- A. . . . I don't believe any of that \$50,000 [November, 1973] was paid to me to repay me for the \$16,400 or the 36,400 debt of the '72 campaign. Now, I'm honest about that. That wouldn't make sense.
- Q. I understand, because you would have had to go out and borrow money to pay yourself.
- A. That doesn't make sense. (Exhibit 7, Deposition of Charles G. Rose, Jr., pp. 52, 53.)

Mr. Rose, Jr. testified that he gave the \$50,000 to his son for the campaign. (Exhibit 7, Deposition of Charles G. Rose, Jr., pp. 19-20.)

FECA reports do not reflect a deposit of \$50,000 into the campaign at this time. Since Mr. Rose, Jr. does not believe he kept any of the proceeds of the November 1973 loan to pay himself, then, the money must have added to the amount his son owed him for campaign related loans. He testified during his deposition that, in fact, this \$50,000 added to the \$36,400 he had loaned the campaign in 1972, for a new total of \$86,400. (Exhibit 7, Deposition of Charles G. Rose, Jr., pp. 24-25.) This testimony was at variance with previous affidavits submitted by Mr. Rose, Jr. The respondent's father was confronted with the following statement from his affidavit dated September 14, 1987:

3. To the best of my recollection, by 1973 my son owed a total of \$50,000 in principal and interest to me and various financial institutions from his 1972 congressional race. Because of difficulties in record keeping and variances in payment schedules, in November 1973, my son's debt from the 1972 campaign loans was moved to one place by my obtaining a \$50,000 loan from First Citizens Bank and Trust Company.

4. A \$50,000 loan from First Citizens was not turned over to the campaign but, rather, to the best of my recollection was used to pay the various financial institutions that were in November 1973 carrying the 1972 campaign loans made by my son and me to his campaign. I am unable to recall with precision the payees who may have received proceeds or the dates and amounts thereof. (Exhibit 8.)

The congressman's father acknowledged that this statement was incorrect and that he had not prepared the affidavit; his son had. (Exhibit 7, Deposition of Charles G. Rose, Jr., pp. 28-29.)

D. January 1975 Repayment.

The next step in Representative Rose's explanation is that he repaid his father for the 1973 consolidation in January 1975. At that time he obtained a loan for \$50,000 from North Carolina National Bank (NCNB) in Fayetteville, North Carolina. (Exhibit 9). The proceeds of this loan were used to pay off his father. As evidence of this payment, Representative Rose produced a copy of the front of the nonnegotiable portion of a NCNB bank draft to him. There is no proof this loan was used for the purpose described. Respondent does not recall whether he deposited the check in his personal account and wrote his father a personal check, or whether he endorsed the check directly to his father; nor does Mr. Rose, Jr. recall the disposition of the funds. Neither man recalls how the repayment took place, only that it did. Again, based on nonspecific representation without proof, the respondent asks the Committee to believe he is entitled to withdraw \$50,000 from his campaign.

The certified public accounting firm of Laventhol and Horwath, has been able to trace earlier bank loans of the congressman. Their analysis strongly suggests that the January 1975 \$50,000 could have been used to pay other bank notes owed by the congressman. (Exhibit 10.) To date the congressman is still paying off that January 1975 \$50,000 debt. He has refinanced this note many, many times with his father, the recipient of the proceeds of the original note, serving as the guarantor on some of these subsequent notes. (See, Laventhol and Horwath report, Exhibit 10.) In fact, Mr. Rose, Jr. was the guarantor on the

original January 1975 \$50,000 note which Congressman Rose says was to repay his father.

In the alternative, respondent asserts that, even if he did not repay his father for the money he allegedly loaned to the campaign in 1972, he (respondent) would still be entitled to withdraw \$50,000 from his campaign. As support for this conclusion, the respondent cites that his father could make an unlimited gift to him under the rules of the House and the FECA. The gift would be forgiveness of the debt owed from the 1972 campaign.

Committee counsel refutes this argument on the basis that it is illogical. The only basis the respondent has for asserting that he is entitled to withdraw funds from his campaign is that he repaid his father the money owed to him by the campaign. In other words, the campaign would reimburse him for reimbursing his father. If the respondent never repaid his father, then the campaign is not obligated to reimburse the respondent. Any other interpretation flies in the face of fairness and equity and, at the very least, is unjust enrichment. Under these circumstances, the expenditure clearly would not have been for a bona fide campaign purpose and, therefore, violates House Rule XLIII, clause 6.

E. Amendments.

Respondent has not adequately addressed the FECA filings that for eight years reported the disbursements to him as "loans" and his deposits back to the campaign as "repayment of loans". Committee counsel asserts there is insufficient evidence to

substantiate the validity of the transactions as changed. Mr. Alton Buck, certified public accountant and campaign treasurer, says that, when recently presented with the 1972 North Carolina Secretary of State reports evidencing contributions of \$45,900, the ledger card at First Citizens indicating a \$50,000 loan to Mr. Rose, Jr. in November 1973, and the statement of Mr. I. B. Julian that the loan was for campaign debts, he was convinced there was sufficient evidence to amend the FECA reports. However, as explained above, none of these factors are sound evidence. The 1972 reports do not positively establish the money was loaned to the campaign, and the November 1973 ledger card does not prove the money was used to consolidate campaign debt. During deposition, Mr. Buck acknowledged he had no independent knowledge that the 1973 loan actually went to the campaign. Neither did he know beyond general talk in "bull sessions" in North Carolina whether the 1972 seed money was loaned or donated to the campaign. (Exhibit 11, Deposition of Alton Buck, pp. 26, 28, 30.)

Mr. Buck, the preparer and signatory on the reports, has submitted an affidavit stating he was unaware of the avenue of getting advice from the Federal Election Commission and, therefore, mistakenly characterized the disbursements to, and repayments from Representative Rose on FECA reports. However, on two separate occasions, he did communicate, in writing, to the Clerk of the House regarding proper filing procedures. Each time he characterized the disbursements as loans to the congressman.

In a letter to the Clerk of the House of Representatives dated May 18, 1982, Mr. Buck wrote:

In response to your letter of May 13, 1982 to Mr. Rand concerning the April 15 report of receipts and disbursements, and more particularly, items that should be included on Line 13a of the report, your letter indicates that you are under the impression that the committee has borrowed money during this reporting period. This is not the case. The line-by-line instructions for FEC Form 3 directs that loans made to the committee during the reporting period are to be reported on this line. There were no loans made to the committee during this period.

The candidate did receive a loan from the committee during this period and this has been reported in the disbursement section, i.e., Line 17 "Operating Expenditures". We were instructed by FEC personnel to report this loan expenditure on Line 17. (Exhibit 12; emphasis supplied.)

Again, in June of 1984, by letter to the Clerk of the House, Mr. Buck confirmed that the disbursements from the campaign were loans to the congressman:

Although all of the information relevant to Mr. Rose's loan was disclosed in our pre-primary report, we failed to list the information again on supporting Schedule C. Page 2 of 2, Schedule C has been amended and is enclosed for your records. (Exhibit 13; emphasis supplied.)

The Schedule C attachment has the word "loans" at the top of the page. Identified on Schedule C as the loan recipient is Representative Rose. The dates shown correspond to the dates the respondent received disbursements from his campaign.

One additional letter to the Clerk of the House dated as recently as January 21, 1986, and signed by Cindy Bennett, a

bookkeeper for Mr. Buck, again does not support the respondent's position. It reads:

Enclosed are amended pages to the July 31, 1985 Mid-Year Report. After a telephone conversation today with Mr. Stuart Herscheld, Reports Analyst, we were informed that loans repaid by the Congressman should be reported on Line 14 - "Offset to Operating Expenditures" rather than Line 15 - "Other Receipts".

We have included all amended pages to the report applicable to this amendment for your records. (Exhibit 14; emphasis supplied.)

On at least three occasions between 1978 and 1986, Mr. Buck could have corrected the record to reflect that the disbursements were not loans. Instead, he reiterated the fact that they were indeed loans to the congressman and repayments to the campaign. These letters do not attempt to explain that he did not know how else to characterize these disbursements, or that he was unfamiliar with getting advice.

Finally, Committee counsel has copies of actual disbursement checks to Representative Rose signed on behalf of the campaign by Mr. Buck. (Exhibit 15.) The checks bear the notation "loan" in the left hand corner. Respondent's checks to the campaign, signed by his wife, for \$5,000 on September 29, 1984, and \$11,895 in September 1986, say "repayment of loan." In addition, the ledger portion of the campaign check stubs characterize the payments by the respondent to the campaign as repayment of loans. (Exhibit 16.)

The promissory note executed in April 1987, after much media attention and controversy surrounding the issue arose, is not

sufficient evidence of a transaction alleged to have taken place fifteen years earlier. Again, no documents exist, which were created contemporaneously with the transactions, that evidence loans to the respondent's campaign of \$45,900.

F. Respondent converted campaign funds to personal use and expended campaign funds for other than bona fide campaign purposes.

There is no evidence that any funds withdrawn by the respondent were put to bona fide campaign purposes. In fact, in two specific instances, Committee counsel can establish that the funds were used for personal purposes.

Committee counsel is satisfied that Representative Rose used funds from his campaign to purchase property in New Hanover County, North Carolina, and to purchase an automobile.

On September 15, 1983, Representative Rose's joint account with his wife was credited with \$18,000 according to a Statement of Account from Wright Patman Congressional Federal Credit Union for that time period. (Exhibit 17.) Records from Southern National Bank in Fayetteville indicate that on September 20, 1983, the Member's campaign account was debited for \$18,000. (Exhibit 17.) Finally, on September 23, 1983, check number 1441 for \$15,000 cleared the Rose account completing the transaction. (Exhibit 18.) Check number #1441 indicates that it was written on July 27, 1983, to Gleason Allen, the trustee of the property, as a down payment. The back of the check reveals that it apparently was held until September 21 when it was deposited into the realty company's account. Thus, the sequence of events was as follows: Representative Rose wrote a check for

the property in July. In mid-September, the campaign loaned the congressman \$18,000. He deposited the money into his Credit Union account. The check which had been held since July was deposited into the realty company's account. It is clear the money from the campaign was used to purchase the property.

The respondent has stated that the money came from his wife's Credit Union account. This statement is accurate but misleading. The original source of the funds was the campaign account.

Similarly, Committee counsel has traced the source of the funds for the purchase of an automobile to the Member's campaign. The campaign check to Representative Rose is dated August 19, 1985. (Exhibit 19.) The notation on the bottom left corner of the check says "loan". The check is endorsed by the congressman's wife and deposited into the Credit Union account. On August 21, 1985, the congressman wrote check number 2080 for \$9,600 to Michael Gavlak for a 1984 Jeep Station Wagon. (Exhibit 20.)

G. Summary of Count One.

Representative Rose has relied on three key transactions to establish that he is entitled to payments from his campaign. To summarize, Committee counsel lists these three transactions and the weaknesses in each:

1972 Seed Money

- ° North Carolina filings do not prove these were loans.
- ° No loan agreements, promissory notes or IOU's executed at the time, exist to substantiate that the respondent expected repayment.

- FECA reports do not prove \$45,900 in loans by the congressman.

1973 Debt Consolidation

- No proof the loan is related to the 1972 campaign.
- Seed money notes were not retired.
- Mr. Rose, Jr. testified that this transaction was not related to 1972 campaign.

1975 Repayment to Father

- No proof the January, 1975 \$50,000 bank loan of the Member was paid to his father.

In addition, the respondent relies heavily on documents recently created to reconstruct events of fifteen years ago in the case of the promissory note, and up to ten years ago in the case of the FECA amendments. The weaknesses in these areas, plus other controverting evidence, including the letters of Mr. Buck to the Clerk of the House confirming the campaign payments to the congressman as loans, the 1978-1986 FECA reports as originally filed, the campaign checks to the respondent with the notation "loan", the respondent's checks paid to the campaign with the notation "repayment of loan", and the Member's own financial position versus that of his campaign, create clear and convincing evidence that the eight disbursements to Representative Rose from his campaign between 1978 and 1985 constituted borrowings. Even if this Committee believes that Representative Rose is owed \$50,000 by his campaign, the most reasonable interpretation of the evidence is that his state of mind at the time he received the disbursements was that they were loans. It follows then, that the most reasonable interpretation of the deposits back to

the campaign is that they were intended at the time they were made to be repayments of the loans. The amendments appear to be a reconstruction after the fact.

II. COUNT TWO

Count Two charges the respondent with violating House Rule XLIII, clause 6. The allegation is that on March 26, 1985, he converted a campaign certificate of deposit to personal use by pledging it as collateral on a personal loan. The respondent denies this allegation, asserting that the assignment was invalid. Committee counsel refutes this and asserts it has clear and convincing evidence of the allegation in Count Two.

The respondent's defense is that a valid assignment never occurred because the only lawful signatory for the campaign was Mr. Alton Buck, the campaign treasurer. Contrary to this position, however, the assignment was accepted by the bank as collateral. (No subsequent alternative collateral was required.) Further, on March 22, 1985, four days prior to the date of the assignment by the respondent, Mr. Buck signed a letter to Southern National Bank which stated:

In regard to the use of the Committee for Congressman Charlie Rose's Certificate of Deposit with Southern National Bank as collateral for his loan, this would be permissible [sic]. Since Congressman Rose was elected to Congress prior to 1980, he may use any campaign funds he has raised in any manner in which he sees fit. He, of course, would have to pay income tax if he makes personal use of the funds other than to carry out the objectives of the election committee.

I hope this answers your question -- if not, please do not hesitate to call. (Exhibit 21.)

Clearly, this letter to the bank indicated knowledge of and consent to the use of the certificate of deposit in this manner. After receiving the letter from the treasurer, the bank then had the respondent endorse the assignment.

The document signed by the respondent read:

The undersigned warrant(s) and represent(s) that the above described savings account(s) instrument(s) is (are) owned solely by undersigned and is (are) free and clear of all liens and encumbrances and the undersigned has (have) full power, right and authority to execute and deliver this assignment. (Exhibit 21; emphasis supplied.)

If Mr. Buck's letter did not confer on the respondent the authority to execute this document, then the congressman willfully and knowingly perpetrated a fraud on the bank by representing that he had authority to assign this account.

Even though counsel to the bank now represents that it believes the assignment was invalid, the bank obviously accepted it at the time. Again, no additional collateral was ever requested.

Respondent asserts that an effective assignment requires the party with ownership rights over property to make a transfer of these rights, that the certificate of deposit was property of the committee for Representative Rose, and that only the committee could make valid assignment. Committee counsel asserts Mr. Buck's letter constituted a transfer of those rights. This transfer was effected by the treasurer, the individual with the authority to do it.

The respondent's alternative argument is that the assignment, even if valid, was for a campaign loan, not a personal loan and, therefore, no violation occurred. The report from Laventhol and Horwath, however, refutes this assertion. (Exhibit 10.) The loan was traced back to previous loans which are clearly personal. Thus, since the loan was used to pay off some noncampaign debts, the transaction became personal.

In addition, this loan was never reported on any FECA reports as an obligation of the campaign. If the respondent's assertion is correct--that it was a campaign loan--then his FECA reports should reflect the loan obligation and any payments made on the loan. They do not.

III. COUNT THREE

This count is predicated on the Committee's adoption of count one. The respondent's loans from his campaign created indebtedness which should have been reported as liabilities on his Financial Disclosure Statements. The respondent denies this allegation based on his denial of the allegations in Count One. Committee counsel asserts that the evidence presented on Count One; the February 25, 1982, disbursement to Representative Rose of \$7,000 which put him over the threshold reporting limit; and the absence of these liabilities on the respondent's Financial Disclosure Statements, are clear and convincing evidence of the allegations in Count Three. Thus, his Financial Disclosure Statements for 1982, 1983, 1984, 1985, and 1986 contain the omissions. Representative Rose violated House Rule XLIV, clause 2, the Ethics in Government Act, which requires the listing of liabilities over \$10,000 on the Financial Disclosure Statement.

IV. COUNT FOUR

A. Waccamaw Bank; March 26, 1979, \$5,000, \$10,000.

Respondent has admitted this allegation and amended his Financial Disclosure Statements to reflect this liability. (Exhibit 22.)

B. First Citizens Bank; February 29, 1980, \$20,000.

Committee counsel does not dispute respondent's explanation that the liability was erroneously disclosed as First "Union" Bank. Committee counsel recommends this allegation be dismissed.

C. National Bank of Washington; June 2, 1980, \$10,496.

Committee counsel submits a copy of a cashier's check from National Bank of Washington in the amount of \$10,496.66 dated June 2, 1980. (Exhibit 23.) Respondent's explanation is that this represents a six-month salary advance from the Sergeant-at-Arms. Committee counsel refutes this by submitting statements from the respondent's Sergeant-at-Arms account which, for the following six months July through December, evidenced monthly salary deposits by the respondent. (Exhibit 24.) In addition, \$10,496.66 does not represent six times the Member's monthly salary. Thus, the \$10,496.66 could not have been an "advance" on salary. This constitutes clear and convincing evidence of this allegation.

D. Southern National Bank; August 1, 1980, \$20,000.

Respondent has admitted this allegation and amended his Financial Disclosure Statements to reflect this liability. (Exhibit 22.)

E. Wright Patman Congressional Federal Credit Union; February 7, 1981, \$13,000.

Respondent denies this allegation, even though Respondent's counsel provided this loan information to the Committee as part of a submission on July 21, 1987. (Exhibit 25.) Committee counsel has no other evidence of this liability.

F. Wachovia Bank; April 15, 1983, \$12,500.

Respondent has admitted this allegation and amended his Financial Disclosure Statements to reflect this liability. (Exhibit 22.)

G. Wright Patman Congressional Federal Credit Union; September 7, 1984, \$500; September 11, 1984, \$10,000.

Respondent denies this allegation and asserts that these amounts represent a line of credit and that he was unaware that these should be reported as a liability. Committee counsel submits a Statement of Account for the period July 1, 1984, to September 30, 1984, which reflects these amounts as "loans". (Exhibit 26.) The available loan limit (credit line) is shown as "0.00". Thus, evidence reflects the respondent, in fact, had loan liabilities in these amounts, not an unused line of credit. This constitutes clear and convincing evidence of this allegation.

V. CONCLUSION


The evidence presented in Counts One, Two, and Three meets the clear and convincing standard required to sustain each allegation. Committee counsel respectfully requests that this Committee vote that these counts have been proved.

Regarding Count Four, the respondent has admitted subparagraphs (a), (d), and (f). Committee counsel requests the Committee vote that these counts be sustained.

Committee counsel accepts respondent's explanation regarding the allegation in Count Four, subparagraph (b), and recommends this allegation be dismissed.

Further, on Count Four, Committee counsel has presented clear and convincing evidence on subparagraphs (c) and (g), and requests the Committee to vote that these allegations have been proved. The information on the liability in subparagraph (e) was supplied by the respondent, and Committee counsel has no independent proof; however, based on the respondent's own submission, Committee counsel recommends this allegation be sustained.

Respectfully submitted,


Elaine Hutchins-Taylor
Committee Counsel

December 7, 1987

EXHIBITS

1. 1972 filings of Charles G. Rose, III, with Secretary of State of North Carolina.
2. FECA reports for years 1978-1986.
3. FECA reports documenting \$20,000 loan of May 23, 1972, and \$5,150 loan of May 5, 1972.
4. Summary Report of FECA filing covering period April 7, 1972, thru April 14, 1972.
5. Records of First Citizens Bank & Trust Company documenting \$50,000 loan of November 21, 1973.
6. Affidavit of Charles G. Rose, III, dated April 23, 1987.
7. Excerpts from October 9, 1987, deposition of Charles G. Rose, Jr.
8. Affidavit of Charles G. Rose, Jr., dated September 14, 1987.
9. Records of North Carolina National Bank documenting \$50,000 loan of January 30, 1975.
10. Report of Laventhol and Horwath, certified public accounting firm.
11. Excerpts from October 9, 1987, deposition of Alton Buck.
12. Letter from Alton G. Buck to Clerk of U.S. House of Representatives dated May 18, 1982.
13. Letter from Alton G. Buck to Clerk of U.S. House of Representatives dated June 22, 1984.
14. Letter from Cindy Bennett to Clerk of U.S. House of Representatives dated January 21, 1986.
15. Disbursements checks to Congressman Charles Rose from campaign committee.
16. Checks from Representative Rose to campaign committee for repayment of loans.
17. Records from Wright Patman Congressional Federal Credit Union and Southern National Bank documenting \$18,000 loan of September 15, 1983.

18. Copy of check number 1441 for \$15,000 dated July 27, 1983 to Gleason Allen.
19. Copy of campaign check number 946 issued to Representative Rose for \$9,600.
20. Copy of check number 2080 from Representative Rose to Michael W. Gavlak for \$9,600 for 1984 Jeep Station Wagon.
21. Documentation of March 26, 1985, pledge of campaign certificate of deposit as collateral on a personal loan.
22. Amendments to Financial Disclosure Statements for years 1979, 1980, 1983, and 1984.
23. Records of National Bank of Washington documenting \$10,496 loan of June 2, 1980.
24. Statements from Office of Sergeant at Arms for period July-December, 1980.
25. Statement received from respondent's counsel regarding \$13,000 loan of February 7, 1981, from Wright Patman Congressional Federal Credit Union.
26. Statement from Wright Patman Congressional Federal Credit Union documenting \$500 loan of September 7, 1984, and \$10,000 loan of September 11, 1984.

APPENDICES

- A. Statement of Representative Charles Rose, III, before Committee on July 22, 1987.
- B. October 9, 1987, Deposition of Charles G. Rose, Jr.
- C. October 9, 1987, Deposition of Alton Buck.
- D. Statement of Representative Charles Rose, III, before Committee on November 5, 1987.

STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

GENERAL INSTRUCTIONS

1. Statements of Contributions and Expenditures must be filed with the Secretary of State by every candidate in any primary for federal, State or district office or for the State Senate in a district composed of more than one county except where there is a rotation agreement in effect. Such statements should be signed by the candidate and verified before an officer authorized to administer oaths.

2. Campaign committees covering more than one county in any primary, general or special election are required to file like statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.

3. The first statement is required 10 days before the election. The second statement is required within 30 days after the election.

(Detailed requirements of law are printed on back of this form.)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 22, Chapter 163, General Statutes of North Carolina by Charles G. Ryan, III
(Name of candidate or campaign committee)
in the Primary election for Congressman
(Primary, General or Special) (Office)

CONTRIBUTIONS			
Name of Contributor	Address	Date	Amount
Wayne Collier	Rt. 1, Linden, N.C.	1-25-72	20.00
Dr. S.L. Elmon	117 Stedman St., Fay., N.C.	2-29-72	25.00
Floyd Ammons	First Citizens Bldg Fay, N.C.	4-1-72	100.00
Ed David	1942 Forest Hill Dr., Fay, N.C.	4-1-72	250.00
W.G. Sullivan	Rt. 1, Winmahaus, N.C.	3-21-72	50.00
Sam Noble	211 By-Pass, Lumberton, N.C.	3-27-72	50.00
Earl's Jewelers	443 Elm St., Lumberton, N.C.	3-27-72	50.00
Bruce Cameron	2219 Blythe Rd., Wilmington, N.C.	3-31-72	100.00
Norman Suttles	Union St., Fay., N.C.	2-15-72	100.00
Bruce Riley	Fayetteville, N.C.	2-21-72	100.00
Mel Thompson	Box 1540, Fayetteville, N.C.	3-15-72	50.00
John P. Manos	Fayetteville, N.C.	3-15-72	75.00
Ira S. Meiselman	Fayetteville, N.C.	3-15-72	100.00
Ivan Popkin	Jacksonville, N.C.	4-3-72	500.00
H.G. Stiles	126 Northview, Fayetteville, N.C.	4-3-72	1500.00
John C. Pate	Box 1540, Fayetteville, N.C.	4-4-72	200.00
Norman Bellamy	Shalotte, N.C.	4-5-72	500.00
W.C. Tripp	Fayetteville, N.C.	4-5-72	25.00
Henry Rankin Jr.	Fayetteville, N.C.	4-24-72	200.00
H. Lacy Godwin	Fayetteville, N.C.	4-24-72	100.00
Billy Hunt	Fayetteville, N.C.	4-19-72	100.00
Harold Arnette	Fayetteville, N.C.	4-19-72	75.00
Mr. & Mrs. George Vossler	Fayetteville, N.C.	4-17-72	50.00
John Wyatt	Summertime Dr., Fay., N.C.	4-5-72	350.00
Burney Rivenbark	541 Lennox Dr., Fay., N.C.	4-20-72	10.00
Arthur Wilkins	Fayetteville, N.C.	4-6-72	25.00
Mitchell Nance	Fayetteville, N.C.	4-19-72	75.00
E.T. Bellamy	Shalotte, N.C.	4-4-72	40.00
Rosell Hewett	Rt. 2, Shalotte, N.C.	4-3-72	50.00
Harry K. Bennett	Little River, S.C.	4-4-72	10.00
Jessie Simmons	Shalotte, N.C.	4-5-72	10.00
Palmer Bellamy	Shalotte, N.C.	4-4-72	100.00
Mr. John Holden	Supply, N.C.	4-5-72	10.00
Mr. Hubert Bellamy	Shalotte, N.C.	4-4-72	25.00
Mr. Robert Bellamy	Shalotte, N.C.	4-4-72	20.00
Fred Duckworth	Norfolk, Va.	4-15-72	200.00
Biddick Bevelle	Fayetteville, N.C.	4-20-72	20.00
William Zimmer	Wilmington, N.C.	4-10-72	50.00
George Caplan	Wilmington, N.C.	4-10-72	50.00
Sam Mandlesohn	Fayetteville, N.C.	4-15-72	25.00
Frances Rankin	Fayetteville, N.C.	4-17-72	50.00
Billy Home	Fayetteville, N.C.	4-10-72	150.00
John Koster	Fayetteville, N.C.	4-17-72	100.00
Gerald Beard	Vander, N.C.	4-18-72	175.00
Leon Horns	Fayetteville, N.C.	4-20-72	200.00
Johnny Wood	Spring Lake, N.C.	4-15-72	200.00
Victor Tally, Jr.	Fayetteville, N.C.	4-14-72	100.00
Alex Bethune	Linden, N.C.	4-10-72	65.00
David Blalock	Linden, N.C.	4-8-72	135.00

Total Contributions \$24,594.00

(continued on attached sheet)

(Over)

Continuation of Campaign Contributions for Charles Ross III

NAME	ADDRESS	DATE	AMOUNT
Lewis Wilson	Fayetteville, N.C.	4-4-72	200.00
Ernest Freeman	Stedman, N.C.	4-3-72	175.00
Henry Clark	Rt. 5, Fayetteville, N.C.	4-16-72	150.00
Earl Faircloth	Rt. 1, Roseboro, N.C.	4-21-72	200.00
Curtis Dowd	Rt. 5, Fayetteville, N.C.	4-18-72	100.00
Clifton McNeil	Rt. 1, Hope Mills, N.C.	4-3-72	160.00
Gordon Newton	Rt. 3, Fayetteville, N.C.	4-4-72	60.00
Johnny Evans	Rt. 5, Fayetteville, N.C.	4-3-72	110.00
W.L. McDonald	Rt. 5, Fayetteville, N.C.	4-6-72	125.00
R.C. Pugh	Rt. 5, Fayetteville, N.C.	4-11-72	75.00
Luke Hales	Rt. 1, Roseboro, N.C.	4-9-72	95.00
A.G. Cooper, Jr.	Falcon, N.C.	4-18-72	117.00
Charles Ross III	Fayetteville, N.C.	4-20-72	7500.00
Charles Ross, Jr.	Fayetteville, N.C.	4-7-72	8750.00
Misc unidentified contributions			<u>112.00</u>
			<u>\$24,694.00</u>

SCHEDULE OF CONTRIBUTIONS AND EXPENDITURES

GENERAL INSTRUCTIONS

1. Statements of Contributions and Expenditures must be filed with the Secretary of State by every date in any primary for general, special district office or for the State Senate in a district composed of more than one county except where there is a rotation agreement in effect. Such statements should be signed by the candidate and verified before an officer authorized to administer oaths.
2. Campaign committees consisting more than one county in any primary, general or special election are required to file like statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.
3. The first statement is required 10 days before the election. The second statement is required within 20 days after the election.

(Detailed requirements of law are printed on back of this form.)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 22, Chapter 163, General Statutes of North Carolina by Charles G. Ross, III
(Name of candidate or campaign committee)
 in the Second Primary election for CONGRESSMAN
(Primary, General or Special) (Office)

CONTRIBUTIONS

Name of Contributor	Address	Date	Amount
BALANCE PREVIOUSLY REPORTED			\$24,594.00
M. G. Stiles	126 Northview Dr. Fayetteville, N.C.	5-2-72	1,500.00
W.H. White	Box 1407 Pinehurst, N.C.	5-2-72	1,500.00
Artheneus Dew	1602 Edgewood Ave. Fayetteville, N.C.	4-26-72	15.00
Bruce McFadyen	1710 Winterlochen Rd. Fayetteville, N.C.	4-26-72	50.00

Total Contributions \$27,659.00

(Over)

Statement of Contributions and Expenditures

GENERAL INSTRUCTIONS

1. Statements of Contributions and Expenditures must be filed with the Secretary of State by every candidate in any primary for federal, State or district office or for the State Senate in a district composed of more than one county except where there is a rotation agreement in effect. Such statements should be signed by the candidate and verified before an officer authorized to administer oaths.
2. Campaign committees covering more than one county in any primary, general or special election are required to file like statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.
3. The first statement is required 10 days before the election. The second statement is required within 30 days after the election.

(Detailed requirements of law are printed on back of this form.)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 22, Chapter 163, General Statutes of North Carolina by Charles G. Rose, III
(Name of candidate or campaign committee)
 in the Primary election for Congressman - 7th District
(Primary, General or Special) (Office)

CONTRIBUTIONS

Name of Contributor	Address	Date	Amount
Balance previously reported			\$27,659.00
Charles Rose, III	Fayetteville, N.C.	4-26-72	900.00
Charles Rose, Jr.	Fayetteville, N.C.	5-5-72	5,150.00
A. Rand	Fayetteville, N.C.	5-12-72	1,250.00
H. Thorpe	Fayetteville, N.C.	5-12-72	1,250.00
H. G. Stiles	Fayetteville, N.C.	5-12-72	150.00
B. Bailey	Fayetteville, N.C.	5-16-72	1,000.00
Jary Smith	Fayetteville, N.C.	5-16-72	450.00
Albert McCauley	Fayetteville, N.C.	5-16-72	300.00
Mrs. Peter McKay Cromartie	Fayetteville, N.C.	5-16-72	200.00
J. Coleman	Fayetteville, N.C.	5-16-72	140.00
I. Williams	Fayetteville, N.C.	5-14-72	200.00
Alton Buck	Fayetteville, N.C.	5-13-72	500.00
Hugh Cannon	Raleigh, N.C.	5-10-72	1,000.00
Janly Eubank	Charleston, S.C.	5-10-72	1,000.00
L. Popkin	Jacksonville, N.C.	5-15-72	450.00
W. Stein	Jacksonville, N.C.	5-15-72	200.00
L. G. Stiles	Fayetteville, N.C.	5-16-72	1,000.00
S. Radosevich	Fayetteville, N.C.	5-16-72	60.00

Total Contributions \$42,859.00

(Over)

GENERAL INSTRUCTIONS

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2. Campaign committees existing more than one county in any primary, general or special election are required to file like statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.

3. The first statement is required 10 days before the election. The second statement is required within 30 days after the election.

(Detailed requirements of law are printed on back of this form.)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 22,

Chapter 163, General Statutes of North Carolina by CHARLES G. ROSE, III
 (Name of candidate or campaign committee)
 in the Second Primary election for Congressman - 7th. District
 (Primary, General or Special) (Office)

CONTRIBUTIONS			
Name of Contributor	Address	Date	Amount
Balance previously reported			\$ 42,059.00
Hugh Cannon	Raleigh, N. C.	5-23-72	500.00
Manley Rubank	Raleigh, N. C.	5-23-72	500.00
J. A. Bouknight	Fayetteville, N. C.	5-24-72	25.00
J. O. Tally	"	5-24-72	100.00
L. Stein	Jacksonville, N. C.	5-24-72	275.00
L. Radosevich	Fayetteville, N. C.	5-24-72	390.00
Jesse Champion	"	5-28-72	15.00
Mrs. S. C. Rankin	"	"	50.00
Mrs. Claude Rankin, Sr.	"	"	25.00
John C. Pate	"	"	100.00
Buck	"	"	500.00
White	Pinohurst, N. C.	"	200.00
McCauley	Fayetteville, N. C.	5-26-72	200.00
J. Fitzgerald	"	"	325.00
Ammons	"	"	100.00
Jene Merritt	Wilmington, N. C.	"	100.00
E. Greene	"	"	1,000.00
John Wyatt	Fayetteville, N. C.	5-26-72	350.00
George Purvis, Jr.	"	"	500.00
B. Rivenbark	"	"	150.00
W. Coleman	"	"	10.00
H. Coleman	"	"	40.00
W. H. White	Pinohurst, N. C.	6-1-72	1,000.00
H. G. Stillis	Fayetteville, N. C.	6-1-72	1,000.00
Charles Rose, III	"	6-2-72	2,000.00
Charles Rose, Jr.	"	"	2,500.00
Miscellaneous		6-6-72	160.00

Total Contributions \$ 54,974.00

(Over)

Statement of Contributions and Expenditures

GENERAL INSTRUCTIONS

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3. The first statement is required 10 days before the election. The second statement is required within 20 days after the election.

(Detailed requirements of law are printed on back of this form.)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 22,

Chapter 163, General Statutes of North Carolina by Charles G. Ross, III
 General (Name of candidate or campaign committee)
 in the election for Congressman - 7th District
 (Primary, General or Special) (Office)

CONTRIBUTIONS			
Name of Contributor	Address	Date	Amount
	Balance previously reported		\$ 54,974.00
Herbert Thorp	Fayetteville, N. C.	6-6-72	1,250.00
Tony Rand	"	6-6-72	1,250.00
William Bailey	"	6-6-72	1,500.00
L. Stein	Jacksonville, N. C.	6-6-72	250.00
Albert McCauley	Fayetteville, N. C.	6-4-72	500.00
John Wyatt	Fayetteville, N. C.	6-4-72	500.00
Art Cobb	Dunn, N. C.	6-4-72	500.00
Bill Jackson	Fayetteville, N. C.	6-4-72	100.00
George Breece	Fayetteville, N. C.	6-4-72	400.00
Effective Government Association	New York, New York	7-27-72	500.00
Mr. & Mrs. Durwood Roberts	Linville, N. C.	8-22-72	100.00
N. C. Democratic Club	Washington, D. C.	9-29-72	100.00
Democratic Study Group	US House of Representatives		
	Washington, D. C.	9-25-72	1,000.00
Democratic National Congressional Committee	U. S. House of Representatives		
	Washington, D. C.	9-19-72	1,000.00
Tildon Walker	Fayetteville, N. C.	9-1-72	200.00
McCoy, Weaver, Wiggins	Fayetteville, N. C.	9-5-72	200.00
Manley Eubank	Charleston, S. C.	9-8-72	100.00
Bill VanStory	Fayetteville, N. C.	9-8-72	100.00
C. Franklin Jones	Fayetteville, N. C.	9-8-72	100.00
Marshall Warren	"	"	100.00
A. C. Parker	"	"	100.00
Rogers & Breece Funeral Home	"	"	100.00
Deanna V. MacMillan	Fayetteville, N. C.	"	100.00
Allen Smith	"	9-11-72	200.00
H. H. Williamson	"	"	100.00
Jordan Skentaris	"	9-12-72	50.00
Mr. & Mrs. J. Melvin	"	"	1,000.00
Joe Barr	"	"	100.00
Mr. & Mrs. Denis Leahy	Hope Mills, N. C.	"	200.00
Mrs. Mamie Horne	Fayetteville, N. C.	"	100.00
Ed David	"	"	100.00
Hugh Cannon	Box 389, Raleigh, N. C.	9-12-72	100.00
Willie's Auto Parts	1905 Gillespie St., Fay.	"	100.00
Mitchell A. Nance	Fayetteville, N. C.	9-13-72	100.00
A & H Cleaners	"	"	100.00
Harold Arnett	"	"	50.00
W. C. Parker	"	"	50.00
Johnny Wood	"	"	250.00
W. A. Holland	"	"	100.00
	Total Contributions \$		

(Over)

(continued)

Statement of Contributions and Expenditures

GENERAL INSTRUCTIONS

1. Statements of Contributions and Expenditures must be filed with the Secretary of State by every candidate in any primary for federal, State or district office or for the State Senate in a district composed of more than one county except where there is a rotation agreement in effect. Such statements should be signed by the candidate and verified before an officer authorized to administer oaths.

2. Campaign committees covering more than one county in any primary, general or special election are required to file like statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.

3. The first statement is required 10 days before the election. The second statement is required within 20 days after the election.

(Detailed requirements of law are printed on back of this form.)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 22,

Chapter 163, General Statutes of North Carolina by Charles G. Roge III

In the General election for Congressman - 7th District

(Primary, General or Special)

(Office)

7-72

CONTRIBUTIONS

Name of Contributor	Address	Date	Amount
Continuation ----- Page two)			
Land	Fayetteville, N. C.	9-13-72	300.00
Merick Hasty	"	"	100.00
Sam Wellons, Jr.	"	"	100.00
Wellons	"	"	100.00
Yates	"	"	100.00
Yerry	"	"	100.00
W. Bright	"	"	100.00
W. Floyd Construction Co.	"	"	200.00
W. Thorp	"	"	100.00
W. Radesovich	"	"	100.00
W. D Chevrolet	"	"	100.00
W. P. Riddle	"	"	100.00
W. Grace Griffin	"	"	100.00
W. E. Massey, Jr.	"	9-12-72	100.00
Dr. Jack V. Hill	"	"	100.00
H. B. Farrell	"	"	100.00
R. W. Stankwytch	"	"	100.00
John W. Costin	"	"	100.00
Thomas A. Clark	"	"	100.00
William F. Clark	"	"	100.00
Speros Nasekos	"	"	100.00
Lewis P. Wilson	"	"	100.00
Clyde Sullivan	"	"	100.00
R. J. Whaley	"	"	100.00
J. W. Pridgen	"	9-13-72	100.00
C. L. Williams	"	"	100.00
Chas Backer	"	"	100.00
John Stiles	"	"	100.00
Lem Williford	"	"	50.00
James E. Lawrence	"	"	100.00
Dick Irving	"	"	100.00
Irvin Adkins	"	"	100.00
Jerry McCauley	Jacksonville, N. C.	"	100.00
Stanley McCauley	Jacksonville, N. C.	"	100.00
Albert McCauley	Fayetteville, N. C.	"	100.00
Ken McDonald	"	"	100.00
Adolph Dial	"	"	100.00
Howard & Brenda Brooks	Pembroke, N. C.	"	100.00
Joe Stout	Pembroke, N. C.	"	100.00
Maurice Fleishman	Fayetteville, N. C.	"	100.00
Harold Mazzan	Fayetteville, N. C.	9-14-72	10.00
Alton G. Buck	"	"	10.00

Total Contributions \$

(continued)

Statement of Contributions and Expenditures

GENERAL INSTRUCTIONS

1. Statements of Contributions and Expenditures must be filed with the Secretary of State by every candidate in any primary for federal, State or district office or for the State Senate in a district composed of more than one county except where there is a rotation agreement in effect. Such statements should be signed by the candidate and verified before an officer authorized to administer oaths.

2. Campaign committees covering more than one county in any primary, general or special election are required to file like statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.

3. The first statement is required 10 days before the election. The second statement is required within 10 days after the election.

(Detailed requirements of law are printed on back of this form.)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 1 Chapter 163, General Statutes of North Carolina by Charles G. Rose III
 General (Name of candidate or campaign committee)
 in the _____ election for Congressman - 7th District
 (Primary, General or Special) (Office)

CONTRIBUTIONS			
Name of Contributor	Address	Date	Amount
(continuation.-- page three)			
George Purvis, Jr.	Fayetteville, N. C.	9-14-72	300.0
Danny Deil	"	"	200.0
Murchison & Bailey	"	"	300.0
Luther Packer	"	"	50.0
W. B. Applewhite	"	"	50.0
Ben & Cecile Allen	"	"	100.0
J. M. Person	"	"	100.0
James Hancock	"	9-19-72	25.0
John C. Pate	"	9-22-72	100.0
Upton Tyson	"	"	100.0
J. M. Miller	"	"	25.0
Mrs. Rowena Hooks	Fayetteville, N. C.	9-29-72	35.0
Jerry Glen Heath	Coral Gables, Florida	"	25.0
Joseph W. Baggett, M. D.	Fayetteville, N. C.	"	100.0
Robert T. & Ruth C. Stepleton	"	10-2-72	25.0
A. G. Cooper, Jr.,	Godwin, N. C.	"	50.0
John C. Cook	Fayetteville, N. C.	10-2-72	50.0
Cleo Katsoudas	"	10-3-72	20.0
John Henley	"	"	60.0
Tom McLean	"	"	100.0
Leon Sugar	"	"	100.0
Haigh & vonRosenburg	"	"	100.0
Thomas H. Williams	"	"	100.0
Fleishman's Tiny Town	"	"	100.0
Mr. & Mrs. G. W. Vossler	"	"	50.0
Adams Real Estate	"	"	100.0

Total Contributions \$ 74,539.

(Over)

GENERAL INSTRUCTIONS

1. Statements of Contributions and Expenditures must be filed with the Secretary of State by every candidate in any primary for federal, State or district office or for the State Senate in a district composed of more than one county except where there is a rotation agreement in effect. Such statements should be signed by the candidate and verified before an officer authorized to administer oaths.

2. Campaign committees covering more than one county in any primary, general or special election are required to file like statements with the Secretary of State. Such statements should be signed by the chairman or treasurer of the committee and verified before an officer authorized to administer oaths.

3. The first statement is required 10 days before the election. The second statement is required within 30 days after the election.

(Detailed requirements of law are printed on back of this form.)

TO THE SECRETARY OF STATE, RALEIGH, N. C.

The following itemized statement of contributions and expenditures is made in compliance with Article 22,

Chapter 163, General Statutes of North Carolina by Charles G. Rose, III
 in the General election for Congressman - 7th District
(Primary, General or Special) (Name of candidate or campaign committee) (Office)

CONTRIBUTIONS

Name of Contributor	Address	Date	Amount
Balance forwarded			\$ 74,539.0
Mrs. Loren F. Marcroft	Wilmington, N. C.	11-5-72	10.0
Mr. Bryan Grimes	Southport, N. C.	"	10.0
Mr. & Mrs. Lawrence Cook	Wilmington, N. C.	"	100.
Committee for Thorough Agricultural Political Education	P. O. Box 32287 San Antonio, Texas	"	1,000.0
F. C. Lennon	Wilmington, N. C.	11-9-72	100.0
T. L. Coates	2018 Market St. Wilmington, N. C.	11-9-72	100.
John McArthur	Wakulla, N. C.	11-9-72	1,000.0

Total Contributions \$ 76,859.00

(Over)

EXPENDITURES MADE BY OTHERS ON BEHALF OF CANDIDATE OR CAMPAIGN COMMITTEE

By Whom Made	Address	Date	Purpose	Amount
			Balance brought forward	\$ 40,899.15
Public Works Commission	Fayetteville, N. C.	10-25	Utilities	4.65
Norvin H. Collins	Wilmington, N. C.	10-27	Salary	
			campaign worker	250.00
Mary Faith Memory	Whiteville, N. C.	10-27	Salary - Sec.	175.00
Mary Faith Memory	"	10-30	Travel Expenses	108.06
U. S. Postmaster	Fayetteville, N. C.	10-31	postage	24.00
Murchison & Bailey	Fayetteville, N. C.	10-30	newspaper & radio ads.	2,000.00
Southern Bell Tel & Tel Co.	Wilmington, N. C.	11-2-	telephone	17.66
Norvin H. Collins	Wilmington, N. C.	11-3	salary	250.00
Mary Faith Memory	Whiteville, N. C.	11-3-	salary	175.00
Norvin H. Collins	Wilmington, N. C.	11-3	travel	15.00
The Fledgling	Douglas Byrd High School, Fayetteville	11-8	Advertisement	6.00
Hoke County Jaycees	Rasford, N. C.	11-8	Donation	100.00
Norvin H. Collins	Wilmington, N. C.	11-8	travel expense	89.20
Norvin H. Collins	"	11-10	salary	250.00
Mary Faith Memory	Whiteville, N. C.	11-10	salary	175.00
Piedmont Airlines	Fayetteville, N. C.	11-13	travel	74.00
Catharin Knight	Wilmington, N. C.	11-15	books	17.00
Norvin H. Collins	Wilmington, N. C.	11-17	salary	175.00
Patrick Ford	Fayetteville, N. C.	11-17	auto expense	227.00
American Express	Phoenix, Arizona	11-17	travel expense	73.00
Corder-Vossler	Fayetteville, N. C.	11-17	auto expense	180.00
Jordan Florist	Fayetteville, N. C.	11-17	office expense	28.00
Trome Plaza	Wilmington, N. C.	11-17-	travel expense	41.00
Rite-Way Safe & Lock Co.	Fayetteville, N. C.	11-17	office expense	20.00
Williams Office Equipment	Fayetteville, N. C.	11-17	office supplies	117.00
U. S. Postmaster	Fayetteville, N. C.	11-21	postage	8.00
Norvin H. Collins	Wilmington, N. C.	11-24	salary	250.00
Mary Faith Memory	Whiteville, N. C.	11-24-	salary	175.00
Mary Faith Memory	Whiteville, N. C.	11-24	travel expense	50.00
LaMar McIver Insurance	Wilmington, N. C.	11-24	insurance	150.00

Total \$ _____

Total Expenditures \$ 75,105.76

Charles D. Rose III
 Signature of Candidate or Person Filing for Campaign Committee

STATE OF NORTH CAROLINA
 COUNTY OF Cumberland

This is to certify that on this 27th day of November, 1922, personally appeared before me Charles D. Rose III, notary public, being duly sworn, declared that he signed the foregoing Statement of Contributions and Expenditures and that the facts contained therein are true.

Emeline H. Wade Davis
 Notary Public

My Commission expires 5/20/26

EXPENDITURES

	Address	Date	Purpose	Amount
Balance previously reported				\$23,401.88
Office & Worker Salaries				141.50
Worker's Expenses				168.51
Advertising				498.00

Total \$ 24,289.89

made	Address	Date	Purpose	Amount
			Balance previously reported	\$ 24,289.89
			Workers expenses	3,898.77
			Office expenses	191.41
			Advertising	24,667.89
			Telephone	80.87
			Contributions	20.00

Total \$ 53,146

STATE OF NORTH CAROLINA
OR CAMPAIGN COMMITTEE

By Whom Made

Address

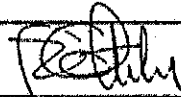
Date

Purpose

Amount

Total \$ -0-

Total Expenditures \$ 52,148.83



Signature of Candidate or Person Filing for Campaign Commit
H. C. Stiles, Finance Chairman - Rose
for Congress Committee

STATE OF NORTH CAROLINA
COUNTY OF Cumberland

This is to certify that on this 23rd day of JUNE, 1972
personally appeared before me H. C. Stiles
being duly sworn, declared that he signed the foregoing Statement of Contributions and Expenditures and if
the facts contained therein are true.



Officer Authorized to Administer Oath

My Commission expires My Commission Expires August 8, 1976

EXPENDITURES MADE BY OTHERS ON BEHALF OF CANDIDATE OR CAMPAIGN COMMITTEE

By Whom Made Address Date Purpose Amount

Total \$ _____

Total Expenditures \$ 69,899.15

Charles Ross
Signature of Candidate or Person Filing for Campaign Committee

STATE OF NORTH CAROLINA
COUNTY OF CUMBERLAND

This is to certify that on this 26th day of October 19 72,
personally appeared before me Charles Ross, who
being duly sworn, declared that he signed the foregoing Statement of Contributions and Expenditures and that
the facts contained therein are true.

Emory H. Wade (Sanita)
Officer Authorized to Administer Oath
Notary Public
My Commission Expires: 5/20/76.

My Commission expires _____

EXPENDITURES MADE BY OTHERS ON BEHALF OF CANDIDATE OR CAMPAIGN COMMITTEE

Who Made	Address	Date	Purpose	Amount
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Total \$NONE

Total Expenditures \$24,289.89


 Signature of Candidate or Person Filing for Campaign Committee

STATE OF NORTH CAROLINA

COUNTY OF Cumberland

This is to certify that on this 26th day of May, 1972,
 personally appeared before me _____ who
 being duly sworn, declared that he signed the foregoing Statement of Contributions and Expenditures and that
 the facts contained therein are true.


 Officer Authorized to Administer Oath

My Commission expires My Commission Expires August 8, 1975

CHARLES C. ROSS, III

CANDIDATE OR COMMITTEE

Office Congressman - District . . . 7th . . .

Report No. 4 . . . Election - 2nd - Primary

STATEMENT OF CONTRIBUTIONS AND EXPENDITURES

Required by the following sections of the Corrupt Practices Act:

§ 102-559. Definitions. When used in this Act:

- 1. The term "campaign committee" includes any committee, association or organization which accepts contributions or makes expenditures for the purpose of procuring or attempting to procure the nomination or election of any candidate at any primary, caucus or special election;
- 2. The term "contributor" means an individual whose name is printed on any list to be used upon the books of a campaign committee, and who has contributed to or for the benefit of such committee;
- 3. The term "expenditure" means any gift, payment, subscription, loan, advance, deposit of money, or anything of value, and includes any contract, promise or agreement to give, subscribe for, pay, advance or deposit any money or thing of value to or for the benefit of a candidate at any primary, caucus or special election, and whether or not such contract, promise or agreement is legally enforceable;
- 4. The term "expenditure" means a payment, deposit or loan, advance deposit or gift of money or

anything of value whatsoever, and includes a contract, promise or agreement to give, subscribe for, pay, advance or deposit any money or thing of value to or for the benefit of a candidate at any primary, caucus or special election, and whether or not such contract, promise or agreement is legally enforceable;

5. The term "person" includes an individual, partnership, association, corporation or any other organization or group of persons.

§ 102-560. Detailed Accounts to be Kept by Candidates and Others. It shall be the duty of any candidate and the chairman of any campaign committee to keep a detailed and exact account of all contributions made to or for such candidate or committee.

1. All names and addresses of every person to whom any such expenditure is made, and the date thereof;

2. The name and address of every person making such contribution, and the date thereof;

3. All expenditures made by or on behalf of such candidate or committee;

4. The name and address of every person to whom any such expenditure is made, and the date thereof;

§ 102-561. Detailed Accounting to Candidates of Political Expenditures. Every person who makes a contribution to a candidate or for a campaign committee in any primary, general or special election shall render such candidate or campaign committee, within ten days after receiving the same, a detailed account thereof, including the name and address of the person making such contribution.

§ 102-562. Detailed Accounting of Personal Making Expenditures. Every person who makes any expenditure in behalf of a candidate or campaign committee in any primary, general or special election shall render such candidate or campaign committee, within ten days after making such expenditure, a detailed account thereof, including the name and address of the person in whom such expenditure was made.

§ 102-563. Statements Under Oath of Principal Expenses of Candidates; Report of Expenses. Every candidate for any primary, caucus or election shall file a statement under oath of his principal expenses, for the purpose of such election, in the following form: I, _____, candidate for _____, do hereby certify that the following is a true and correct statement of my principal expenses for the purpose of such election, in accordance with the provisions of § 102-563:

1. The total sum of all contributions made to or for such candidate or committee during the calendar year;

2. The name and address of each person to whom any such expenditure was made, and the date thereof;

3. The name and address of every person making such expenditure, and the date thereof;

4. The name and address of every person to whom any such expenditure was made, and the date thereof;

5. The total sum of all expenditures made during the calendar year in behalf of such candidate or committee, and the purpose of such expenditures;

6. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

7. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

8. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

9. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

10. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

§ 102-564. Contents of Such Statements. The statement of contributions and expenditures required by the preceding sections of this Article shall be in the following form:

1. The name and address of each person who has made a contribution to or for the candidate or committee, and the date thereof;

2. The name and address of every person making such contribution, and the date thereof;

3. All expenditures made by or on behalf of such candidate or committee;

4. The name and address of every person to whom any such expenditure is made, and the date thereof;

5. The total sum of all expenditures made during the calendar year in behalf of such candidate or committee, and the purpose of such expenditures;

6. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

7. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

8. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

9. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

10. The total sum of all expenditures made by such candidate or committee during the calendar year, and the purpose of such expenditures;

§ 102-565. Secretary of State and Superior Court Clerks to Request Reports. . . .

§ 102-566. . . .

§ 102-567. . . .

§ 102-568. . . .

§ 102-569. . . .

§ 102-570. . . .

§ 102-571. . . .

§ 102-572. . . .

§ 102-573. . . .

§ 102-574. . . .

§ 102-575. . . .

§ 102-576. . . .

§ 102-577. . . .

§ 102-578. . . .

§ 102-579. . . .

§ 102-580. . . .

§ 102-581. . . .

§ 102-582. . . .

§ 102-583. . . .

§ 102-584. . . .

§ 102-585. . . .

§ 102-586. . . .

§ 102-587. . . .

§ 102-588. . . .

§ 102-589. . . .

§ 102-590. . . .

§ 102-591. . . .

§ 102-592. . . .

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§ 102-594. . . .

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§ 102-599. . . .

§ 102-600. . . .

