


APPENDIX H

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
IN THE MATTER OF REPRESENTATIVE CHARLES G. ROSE, III, RESPONDENT
WAIVER OF PHASE ONE OF RULE 16 DISCIPLINARY HEARING

Respondent hereby expressly and irrevocably waives the right to phase one of a disciplinary hearing as set forth in Rule 16 of the Rules of Procedure for the Committee on Standards of Official Conduct.

Respondent understands that counsel for respondent and Committee counsel may present oral argument to the Committee regarding the counts alleged in the Statement of Alleged Violations. Respondent further understands that the counts charged in the Statement of Alleged Violations will be considered, and the merit of each decided, by the Committee, based on the response submitted by counsel for respondent, with exhibits; the response submitted by Committee counsel, with exhibits; a stipulations agreement, with exhibits, signed by respondent's counsel and Committee counsel; and oral argument by counsel.

Respondent hereby expressly and irrevocably waives the right to present live witnesses to the Committee to testify on behalf of the respondent as described in Rule 16 of the Rules of Procedure for the Committee on Standards of Official Conduct.



 CHARLES G. ROSE, III
 Respondent

12/8/87
 (Date)



 COUNSEL FOR RESPONDENT

12/10/87
 (Date)

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

Counsel for the respondent and counsel for the Committee have agreed on a procedure to expedite the disciplinary hearing process pursuant to Rule 16 of the Rules of Procedure of the Committee on Standards of Official Conduct. The procedure would eliminate phase one of the disciplinary hearing in the matter of Representative Charles G. Rose, III. The Committee agrees to this procedure pending the receipt of a signed copy of this statement by the respondent and his counsel, and the accompanying waiver of phase one of the Rule 16 disciplinary hearing. The terms of the agreement are as follows:

- (a) The respondent and his counsel will sign an irrevocable waiver of the first phase of a disciplinary hearing as described in Rule 16 of the Committee's Rules of Procedure;
- (b) Counsel for the respondent and Committee counsel will meet, draft, and sign a stipulation document, reciting all facts and points of law about which there is no dispute.
- (c) Counsel for the respondent and Committee counsel will present oral arguments to the Committee on or about December 14, 1987, regarding those points about which there is disagreement. In addition, counsel may argue

the conclusions and inferences to be drawn from the facts stipulated. Both Committee counsel and counsel for the respondent will be given one hour of argument, followed by questions from members of the Committee.

- (d) The Committee will take the matter of the Statement of Alleged Violations under consideration, relying solely on the Response to the Statement, with exhibits, submitted by the respondent; the Committee counsel's response, with exhibits; the Stipulations Agreement, with exhibits, signed by lead counsel for the respondent and lead counsel for Committee staff; and oral arguments by both counsel.
- (e) The Committee will make every effort to reach a decision on each count of the Statement of Alleged Violations before the December 1987 recess.
- (f) The Committee will make every effort to schedule oral arguments by counsel for the respondent and Committee counsel on phase two of the disciplinary hearing, as described in Rule 16 of the Committee's Rules of Procedures, before the December 1987 recess, should it determine that any of the counts of the statement have been proved.

- (g) The Committee will make every reasonable effort to conclude its disposition in the matter of Representative Charles G. Rose, III, prior to the December 1987 recess.

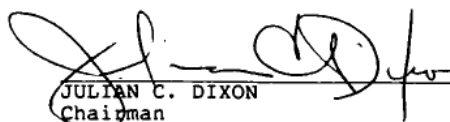
In order to facilitate this process, counsel for the respondent and Committee counsel have agreed to a series of meetings for the purpose of working out stipulations. Each side agrees to having no more than three representatives at the table at any one time.

The Committee is satisfied that this process is within the scope of the Committee's Rules of Procedure, and that it does not abridge the rights of the respondent nor unfairly burden Committee counsel. The respondent has been given two opportunities to appear before the Committee and give sworn testimony. Committee members utilized these opportunities to ask questions of the respondent. Committee counsel has taken the sworn depositions of three witnesses it believes critical in the matter--the congressman's father, Mr. Charles G. Rose, Jr.; Mr. Anthony Rand, campaign treasurer; and Mr. Alton Buck, campaign treasurer. Finally, the stipulation agreement serves to clearly identify the facts and points of law agreed upon by both sides. Thus, the Committee's time can be spent listening to oral arguments which will focus on the facts, issues, and matters of law that are in dispute.


Under this agreement, no live testimony will be taken at a Rule 16 disciplinary hearing. Counsel will appear before the Committee to present oral argument on each of the four counts

described in the Statement of Alleged Violations. Consistent with the oral argument on matters not stipulated to, each counsel may offer tangible evidence at this time, with or without a supplemental brief.

IT IS HEREBY CERTIFIED that the Committee on Standards of Official Conduct approves and agrees to the above-described procedure in the matter of Representative Charles G. Rose, III.

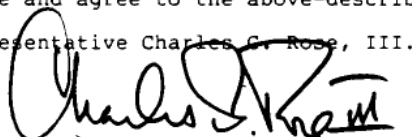

 JULIAN C. DIXON
 Chairman

12/2/87
 (Date)

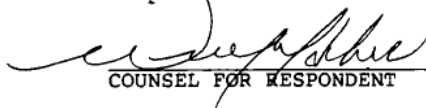

 FLOYD D. SPENCE
 Ranking Minority Member

12/2/87
 (Date)

IT IS HEREBY CERTIFIED that the respondent and counsel for the respondent approve and agree to the above-described procedure in the matter of Representative Charles G. Rose, III.


 CHARLES G. ROSE, III
 Respondent

12/8/87
 (Date)


 COUNSEL FOR RESPONDENT

12/10/87
 (Date)

APPENDIX I

MANATT, PHELPS, ROTHENBERG & EVANS

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

1800 NEW HAMPSHIRE AVENUE, N.W.

SUITE 200

WASHINGTON, D.C. 20039

TELEPHONE (202) 462-4300

LOS ANGELES

1330 WEST OLYMPIC BOULEVARD
LOS ANGELES, CALIFORNIA 90061
812 26-0000

February 19, 1988

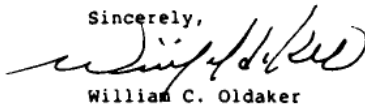
The Honorable Julian C. Dixon
 The Honorable Floyd D. Spence
 House Committee on Standards of
 Official Conduct
 Suite HT-2, U.S. Capitol
 Washington, D.C. 20515

Dear Chairman Dixon and Ranking Minority Member Spence:

By means of this letter, Congressman Charlie Rose, through counsel, hereby waives the second phase of the disciplinary hearing to which he is entitled under Rule 16(a) of the Rules of Procedure of the Committee on Standards of Official Conduct. Accordingly, Congressman Rose will not exercise his right to make an oral and/or written submission to the Committee with regard to phase two of the disciplinary hearing.

Should you have any questions, or should you desire any additional information, please do not hesitate to contact me.

Sincerely,



William C. Oldaker

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 1988 FEB 19 PM 12 44
 HOUSE OF REPRESENTATIVES
 COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

APPENDIX K

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

INSIDE MAIL

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1982

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

CONGRESSMAN CHARLIE ROSE
(Full Name)

2230 RAYBURN BLDG
(Mailing Address)

WASHINGTON, DC 20515

1983 MAY -3 PM 2:32
OFFICE OF THE CLERK
HOUSE OF REPRESENTATIVES

M
Mc
ME

(Office Use Only)

Check the appropriate box and fill in the blanks.

 Check if Amended Statement. Member of the U.S. House of Representatives—District 7th State NC Officer or Employee—Employing Office _____

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 data received) aggregating \$100 or more in value received from any source during calendar year 1982. Exclude income from current U.S. Government employment. Do not include here income reported in part I-B below.

SOURCE	TYPE	AMOUNT
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 1982 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-\$2,500; C—\$2,501-\$5,000; D—\$5,001-\$15,000; E—\$15,001-\$50,000; F—\$50,001-\$100,000; G—over \$100,000.

SOURCE	TYPE	CATEGORY
SEE ATTACHED		

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 1982.

SOURCE	BRIEF DESCRIPTION
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 1982.

SOURCE	BRIEF DESCRIPTION	VALUE
NONE		

C. The source and a brief description of reimbursements aggregating \$250 or more in value received from any source during calendar year 1982.

SOURCE	BRIEF DESCRIPTION
CHICAGO MERCANTILE	AIR FARE
HARVARD UNIVERSITY	AIR FARE
SPACE	AIR FARE

RECEIVED

(OVER)

FINANCIAL DISCLOSURE STATEMENT FOR CONGRESSMAN CHARLIE ROSE FOR 1982

<u>HONORARIUM</u>		<u>I. INCOME</u>	
A.	18 January	CHICAGO MERCANTILE	\$1,000.00
	7 February	Mitre Corporation	750.00
	29 March	UNIVERSITY OF NORTH CAROLINA	525.00
	1 April	N. C. ASSOCIATION OF ELECTRIC COOPS	1,000.00
	6 August	SPACE	2,000.00
	10 Sept	SPERRY CORP	1,000.00
	19 OCTOBER	LUMBEE RIVER ELECTRIC MEMBERSHIP	500.00
	18 October	NORTH CAROLINA SAVINGS AND LOAN ASS'N	250.00
B.		<u>SOURCE OF INCOME</u>	<u>TYPE</u> <u>CATEGORY</u>
		House in Carolina Beach, N. C.	Rent D

IV. LIABILITIES

<u>IDENTITY</u>	<u>CATEGORY</u>
Planters National Bank	B
Peoples Bank	B
Southern National Bank	C
First Citizens	B
United Carolina	C
United Carolina	D

HAND DELIVERED

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1983

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

CONGRESSMAN CHARLIE ROSE

(Full Name)

2230 RAYURN BLDG

(Mailing Address)

WASHINGTON, D.C 20515

(Office Use Only)

Check the appropriate box and fill in the blanks.

 Member of the U.S. House of Representatives—District 7th State NC Check if amended Statement. Officer or Employee—Employing Office _____

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 \$100 or more in value received from any source during calendar year 1983. Exclude income from current U.S. Government employment. Do not include here income reported in part I-B below.

SOURCE	TYPE	AMOUNT
	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 1983 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–\$2,500; C—\$2,501–\$5,000; D—\$5,001–\$15,000; E—\$15,001–\$50,000; F—\$50,001–\$100,000; G—over \$100,000.

SOURCE	TYPE	CATEGORY
House in Carolina Beach, N. C.	Rent	D

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 1983.

SOURCE	BRIEF DESCRIPTION
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 1983.

SOURCE	BRIEF DESCRIPTION	VALUE
NONE		

- C. The source and a brief description of reimbursements aggregating \$250 or more in value received from any source during calendar year 1983.

SOURCE	BRIEF DESCRIPTION
SPACE	AIR FARE

(OVER)

CHARLIE ROSE
7th DISTRICT NC

A. HONORARIA AND DATE RECEIVED BY CONGRESSMAN CHARLIE ROSE IN 1983

<u>SOURCE</u>		<u>TYPE</u>	<u>AMOUNT</u>
North Carolina Senior Citizen	5/24/83	Honoraria	100.00
Conneil Rice and Sugar	5/16/83	"	2,000.00
McDonald Corp	4/27/83	"	500.00
Naegele Outdoor Advertising Co	2/17/83	"	1,000.00
Methodist College	5/ 1/83	"	100.00
Concord Management Systems	4/15/83	"	1,000.00
Outdoor Advertising Co	2/17/83	"	1,000.00
North Carolina Medical Soicety	2/ 4/83	"	100.00
Tobacco Institute	11/29/83	"	1,000.00
Brown and Williamson Tobacco	10/31/83	"	<u>1,000.00</u>
			\$8.800.00

HAND DELIVERED

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1984

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

CONGRESSMAN CHARLIE ROSE
(Full Name)

2230 RAYBURN BLDG
(Mailing Address)

WASHINGTON, D.C. 20515

Office Use Only

1985 MAR -6 PM 12

MC 144

Check the appropriate box and fill in the blanks

 Member of the U.S. House of Representatives—District 7th State NC Check if amended Statement Officer or Employee—Employing Office

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 \$100 or more in value received from any source during calendar year 1984. Exclude income from current U.S. Government employment. Do not include here income reported in part I-B below.

SOURCE	TYPE	AMOUNT
SEE ATTACHED HONORARIUMS	HONORARIUMS	\$17,650.00

- B. The source, type, and category of value of income from dividends, interest, rent, and capital gains received from any source during calendar year 1984 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-\$2,500; C—\$2,501-\$5,000; D—\$5,001-\$15,000; E—\$15,001-\$50,000; F—\$50,001-\$100,000; G—over \$100,000.

SOURCE	TYPE	CATEGORY
HOUSE AT 27 SUNSET LANE, ALEX. VA	Rent	D

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 1984.

SOURCE	BRIEF DESCRIPTION
SEE ATTACHED LIST OF REIMBURSEMENTS	

NO GIFTS

- 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 1984.

SOURCE	BRIEF DESCRIPTION	VALUE
NONE		

- C. The source and a brief description of reimbursements aggregating \$250 or more in value received from any source during calendar year 1984.

SOURCE	BRIEF DESCRIPTION
NONE	

(OVER)

1. INCOME

HONORARIUMS: 1984

TOBACCO INSTITUTE 1/11-14/85	1,000.00	
MAJOR MEDIA MANAGEMENT CORPORATION	500.00	
NATIONAL ADVERTISING COMPANY	500.00	
CUMBERLAND CHEMICAL (Joe Eller)	1,000.00	
WESTERN PEANUT GROWER'S ASSOC.	1,500.00	
COMPUTER & BUSINESS EQUIPMENT MANUFACTURERS ASSOCIATION	500.00	
PHILIP MORRIS INC.	500.00	
CONNELL RICE & SUGAR CO., INC	2,000.00	
ALABAMA FARM BUREAU FEDERATION	1,000.00	
NATIONAL GRAIN & FEED ASSOC	1,000.00	
XEROX CORPORATION	500.00	
N.C. League of Municipalities	150.00	
TOBACCO INSTITUTE	1,000.00	
SPACE	1,500.00	
NETWORK SYSTEMS CORPORATION	500.00	
NATIONAL AGRICULTURAL CHEMICALS	1,000.00	
Board of Trade of the City of Chicago	500.00	
Chicago Mercantile Exchange	500.00	
RESTONIC CORPORATION	500.00	
OUTDOOR ADVERTISING	1,000.00	
NATIONAL ADVERTISING COMPANY	1,000.00	
	<hr/>	
	17,650.00	TOTAL

Charlie Rose
M.C.

II GIFTS AND REIMBURSEMENTS

- B. The source and a brief description of reimbursements aggregating \$250 or more in value received from any source during calendar year 1984

<u>SOURCE</u>	<u>BRIEF DESCRIPTION</u>
OUTDOOR ADVERTISING	Outdoor Advertising Ass'n provided round-trip air-fare, 3 days lodging and food, and transportation to and from airport for me and my wife in connection with my speaking to the Executive Committee and their Legal and Legislative group. Reimbursed 1,526.00
SATELLITE TELEVISION INDUSTRY ASS'N	SPACE provided round-trip transportation to Nashville, lodging and transportation to airport . Reimbursed 298.00
TOBACCO INSTITUTE	Tobacco Institute provided round-trip air-fare, weeks lodging and food for me and my wife while participating in their legislative seminar. Reimbursed 4,086.00
WESTERN PEANUT GROWERS	Western Peanut Growers provided round-trip air-fare, transportation, hotel, and food for meetings with Association official participate in hearings in Texas, Kentucky. Reimbursed \$1,224.00.
TOBACCO INSTITUTE	Tobacco Institute provided round-trip air-fare, lodging and food for me wife and me for a week Federal Legislative Conference in Palm Springs, California. Reimbursed \$3,029.43.

U.S. GOVERNMENT PRINTING OFFICE: 1984
 WASHINGTON, D.C. 20540

U.S. GOVERNMENT PRINTING OFFICE: 1984
 WASHINGTON, D.C. 20540

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
 OFFICIAL CONDUCT
 SUITE MT-2, U.S. CAPITOL
 Washington, DC 20515

May 13, 1985

The Honorable Charlie Rose
 2230 Rayburn HOB
 Washington, D.C. 20515

Dear Colleague:

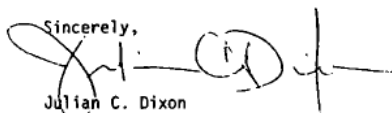
A copy of your Financial Disclosure Statement, recently filed with the Clerk of the House of Representatives pursuant to the Ethics in Government Act of 1978 (2 United States Code §§701-709), has been received by this Office.

Examination of your Financial Disclosure Statement reveals an apparent deficiency as noted below. Please complete the enclosed form, correcting any deficiency noted and promptly return an original and two copies to the Clerk, United States House of Representatives, 1036 Longworth House Office Building, Washington, D. C. 20515.

As an alternative, you may also amend your Financial Disclosure Statement by letter, identifying the sections on the Statement that you are amending. This letter would also be sent to the Clerk's office at the above address.

Any questions concerning proper completion of the Statement should be directed to the Committee staff at 225-7103.

Sincerely,



Julian C. Dixon
 Chairman

Enclosures

Remarks: Please amend 1984 FD Form to include dates of honoraria; don't include 1985 honoraria.

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

HAND DELIVERED

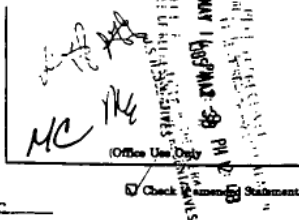
ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1984

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

CONGRESSMAN CHARLIE ROSE
(Full Name)

2230 RAYBURN BLDG
(Mailing Address)

WASHINGTON, D.C. 20515



Check the appropriate box and fill in the blanks.

 Member of the U.S. House of Representatives—District 7th State NC Check (Member) Statement Officer or Employee—Employing Office _____

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 \$100 or more in value received from any source during calendar year 1984. Exclude income from current U.S. Government employment. Do not include here income reported in part I-B below.

SOURCE	TYPE	AMOUNT
SEE ATTACHED HONORARIUMS	HONORARIUMS	\$17,650.00

- B. The source, type, and category of value of income from dividends, interest, rent, and capital gains received from any source during calendar year 1984 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-\$2,500; C—\$2,501-\$5,000; D—\$5,001-\$10,000; E—\$15,001-\$50,000; F—\$50,001-\$100,000; G—over \$100,000.

SOURCE	TYPE	CATEGORY
HOUSE AT 27 SUNSET LANE, ALEX. VA	RENT	D

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 1984.

SOURCE	BRIEF DESCRIPTION
SEE ATTACHED LIST OF REIMBURSEMENTS	

- 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 1984.

SOURCE	BRIEF DESCRIPTION	VALUE
NONE		

- C. The source and a brief description of reimbursements aggregating \$250 or more in value received from any source during calendar year 1984.

SOURCE	BRIEF DESCRIPTION
NONE	

HAND DELIVERED INCOME

HONORARIUMS: 1984		
TOBACCO INSTITUTE 1/11-14/84	1,000.00	1/14/84
MAJOR MEDIA MANAGEMENT CORPORATION	500.00	- 1/4/84
NATIONAL ADVERTISING COMPANY	500.00	- 1/4/84
CUMBERLAND CHEMICAL (Joe Eller)	1,000.00	1/14/84
WESTERN PEANUT GROWER'S ASSOC.	1,500.00	2/16/84
COMPUTER & BUSINESS EQUIPMENT MANUFACTURERS ASSOCIATION	500.00	- 1/31/84
PHILIP MORRIS INC.	500.00	3/22/84
CONNELL RICE & SUGAR CO., INC	2,000.00	3/16/84
ALABAMA FARM BUREAU FEDERATION	1,000.00	- 5/9/84
NATIONAL GRAIN & FEED ASSOC	1,000.00	- 6/7/84
XEROX CORPORATION	500.00	6/21/84
N.C. League of Municipalities	150.00	- 6/14/84
TOBACCO INSTITUTE	1,000.00	- 7/5/84
SPACE	1,500.00	- 9/6/84
NETWORK SYSTEMS CORPORATION	500.00	- 9/14/84
NATIONAL AGRICULTURAL CHEMICALS	1,000.00	- 9/20/84
Board of Trade of the City of Chicago	500.00	- 11/28/84
Chicago Mercantile Exchange	500.00	- 11/28/84
RESTONIC CORPORATION	500.00	- 11/2/84
OUTDOOR ADVERTISING	1,000.00	- 11/5/84
NATIONAL ADVERTISING COMPANY	1,000.00	- 12/27/84
	<u>17,650.00</u>	TOTAL

Charlie Rose
M.C.

HAND DELIV.

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1985

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

Congressman Charlie Rose
 (Full Name)

2230 Rayburn Building
 (Mailing Address)

Washington, D.C. 20515

RECEIVED
 ETHICS IN GOVERNMENT ACT
 JAN 14 11 03 43
 U.S. HOUSE OF REPRESENTATIVES
 COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

MC

(Office Use Only)

Check the appropriate box and fill in the blanks.

- Member of the U.S. House of Representatives—District 7th State NC
- Officer or Employee—Employing Office _____
- Check if amended Statement.

GENERAL INFORMATION

WHO MUST FILE AND WHEN:

- Each Member in office on May 15, 1986 must file a Financial Disclosure Statement on or before May 15, 1986.
- Any officer or employee of the Legislative Branch compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS-16, \$61,296, as of January 1, 1985, for a period in excess of 60 days in calendar year 1985 shall file a Financial Disclosure Statement on or before May 15, 1986, if he or she continues to be such an officer or employee on May 15, 1986.
- Any employee of a Member who has been designated as a principal assistant for purposes of the Ethics in Government Act of 1978 and who performs the duties of his or her position for a period in excess of 60 days in calendar year 1985 shall file a Financial Disclosure Statement on or before May 15, 1986, if he or she continues to be such an employee on May 15, 1986.

WHERE TO OBTAIN ASSISTANCE: Committee on Standards of Official Conduct, U.S. House of Representatives, Room HT-2, Capitol Building, Washington, D.C. 20515. Telephone No. (202) 225-7103. Additional forms and instruction booklets may be obtained from the Committee office.

REPORTING INSTRUCTIONS

NOTE: Please read instructions carefully. Sign this form where indicated. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. For some categories of disclosure, a filer may attach a computer (or other) printout listing assets, such as investments, transactions, sales, etc. Such information may be obtained from financial investment (or other) organizations. In cases where such "printouts" are used, the material should be attached with an appropriate notation in the response area provided. Complete all parts. (If NONE, so indicate.) Please type or print.

REPORTING PERIOD: The period covered by this Disclosure Statement is calendar year 1985 unless otherwise indicated. *Gifts or reimbursements received during any period in the calendar year when the reporting individual was not a Member or employee need not be disclosed.*

I. SPOUSE AND DEPENDENT DISCLOSURE EXEMPTION

In general, the reporting individual is required to include financial information concerning his or her spouse or dependent children. However, in RARE CIRCUMSTANCES, WHERE ONE OR MORE FINANCIAL INTERESTS of a spouse or dependent child meets the three standards listed below, such interest need not be disclosed. Non-disclosure MUST be indicated by checking the space marked "YES". If all spousal and dependent children's financial interests are disclosed, "NO" should be checked in the space marked

STANDARDS FOR EXEMPTION

- (1) The item is the sole interest or responsibility of the spouse or dependent child, and the reporting individual has NO KNOWLEDGE of the item; and
- (2) The item was not in any way, past or present, DERIVED FROM THE INCOME, ASSETS, OR ACTIVITIES of the reporting individual; and
- (3) The reporting individual neither DERIVES, NOR EXPECTS TO DERIVE, any financial or economic benefit from the item.

NOTE: Only financial interests meeting the standards are exempted from disclosure. All other interests must be reported.

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? YES _____ NO X

For more information, see detailed Instruction Booklet at page 7

II. INCOME

GENERAL GUIDELINES:

EARNED INCOME is represented by earnings from employment, or personal efforts, such income when it exceeds \$100 from any one source must be disclosed at Part II-A, as to its SOURCE, TYPE, AND GROSS AMOUNT. In reporting honoraria, do not include amounts accepted for actual travel and subsistence expenses for yourself and your spouse, or aide, and amounts paid or incurred for any agent's fees or commissions; the DATE OF RECEIPT must be indicated. Earned income by Members is LIMITED to 30% of the Congressional salary they receive in a calendar year. THE 1985 LIMIT FOR INCUMBENTS IS \$22,467.49, and for MEMBERS SWORN IN ON JANUARY 3, 1985, \$20,527.31. Earned income in excess of the limitation may be donated to any organization described in 26 U.S.C. 170(c). ANY honorarium, or other earned income, assigned to a charity (in whole or part) should be noted under "DISPOSITION".

EXCLUSIONS: Income from current U.S. Government employment need not be reported. Report the SOURCE, AND TYPE, but not the AMOUNT, of a spouse's earned income which exceeds \$1,000. Income of a dependent child need not be reported.

For more information, see detailed Instruction Booklet at page 7

A. SOURCE	SEE ATTACHED HONORARIUMS	TYPE HONORARIUMS	AMOUNT \$22,000.00	DISPOSITION

UNEARNED INCOME includes, but is not limited to, earnings derived from assets or investments such as interest, rents and dividends. Unearned income must be disclosed at Part II-B when it exceeds \$100 in value from any source during calendar year 1985. The unearned income of a spouse or dependent child must also be reported under this part. Filer may use a computer printout or similar listing, if so desired. Only the category of value of such income need be disclosed. Category A—not more than \$1,000; B—\$1,001-\$2,500; C—\$2,501-\$5,000; D—\$5,001-\$15,000; E—\$15,001-\$50,000; F—\$50,001-\$100,000; G—over \$100,000

B. SOURCE	TYPE	CATEGORY
HOUSE AT 27 SUNSET LANE, ALEXANDRIA, VA	Rental	D

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

GENERAL GUIDELINES:

ASSETS: Stocks and bonds, real estate, savings accounts, and any other investment or property held for the production of income, during calendar year 1985, including business interests, that had a fair market value exceeding \$1,000 as of the end of the year, must be reported by category of value. In listing the category of value of any item where it is difficult to determine an approximate fair market value, any recognized indication of value may be used provided that the method of valuation is included on the Disclosure Statement. (See Instruction Booklet at page 9 for methods of valuation.) In listing securities, the name of each company in which stock worth over \$1,000 is held must be listed separately. In reporting real property holdings, a brief description of the property (such as number of acres and indication of any improvements), and its location should be included. Filer may use a computer printout or similar listing, if so desired.

TRUSTS: Except for assets held in a Qualified Blind Trust, described below, the holdings of and income derived from a trust or other financial arrangement in which a beneficial interest in principal or income is held by the reporting individual, his spouse, or any dependent children must be disclosed. (See Exclusions)

EXCLUSIONS: Any deposits aggregating \$5,000 or less in personal savings accounts as of the end of the year, and any personal liability owed to the reporting individual by a relative. A personal residence would not be reported UNLESS any part of the residence produces rental income. The cash value of a life insurance policy need not be reported. The reporting individual need only report the category of the amount of income received by him, his spouse, or dependents from: (1) a trust which was not created directly by such individual, his spouse, or any dependent, and with respect to which such individual, his spouse, and dependents have no knowledge of the holdings or sources of income of the trust; or (2) a "QUALIFIED BLIND TRUST" as defined in section 102(e)(3) of the Act. Such a trust must be approved by the COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT before it will be deemed a qualified blind trust under the Act. (Check the appropriate box below.)

DO YOU, YOUR SPOUSE OR DEPENDENT CHILD RECEIVE INCOME FROM OR HAVE A BENEFICIAL INTEREST IN A TRUST OR OTHER FINANCIAL ARRANGEMENT WHOSE HOLDINGS WERE NOT REPORTED BECAUSE THE TRUST IS A "QUALIFIED BLIND TRUST" OR OTHER EXCEPTED TRUST? YES ___ NO X

For more information, see detailed Instruction Booklet at page 8

IDENTITY	CATEGORY
Rental Unit, 27 Sunset Lane, Alexandria	E
New Hanover County, N.C. Acreage - 17/3 owner, 10 acres	F
Cascade Mountain, VA ski lot, 3/4 acre	B

IV. TRANSACTIONS

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
NONE		

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
Southern National Bank Note	C
Mortgage on 27 Sunset Drive, Alexandria	2

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
NONE	

R 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
NONE		

VII. REIMBURSEMENTS

GENERAL GUIDELINES:

PART VII, includes items such as travel expenses provided in connection with a SPEAKING ENGAGEMENT or FACT-FINDING EVENT related to official duties, whether those expenses were REIMBURSED to the individual or PAID DIRECTLY by the sponsoring organization. Only a brief description of the itinerary and the nature of the expenses aggregating \$250 or more in value received from any source during calendar year 1985, is required rather than exact dollar figures.

EXCLUSIONS: Travel-related expenses provided by federal, state, and local governments, or by a foreign government within a foreign country, and reimbursements paid from campaign funds, need not be reported.

For more information, see detailed Instruction Booklet at page 12.

The source and a brief description of reimbursements aggregating \$250 or more in value received from any source during calendar year 1985

SOURCE	BRIEF DESCRIPTION
SEE ATTACHED LIST OF REIMBURSEMENTS	

VIII. POSITIONS

GENERAL GUIDELINES:

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.

EXCLUSIONS: Positions held in any religious, social, fraternal, or political entities, and positions solely of an honorary nature

For more information, see detailed Instruction Booklet at page 13

POSITION	NAME OF ORGANIZATION
NONE	

IX. AGREEMENTS

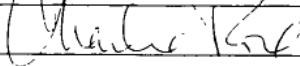
GENERAL GUIDELINES:

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

For more information, see detailed Instruction Booklet at page 13

DATE	PARTIES TO	TERMS OF AGREEMENT
NONE		

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (2 U.S.C. §701 et seq.). The Statements will be made available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct. 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 (see 2 U.S.C. §706 and 18 U.S.C. §1001).

Signature 	Date MAY 13, 1986
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WHERE TO FILE:

RETURN COMPLETED STATEMENT
(WITH TWO COPIES) TO:

The Clerk, U.S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D.C. 20515

EXTENSIONS: The Committee on Standards of Official Conduct may grant reasonable extensions of time for filing any Disclosure Statement. An extension request must be in writing, and should state the reason the extension is necessary, and be directed to the Chairman of the Committee, Representative Julian C. Dixon.

Date	Name	Amount	Expense	Phone	Contact
Jan 2, 1985	Tobacco Institute	\$1,000.00	\$0.00	202-457-4800	Sam Chilcote
Feb 4, 1985	North Carolina Assoc. of Electric Coops	\$1,000.00	\$385.81	919-827-0800	James Hubbard
Feb 25, 1985	Connell Rice & Sugar Co. Inc	\$2,000.00	\$150.00	201-233-0700	Martin Simon
Mar 28, 1985	American Paper Institute	\$500.00	\$0.00	202-332-1050	Carol Raulston
Apr 1, 1985	Space	\$2,500.00	\$714.00	703-549-6990	Richard Brown
Apr 26, 1985	Phillips Petroleum Co	\$1,000.00	\$0.00	202-785-1380	Jim Noble
May 29, 1985	Electronic Industries Association	\$500.00	\$684.00	202-457-4900	Gary Shapiro
May 30, 1985	AT & T	\$2,000.00	\$525.00	919-253-6262	Tom Rabon
Jun 14, 1985	Southeastern Peanut Association	\$1,500.00	\$556.00	912-888-2508	John W. Greene
Jul 15, 1985	State of North Carolina Public Instruction	\$0.00	\$600.00	919-733-3813	Jane Worzham
Aug 5, 1985	PLANT FOOD ASSOCIATION OF N.C.	\$0.00	\$499.74	919-787-6862	Walton Dennis
Sep 9, 1985	Space	\$2,000.00	\$310.00	202-887-0600	Robyn Nietert
Sep 19, 1985	Distilled Spirits Council of U.S.	\$1,000.00	\$0.00	202-628-3544	Jeff Peterson
Oct 16, 1985	U.S. TOBACCO	\$1,000.00	\$0.00	203-661-1100	Nicholas A. Buoniconti
Nov 19, 1985	GANNETT OUTDOOR OF TEXAS	\$500.00	\$0.00	202-223-5566	Vern Clark
	GANNETT OUTDOOR OF CHICAGO	\$500.00	\$0.00	202-223-5566	Vern Clark
	GANNETT OUTDOOR OF KANSAS CITY	\$500.00	\$0.00	202-223-5566	Vern Clark
	GANNETT OUTDOOR OF MICHIGAN	\$500.00	\$0.00	202-223-5566	Vern Clark
Dec 5, 1985	FOOD MARKETING INSTITUTE	\$2,000.00	\$0.00	202-452-8444	Anne McGhee

Date	Name	Amount	Expense	Phone	Contact
Dec 12, 1986	Smokeless Tobacco	\$2,000.00	\$0.00	202-452-1252	Mike Kerrigan

Total \$22,000.00 \$4,424.55

VII. REIMBURSEMENTS

<u>SOURCE</u>	<u>BRIEF DESCRIPTION</u>
N.C. Assoc. of Electric Coops	Provided round-trip air-fare to New Orleans for speaking engagement at National Conference of Cooperative Managers and Directors. Reimbursed, \$385.81.
Society for Private and Commercial Earth Stations (SPACE)	Provided for round-trip air-fare to Las Vegas, overnight lodging and transportation to airport for speaking engagement at industry convention. Reimbursed, \$714.00.
Electronic Industries Assoc.	Provided for round-trip air-fare to Chicago for speaking engagement at Summer Consumer Electronics Show. Reimbursed, \$684.00.
AT&T	Provided for round-trip air-fare to Calloway Gardens, GA. for speaking engagement to senior executives of Public Affairs Department. Reimbursed, \$525.00.
Southeastern Peanut Assoc.	Provided for round-trip air-fare to Nashville for speaking engagement at industry convention. Reimbursed, \$556.00.
State of N.C. Public Instruction	Provided round-trip air-fare to Asheville, N.C. for speaking engagement to State Superintendents at Summer Leadership Conference. Reimbursed, \$600.00.
Plant Food Assoc. of N.C.	Provided for round-trip air-fare to Asheville, N.C. for me and my wife for speaking engagement at assoc. annual meeting. Reimbursed, \$499.74.
SPACE	Provided round-trip air-fare to Nashville for speaking engagement at industry convention. Reimbursed, \$310.00.

EXPLANATION OF CERTAIN EXCLUSIONS
1985 REPORTINGIII. HOLDINGS

No reporting was made on 622 Fort Williams Parkway, Alexandria because it is the Member's personal residence.

V. LIABILITIES

No reporting was made of mortgage on 622 Fort Williams Parkway, Alexandria because it is the Member's personal residence.

HAND DELIVERED

May 16, 1986

nc

RECEIVED
U.S. HOUSE OF REPRESENTATIVES
MAY 16 AM 9 51
1986

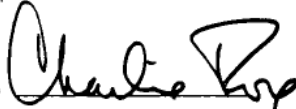
Amendment to Ethics in Government Act - Financial Disclosure Statement for 1985 of Congressman Charlie Rose.

II. INCOME

<u>Date</u>	<u>Name</u>	<u>Amount</u>	<u>Expense</u>	<u>Phone</u>	<u>Contact</u>
April 1, 1985	SPACE	\$2,500.00	\$714.00	703-549-6990	Richard Brown

Honorarium was \$500.00 over permitted limit. Of the total \$2,500.00 figure, \$500.00 was donated to charity.

Signed



Charlie Rose, Member of Congress

nc/09

RECEIVED
U.S. HOUSE OF REPRESENTATIVES
MAY 16 AM 9 51
1986

HAND DELIVERED UNITED STATES HOUSE OF REPRESENTATIVES
Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1986

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

Charles Grandison Rose, II	<div style="font-size: 2em; font-weight: bold; margin-bottom: 5px;">MC</div> (Office Use Only)
(Full Name)	
2230 Rayburn	
(Mailing Address)	
Washington, D.C. 20515	

Check the appropriate box and fill in the blanks.

- Member of the U.S. House of Representatives—District 7th State N.C.
- Officer or Employee—Employing Office _____
- Check if amended Statement.

GENERAL INFORMATION

WHO MUST FILE AND WHEN:

- Each Member in office on May 15, 1987 must file a Financial Disclosure Statement on or before May 15, 1987.
- Any officer or employee of the Legislative Branch compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS-16, \$61,296, as of January 1, 1986, for a period in excess of 60 days in calendar year 1986 shall file a Financial Disclosure Statement on or before May 15, 1987, if he or she continues to be such an officer or employee on May 15, 1987, and receives compensation equal to or in excess of the annual rate of basic pay in effect for grade GS-16, \$63,135, as of May 15, 1987.
- Any employee of a Member who has been designated as a principal assistant for purposes of the Ethics in Government Act of 1978 and who performs the duties of his or her position for a period in excess of 60 days in calendar year 1986 shall file a Financial Disclosure Statement on or before May 15, 1987, if he or she continues to be such an employee on May 15, 1987.

WHERE TO OBTAIN ASSISTANCE: Committee on Standards of Official Conduct, U.S. House of Representatives, Room HT-2, Capitol Building, Washington, D.C. 20515. Telephone No. (202) 225-7103. Additional forms and instruction booklets may be obtained from the Committee office.

REPORTING INSTRUCTIONS

NOTE: Please read instructions carefully. Sign this form where indicated. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. For some categories of disclosure, a filer may attach a computer (or other) printout listing assets, such as investments, transactions, sales, etc. Such information may be obtained from financial investment (or other) organizations. In cases where such "printouts" are used, the material should be attached with an appropriate notation in the response area provided. Complete all parts. (If NONE, so indicate.) Please type or print.

REPORTING PERIOD: The period covered by this Disclosure Statement is calendar year 1986 unless otherwise indicated. Gifts or reimbursements received during any period in the calendar year when the reporting individual was not a Member or employee need not be disclosed.

I. SPOUSE AND DEPENDENT DISCLOSURE EXEMPTION

In general, the reporting individual is required to include financial information concerning his or her spouse or dependent children. However, in RARE CIRCUMSTANCES, WHERE ONE OR MORE FINANCIAL INTERESTS of a spouse or dependent child meets the three standards listed below, such interest need not be disclosed. Non-disclosure MUST be indicated by checking the space marked "YES". If all spousal and dependent children's financial interests are disclosed, "NO" should be checked in the space marked.

STANDARDS FOR EXEMPTION

- (1) The item is the sole interest or responsibility of the spouse or dependent child, and the reporting individual has NO KNOWLEDGE of the item; and
- (2) The item was not in any way, past or present, DERIVED FROM THE INCOME, ASSETS, OR ACTIVITIES of the reporting individual; and
- (3) The reporting individual neither DERIVES, NOR EXPECTS TO DERIVE, any financial or economic benefit from the item.

NOTE. Only financial interests meeting the standards are exempted from disclosure. all other interests must be reported.

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?	YES _____ NO <u>X</u> NA _____
---	--------------------------------

For more information, see detailed Instruction Booklet at page 7.

II. INCOME

GENERAL GUIDELINES:

EARNED INCOME is represented by earnings from employment, or personal efforts; such income when it exceeds \$100 from any one source must be disclosed at Part II-A, as to its SOURCE, TYPE, AND GROSS AMOUNT. In reporting honoraria, do not include amounts accepted for actual travel and subsistence expenses for yourself and your spouse, or aide, and amounts paid or incurred for any agent's fees or commissions; the DATE OF RECEIPT must be indicated. Earned income by Members is LIMITED to 30% of the Congressional salary they receive in a calendar year. THE 1986 LIMIT FOR MEMBERS IS \$22,530. Earned income in excess of the limitation may be donated to any organization described in 26 U.S.C. 170(c). ANY honorarium, or other earned income, assigned to a charity (in whole or part) should be noted under "DISPOSITION". IF NONE, SO STATE.

EXCLUSIONS: Income from current U.S. Government employment need not be reported. Report the SOURCE, AND TYPE, but not the AMOUNT, of a spouse's earned income which exceeds \$1,000. Income of a dependent child need not be reported.

For more information, see detailed Instruction Booklet at page 7.

A. SOURCE	TYPE	AMOUNT	DISPOSITION
See attached list of honorariums	Honorariums	\$21,250.00	
Brown & Finn (SPACE)	Honorarium	\$3,000.00	\$1,000.00 assigned to charity

UNEARNED INCOME includes, but is not limited to, earnings derived from assets or investments such as interest, rents and dividends. Unearned income must be disclosed at Part II-B when it exceeds \$100 in value from any source during calendar year 1986. The unearned income of a spouse or dependent child must also be reported under this part. Filer may use a computer printout or similar listing, if so desired. Only the category of value of such income need be disclosed. Category A—not more than \$1,000; B—\$1,001-\$2,500; C—\$2,501-\$5,000; D—\$5,001-\$15,000; E—\$15,001-\$50,000; F—\$50,001-\$100,000; G—over \$100,000.

B. SOURCE	TYPE	CATEGORY
Wright Fatman Federal Credit Union	Savings/Capitol/Checking	B
	Dividends	
House at 27 Sunset Lane, Alexandria, VA	rental	C

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

GENERAL GUIDELINES:

ASSETS: Stocks and bonds, real estate, savings accounts, and any other investment or property held for the production of income, during calendar year 1986, including business interests, that had a fair market value exceeding \$1,000 as of the end of the year, must be reported by category of value. In listing the category of value of any item where it is difficult to determine an approximate fair market value, any recognized indication of value may be used provided that the method of valuation is included on the Disclosure Statement. (See Instruction Booklet at page 9 for methods of valuation.) In listing securities, the name of each company in which stock worth over \$1,000 is held must be listed separately. In reporting real property holdings, a brief description of the property (such as number of acres and indication of any improvements), and its location should be included. Filer may use a computer printout or similar listing, if so desired. IF NONE, SO STATE.

TRUSTS: Except for assets held in a Qualified Blind Trust, described below, the holdings of and income derived from a trust or other financial arrangement in which a beneficial interest in principal or income is held by the reporting individual, his spouse, or any dependent children must be disclosed. (See, Exclusions)

EXCLUSIONS: Any deposits aggregating \$5,000 or less in personal savings accounts as of the end of the year, and any personal liability owed to the reporting individual by a relative. A personal residence would not be reported UNLESS any part of the residence produces rental income. The cash value of a life insurance policy need not be reported. The reporting individual need only report the category of the amount of income received by him, his spouse, or dependents from; (1) a trust which was not created directly by such individual, his spouse, or any dependent, and with respect to which such individual, his spouse, and dependents have no knowledge of the holdings or sources of income of the trust; or (2) a "QUALIFIED BLIND TRUST," as defined in section 102(e)(3) of the Act. Such a trust must be approved by the COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT before it will be deemed a qualified blind trust under the Act. (Check the appropriate box below.)

DO YOU, YOUR SPOUSE OR DEPENDENT CHILD RECEIVE INCOME FROM OR HAVE A BENEFICIAL INTEREST IN A TRUST OR OTHER FINANCIAL ARRANGEMENT WHOSE HOLDINGS WERE NOT REPORTED BECAUSE THE TRUST IS A "QUALIFIED BLIND TRUST" OR OTHER EXCEPTED TRUST?	YES	NO <input checked="" type="checkbox"/>	NA
---	-----	--	----

For more information, see detailed Instruction Booklet at page 8.

IDENTITY	CATEGORY
Wright Fatman Federal Credit Union Savings/Capitol/Checking	
Rental Unit, 27 Sunset Lane, Alexandria, VA	E
Cascade Mountain, VA ski lot, 3/4 acre	B
New Hanover County, N.C. 10 acres	E

IV. TRANSACTIONS

GENERAL GUIDELINES:

A brief description, the date, and category of value of any PURCHASE, SALE, OR EXCHANGE during calendar year 1986, 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. IF NONE, SO STATE

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
Sale of house at 27 Sunset Lane, Alexandria, VA	10-1-86	E
Purchase of 2/3 interest in New Hanover Co. property	12-29-86	F

V. LIABILITIES

GENERAL GUIDELINES:

All personal obligations aggregating over \$10,000 owed to one creditor AT ANY TIME during 1986, 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. IF NONE, SO STATE.

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
Southern National Bank Note	C
Mortgage on 27 Sunset Drive, Alexandria, VA	B
Mortgage on 1/3 interest New Hanover County property, 10 acres (until 12-28-86) owed to Gleason Allen, trustee, Wilmington, N.C.	D
Mortgage on New Hanover County property, 10 acres (12-29-86 until end of year) owed to Gleason Allen, trustee, Wilmington, N.C.	F

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. IF NONE, SO STATE.

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 1986.

SOURCE	BRIEF DESCRIPTION
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 1986

SOURCE	BRIEF DESCRIPTION	VALUE
None		

VII. REIMBURSEMENTS

GENERAL GUIDELINES:

PART VII. Includes items such as travel expenses provided in connection with a SPEAKING ENGAGEMENT or FACT-FINDING EVENT related to official duties, whether those expenses were REIMBURSED to the individual or PAID DIRECTLY by the sponsoring organization. Only a brief description of the itinerary and the nature of the expenses aggregating \$250 or more in value received from any source during calendar year 1986, is required rather than exact dollar figures. IF NONE, SO STATE.

EXCLUSIONS: Travel-related expenses provided by federal, state, and local governments, or by a foreign government within a foreign country, and reimbursements paid from campaign funds, need not be reported.

For more information, see detailed Instruction Booklet at page 12.

The source and a brief description of reimbursements aggregating \$250 or more in value received from any source during calendar year 1986

SOURCE	BRIEF DESCRIPTION
See attached list of reimbursements	

VIII. POSITIONS

GENERAL GUIDELINES:

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. IF NONE, SO STATE.

EXCLUSIONS: Positions held in any religious, social, fraternal, or political entities, and positions solely of an honorary nature.

For more information, see detailed Instruction Booklet at page 13.

POSITION	NAME OF ORGANIZATION
None	

IX. AGREEMENTS


GENERAL GUIDELINES:

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. IF NONE, SO STATE.

For more information, see detailed Instruction Booklet at page 13.

DATE	PARTIES TO	TERMS OF AGREEMENT
None		

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (2 U.S.C. §701 et seq.). The Statements will be made available to any requesting person upon written application and will be reviewed by the Committee on Standards of Official Conduct. 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 (see 2 U.S.C. §706 and 18 U.S.C. §1001).

Signature 	Date May 15, 1987
--	----------------------

WHERE TO FILE:

RETURN COMPLETED STATEMENT
(WITH TWO COPIES) TO:

The Clerk, U.S. House of Representatives
Office of Records and Registration
1836 Longworth House Office Building
Washington, D.C. 20515

EXTENSIONS: The Committee on Standards of Official Conduct may grant reasonable extensions of time for filing any Disclosure Statement. An extension request must be in writing, and should state the reason the extension is necessary, and be directed to the Chairman of the Committee, Representative Julian C. Dixon.

Congressman Charlie Rose
Financial Disclosure, 1986
VII. Reimbursements

Pfizer - Pfizer provided round-trip air-fare between Washington, D.C. and Raleigh N.C. and one day food and lodging for a speaking engagement.

SPACE Brown and Finn provided round-trip air-fare between Washington, D.C. and Las Vegas, Nevada and one day food and lodging for a speaking engagement.

U. S. Tobacco - U.S. Tobacco provided round-trip air-fare between Washington, D.C. and Palm Beach, Florida and one day food and lodging for a speaking engagement.

All American Beverage Association - All American Beverage Association provided air-fare between Washington, D.C. and Palm Springs, California for myself and spouse and three days food and lodging for speaking engagement.

Meyers and White - Meyers and White provided air-fare between Washington, D.C. and Dallas, Texas, including travel by car to Ardmore, Oklahoma for myself and spouse and one day food and lodging for speaking engagement.

Congressman Charlie Rose
 Financial Disclosure, 1986
 II. Income (Honorariums)

Date	Name	Amount	Expense	Phone	Contact
Jan 23, 1986	PFIZER	\$1,000.00	\$256.00	202-783-7070	BURT E. ROSEN
Feb 20, 1986	SPACE (BROWN & FINO)	\$3,000.00	\$648.75	202-887-0600	RICK BROWN
Feb 22, 1986	US TOBACCO	\$1,000.00	\$320.00	203-661-1100	BARBARA STERLING
Mar 11, 1986	OUTDOOR ADVERTISING ASSOCIATION	\$2,000.00		202-223-5566	VERNON CLARK
Mar 30, 1986	ALL-AMERICAN BEVERAGE CO. INC	\$2,000.00	\$1,400.00	805-928-3866	GAIL BRUCE
Apr 4, 1986	CONNELL RICE & SUGAR CO.	\$2,000.00	\$106.00	201-233-0700	GROVER CONNELL
Apr 17, 1986	The TOBACCO INSTITUTE	\$2,000.00		202-457-4846	BOB LEVY
Apr 29, 1986	MCI COMMUNICATIONS CORPORATION	\$2,000.00		202-887-2696	ED HALL
May 5, 1986	AMERICAN FARM BUREAU FEDERATION	\$500.00		202-484-2222	JOHN C. DATT
May 8, 1986	NATIONAL RESTAURANT ASSOCIATION	\$1,250.00		202-638-6100	DENNIS CLARK
Jun 11, 1986	XEROX CORPORATION	\$500.00		703-247-6710	SHIRLEY MYERS
Jul 24, 1986	MEYERS & WHITE	\$2,000.00	\$858.00	202-484-2773	LARRY MEYERS
Sep 19, 1986	REAL ESTATE TAX INSTITUTE	\$2,000.00		202-528-5644	TERESA ELLIS
Total:		\$21,250.00	\$3,568.75		

CHARLIE ROSE
7TH DISTRICT NORTH CAROLINA

230 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
PHONE AREA CODE 202 225 2731

DISTRICT OFFICES
208 POST OFFICE BUILDING
WILMINGTON, NC 28401
PHONE AREA CODE 919 343-4929

218 FEDERAL BUILDING
FAYETTEVILLE, NC 28301
PHONE AREA CODE 919 323 0260

HAND DELIVERED



Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE ON AGRICULTURE
SUBCOMMITTEES
CHAIRMAN TOBACCO AND PEANUTS
COTTON, RICE, AND SUGAR
DEPARTMENT OPERATIONS, RESEARCH,
AND FOREIGN AGRICULTURE
LIVESTOCK, DAIRY AND POULTRY

COMMITTEE ON
HOUSE ADMINISTRATION
SUBCOMMITTEES
CHAIRMAN, OFFICE SYSTEMS
ELECTIONS

May 15, 1987

The Honorable Donn Anderson
The Clerk, U. S House of Representatives
Office of Records and Registration
1036 Longworth
Washington, DC 20515

✓
MC

Dear Donn:

Attached please find amendments to previously filed Ethics in
Government Act-Financial Disclosure Statements for 1983, 1984
and 1985.

Thank you.

Sincerely,

Charlie Rose

CR:rgs
encl.

Cong. Charlie Rose
2230 Rayburn
Washington, D.C. 20515

1983 Amendment

Ethics in Government Act- Financial Disclosure Statement

IV Liabilities

Identity

Mortgage on 1/3 interest New Hanover County property, 10 acres,
owed to Gleason Allen, trustee, Wilmington, N.C.

Category

D

Cong. Charlie Rose
2230 Rayburn
Washington, D.C. 20515

1984 Amendment

Ethics in Government Act- Financial Disclosure Statement

IV Liabilities

Identity

Mortgage on 1/3 interest New Hanover County property, 10 acres,
owed to Gleason Allen, trustee, Wilmington, N.C.

Category

D

Cong. Charlie Rose
2230 Rayburn
Washington, D.C. 20515

1985 Amendment

Ethics in Government Act- Financial Disclosure Statement

IV Liabilities

Identity

Mortgage on 1/3 interest New Hanover County property, 10 acres,
owed to Gleason Allen, trustee, Wilmington, N.C.

Category

D

NAME: H503090

APPENDIX L

AGE 1

1 RPTS CANTOR

2 DCMN MILTON

3

4 PENDING BUSINESS

5 EXECUTIVE SESSION

6 Thursday, November 5, 1987

7

8 House of Representatives,
9 Committee on Standards of Official Conduct,
10 Washington, D. C.

11

12 The committee met, pursuant to call, at 10:15 a.m., in
13 Room H-310, The Capitol, Hon. Julian C. Dixon (chairman of
14 the committee) presiding.

15 Present: Representatives Dixon, Spence, Fazio, Myers,
16 Dwyer, Hansen, Mollohan, Pashayan, Gaydos, Petri, Atkins and
17 Craig.

18 Staff present: Ralph L. Lotkin, Chief Counsel; Jan
19 Loughry, Administrative Assistant; Keith Giese, Counsel;
20 Elneita Hutchins-Taylor, Counsel; Mark J. Davis, Counsel;
21 Richard J. Powers, Investigator; Linda R. Shealy, Secretary;
22 and Lee Ho, GAO Accountant.

23 Also present: Representative Charles G. Rose, accompanied
24 by counsel: William Oldaker, Eric Kleinfeld, and Heidi
25 Pender.

26 The CHAIRMAN. A quorum being present, the committee will
27 come to order.

28 We are in executive session pursuant to the motion agreed
29 to yesterday to cover one subsequent day in executive
30 session.

31 The first order of business will be Congressman Charlie
32 Rose. We would ask Mr. Rose and counsel in.

33 Good morning, Charlie.

34 Mr. ROSE. Good morning, Mr. Chairman.

35 The CHAIRMAN. Members of the committee, last week
36 Representative Rose along with his counsel Mr. William
37 Oldaker, Mr. Eric Kleinfeld and Ms. Heidi Pender met with me
38 and committee counsel Elaine Hutchins-Taylor and Ralph
39 Lotkin in the committee office. At this meeting,
40 Representative Rose requested another opportunity to come
41 before the committee. After my consultation with the
42 Ranking Member of this committee, Mr. Rose was notified that
43 the committee would honor his request.

44 Representative Rose's appearance today does not total the
45 21-day time period for his response under Rule XII of the
46 committee's rules of procedure. Likewise, his appearance
47 today does not waive his right or the committee's right to
48 waive evidence at a disciplinary hearing should the
49 committee vote to proceed with such a hearing under Rules
50 XII and XVI.

51 Let the record reflect that Representative Rose's
52 appearance here today does not follow the normal committee
53 procedure. Rule XII 1(a)(2)(a) states that the committee
54 shall provide the respondent an opportunity to present an
55 oral statement respecting allegations at the preliminary
56 inquiry stage of the committee investigation.

57 On July 22 of this year, Mr. Rose exercised his right
58 under this rule and appeared before this committee. On
59 October 28, the committee moved forward for the preliminary
60 stage by voting a statement of alleged violations. During
61 this stage, the committee procedure does not provide for
62 testimony or an appearance by the respondents. Rather, the
63 rule specifies that the response should be in writing.
64 Notwithstanding this, Mr. Spence and I agreed to acquiesce
65 and permit Representative Rose to appear.

66 Present with him today are his counsel William Oldaker,
67 Eric Kleinfeld and Ms. Heidi Pender.

68 Following Mr. Rose's testimony before the committee,
69 members may want to ask questions. I have instructed staff
70 counsel not to ask questions of the Congressman.

71 Finally, after that proceeding, Mr. Rose's counsel have
72 requested an opportunity to present oral arguments to the
73 committee regarding the application of Rules XVIII and XIX
74 of the rules of procedure. At the conclusion of
75 Representative Rose's testimony, and any questions form the

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76 | members, we will hear counsel's argument on these two rules
77 | with response from our counsel.

78 | Congressman Rose, will you stand and be sworn. Do you
79 | solemnly swear the testimony you are about to give before
80 | this committee shall be the truth, the whole truth and
81 | nothing but the truth, so help you God?

82 | Mr. ROSE. I do.

83 | [Witness sworn.]

84 The CHAIRMAN. Would you be seated and state your name.

85

86 TESTIMONY OF HON. CHARLES G. ROSE, A REPRESENTATIVE IN
87 CONGRESS FROM THE STATE OF NORTH CAROLINA, ACCOMPANIED BY
88 COUNSEL WILLIAM OLDAKER, ERIC KLEINFELD AND HEIDI PENDER

89

90 Mr. ROSE. My name is Charlie Rose, Member of the House of
91 Representatives from North Carolina.

92 The CHAIRMAN. I am informed by our counsel that you have
93 evidence here this morning, written evidence, that you wish
94 to put before the committee.

95 Mr. ROSE. Yes, Mr. Chairman.

96 The CHAIRMAN. My first question to you, has this evidence
97 been submitted to our counsel in the past?

98 Mr. ROSE. Yes, it has.

99 The CHAIRMAN. So that everything that the members will
100 see Ms. Taylor or Mr. Lotkin have seen?

101 Mr. ROSE. Yes, sir.

102 The CHAIRMAN. Without objection, we will pass out that
103 material.

104 Mr. ROSE. Shall we give it to them?

105 The CHAIRMAN. Yes, she has got it here. Give us a
106 minute, Charlie, to get that out, and then we will take your
107 statement.

108 All members of the committee have a copy of the material

109 provided by Congressman Rose, and, Congressman, you may
110 proceed.

111 Mr. ROSE. Thank you, Mr. Chairman.

112 Members of the committee, I came before you in July at my
113 request. I started by telling you that I felt that this was
114 a relatively simple matter. I still think it is simple to
115 me, but since that time and the statement of alleged
116 violations, two charges have been added by this committee,
117 and I would like to refer to these first.

118 Our count number is that on or about March of 1986
119 that I pledged a certificate of deposit for my campaign as
120 collateral on a personal loan at Southern National Bank.
121 When I read that charge I was not sure what it was, because
122 I did not at that time recall having had any discussion or
123 signed any paper with Southern National Bank with [redacted] to
124 a certificate of deposit but I called the bank and asked
125 them to search their records to see if they had any such
126 document. They found one and it has been sent to you, and
127 your staff should have seen it and maybe you have seen it.

128 With respect to the assignment, let me say that I did talk
129 with Southern National Bank at their request about securing
130 an outstanding loan. I signed an assignment for them. I
131 never intended to violate any of the rules of the House, and
132 I didn't believe that I was violating any rules of the House
133 in signing that assignment because it was not a valid

134 assignment. However, I did sign the piece of paper.

135 Only my campaign accountant could make a lawful assignment
136 of a certificate of deposit. He did not, nor did I direct
137 him to do so. I don't believe that from that aspect, that
138 there has been a violation of the House rules, but I did
139 sign that paper. I regret it, and should not have signed
140 it.

141 As to count number 4, and these are the two new counts
142 that have come before, since I was before you in July.
143 Count number 4 is with respect to loans that I have made
144 that your committee believes or your staff believes are in
145 excess of \$10,000, and therefore should have been reported
146 on my financial disclosure statements.

147 I want to assure you gentlemen at the outset that any
148 mistakes that I have made with respect to not reporting a
149 loan in excess of \$10,000 were inadvertent and
150 unintentional. I believe very strongly in full disclosure,
151 and for that reason will have necessary corrections made to
152 my reports.

153 With regard specifically to this item No. 4, I am unable
154 to explain why DFA&G were omitted from my reports. The
155 omission was completely unintentional, and I believe that
156 one of the items, item B in count 4, was erroneously typed
157 as a loan from First Union rather than First Citizens Bank.
158 This is something that we can look into deeper with the

159 staff at another point.

160 As for items listed as A, the Wacama Bank, you will see it
161 was \$5000 and \$10,000, the staff person who helped me fill
162 out my disclosure form did not believe that loans from two
163 separate banks in two separate cities needed to be reported,
164 even though it was the same chartered bank in the state. If
165 that is incorrect, I was clearly wrong, and I will be happy
166 to amend my report.

167 Item listed as E, on the chart is the Wright-Patman Credit
168 Union. I have no records to explain this loan, because I
169 don't have any records that show it. Therefore, I can't
170 explain why it was omitted.

171 The item listed as C, the National Bank of Washington, is
172 an interesting item. Some of you may have been around here
173 when the Sergeant at Arms would advance you your salaries.
174 We stopped doing that, but at the time you could get your
175 salary advanced by going down and signing a note down here
176 in the Sergeant at Arms office, and I got the six months
177 salary advances, and kept rolling those notes every month,
178 and it amounted to \$10,496, \$496 over the \$10,000 limit, and
179 it certainly never occurred to me that that was over the
180 \$10,000 limit, and so that was an inadvertent violation on
181 my part.

182 Gentlemen, the most important count--I mean they are all
183 important, but the one that I came here originally on and

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184 | the one that originally brought me here is count number 1.
185 | Count number 1 is a mirror reflection--count number 3 is the
186 | other side of count number 1, so I basically talk about
187 | count number 1. Let me tell you what I am going to try to
188 | show you about count number 1, which is the charge that I
189 | borrowed money form my campaign in 1978 and at different
190 | times through 1985.

191 | I have amended by forms, my committee has amended, my
192 | accountant has amended the files, that I have at the Federal
193 | Elections Commission to show that my campaign committee is
194 | in debt to me to the sum of \$50,000. You don't have to
195 | reach the conclusion, that my committee owes me a total of
196 | \$50,000. I believe it because I remember it and I remember
197 | the transaction, but you don't have to believe that to find
198 | that I have not violated the rules of the House with respect
199 | to borrowing, because what I want to show you is that the
200 | most my campaign ever reimbursed me in the 1978 to 1985
201 | period was \$28,895, and if you are convinced that my
202 | campaign owes me just \$28,895, then you can conclude that I
203 | was entitled to be reimbursed in those reimbursements that I
204 | received form 1973 through 1985.

205 | The FEC reports show a loan made to the committee of
206 | \$20,000 in 1972. The FEC reports show a \$5100 contribution
207 | form my father. As I have previously told the committee,
208 | this was an oral loan. The FEC reports reflect start-up

209 cash on hand of nearly \$14,000 which includes a loan from my
210 father of \$8,750. Thus the FEC reports themselves account
211 for \$33,900 in loans.

212 Where have those FEC reports been, and why weren't they
213 initially used? In 1970, I ran against an incumbent
214 Congressman and lost. What personal funds I had to use for
215 campaigning were pretty well expended in 1970.

216 I ran again in 1972, when the incumbent decided not to
217 run, but there were many people who wanted to run, so I had
218 a vigorous primary. My friends and supporters in and around
219 Fayetteville knew that my father had some financial
220 resources, and that he could borrow money and help me use
221 that money, that we together could borrow money to run the
222 campaign. That is in effect what we did in 1972, and those
223 borrowings were reported on State of North Carolina forms
224 and on Federal forms. But at the end of 1972, I left North
225 Carolina and came to Washington.

226 I spent 1973 on the top floor of the Longworth Building
227 getting accustomed to being a first-year Congressman. I
228 discovered quickly that I needed an accountant. I wasn't
229 responsible for filling out the forms that had been filled
230 out and submitted in 1972, or have I been responsible since
231 then. My campaign committee has. But in 1974, we created a
232 new campaign committee, the Committee for Congressman
233 Charlie Rose, and a CPA became the person in charge of that

234 campaign committee, and he was not aware until 1986 of these
235 filings on Federal Election Campaign Act forms that were
236 filed in this building with the Clerk, and the filings that
237 were made in Raleigh at the Secretary of State Office.

238 I obviously am very sorry that we didn't make an
239 exhaustive search at the beginning of 1974 when the new
240 campaign committee was created, and bring these forms
241 forward at that time, but we brought them forward now, and I
242 will get to that in just a minute.

243 The statement of organization that you have in front of
244 you indicates that if there is a dissolution of the
245 committee, the excess funds will be used to pay off
246 preexisting debts.

247 Now let me go through what is in front of you entitled
248 "Chart No. 1." At the top of the chart, it says, "Loans
249 made to Rose campaign in 1972." On May 23, \$20,000 was
250 reported. If you will look on the copy, the Xeroxed copy in
251 front of you, you will see it is my Federal reported filed
252 June 16 of 1972.

253 Look on page 4 of that report, and you will see a loan
254 form the First Citizens Bank of \$20,000. Evidence No. 1 of
255 a loan to the committee is this Federal Election Campaign
256 Act report filed with the Clerk. You have in the files of
257 the committee the sworn statement of my finance manager in
258 1972, of my father, of Alton Buck, accountant and assistant

259 treasurer, that this was a loan to the campaign committee,
260 and as I have said previously and say to you today, I became
261 responsible for any of the loans that were made to the
262 committee by or through my father at the time that they were
263 made, and your staff has a ledger card form the First
264 Citizens Bank of Fayetteville, my father's ledger card,
265 which shows the date that this \$10,000 loan is reported on
266 this Federal Election Campaign Act form that he made a loan
267 at the First Citizens Bank & Trust Company in Fayetteville,
268 and we have all sworn that that is \$20,000 that we borrowed,
269 that I became responsible for, that came into the campaign.

270 You also have the sworn statement of Tony Rand, the
271 treasurer, and item No. 2 in your folder is a statement of
272 organization that was filed with the Clerk of the House in
273 1974, and if you will look on the second page of this
274 filing, item No. 9 says, "In the event of dissolution, what
275 disposition will be made of residual funds: repay
276 outstanding debts form 1972 campaign."

277 Now, gentlemen, I wouldn't be going through all this
278 anguish that I have been through for over a year now if my
279 campaign had actually taken these forms and incorporated
280 them into this new filing of the new Campaign Committee for
281 Congressman Charlie Rose in 1974, but they didn't, and
282 therefore I am faced with why I am here today. That is the
283 \$20,000 loan on a Federal Election Campaign Act report.

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284 If you will go to the second page of this, you will see
285 that on May 5, 1972, and if you will look in your folder
286 that is listed as item No. 3, you will go to your folder,
287 you will see a Federal Election Campaign Act of 1971 report
288 filed with the Clerk, and on the second page it shows a
289 \$5,150 entry. My agreement with my father is that that was
290 an oral loan that I was responsible for repaying it, the
291 sworn statements of the people listed there corroborates
292 that, and I refer again to the 1974 statement of
293 organization filed with the Clerk, and the statement of Mr.
294 Rand. And that item is also listed on a North Carolina
295 report, which I will get to in a minute. That is \$25,150 on
296 Federal reports at that point in time.

297 Item No. 4 is a North Carolina report filed with the
298 Secretary of State in Raleigh. I didn't even know these
299 forms were around until 1986 when we went back looking. If
300 I was going to create some forms, gentlemen, I did a pretty
301 good job in anticipating this back in 1972. If you will
302 look at the state form, and it says at the time, it is item
303 4 in your folder, it says at the top, "Statement of
304 contributions and expenditures."

305 Now, under the State of North Carolina law in force at the
306 time, this form was to be used for contributions and loans.
307 There was no other form on which to place loans. Item No.
308 3, item No. 2 actually on that form, is \$5,150, which

309 corroborates with what was filed with the Clerk's Office in
310 the House of Representatives.

311 Let's go to April the 7th, 1972, and look at item No. 5 in
312 your folder. Item No. 5 in your folder is a Federal
313 Election Campaign Act of 1971 report filed with the Clerk,
314 which indicates cash on hand.

315 The CHAIRMAN. They are bad copies. Do you want to point
316 out to us the \$14,428.12?

317 Mr. ROSE. What I want to point out to you is cash on hand
318 of \$14,428.12. And then on the North Carolina report, which
319 is item No. 6 on page 2, these two loans, \$8,750 listed as a
320 loan form Charles G. Rose, Jr.

321 April 7 was the date of commencement for filings under the
322 Federal Election Campaign Act of 1971, and therefore that
323 filing was made.

324 Now, what I am saying to you is that under the reports
325 that were filed with the Clerk, I believe that we have
326 evidence that has not been challenged by any other evidence.
327 There is nothing to contradict what we have shown you, that
328 a \$20,000 loan, a \$5100 loan, and the FEC reports reflect
329 start-up cash on hand of nearly \$14,000, which includes a
330 loan form my father of \$8750. Thus the Federal Election
331 Campaign Act reports themselves that we presented to you
332 account for \$33,900 in loans.

333 Now, let's go to the State of North Carolina reports.

NAME: HSO309000

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334 Item No. 6 again. I just mentioned item No. 6, item No. 6 is
335 a state report, and on the second page refers to it again, a
336 loan by me of \$7,500, the date being April 20, 1972.

337 The next item is June 2nd, 1972. That is item No. 7, the
338 next to the last item--the last item in your folder, and you
339 will notice a \$2000 loan by Charles G. Rose, III, June the
340 2nd, 1972 reported in this North Carolina form, same sworn
341 statements have corroborated this in 1974 statement of
342 organization with the Clerk corroborates this, and that is
343 the last one.

344 Then on June 25--June 2, 1972, \$2500 by Charles G. Rose,
345 Jr., the same corroborating evidence as mentioned before, so
346 that is where you get up to \$45,700.

347 When I was charged last fall with violating the House
348 rules by borrowing money from my campaign committee, I was
349 flabbergasted at the charge. I asked my staff to look into
350 it. We talked to the House Ethics Committee, the person
351 that deals with FEC reports. We talked to the FEC. We
352 located these documents in Raleigh and in Washington, and
353 were told that what we should do was amend our campaign
354 forms to reflect this obligation.

355 The obligation that it shows is owed to me is \$45,900, but
356 as I said earlier, you do not have to reach that conclusion.

357 You do not have to believe that my committee owes me
358 \$45,900 to also find that I have not violated the rules of

359 the House. Let me show that to you.

360 There is a chart No. 2, a printed chart in your file, and
361 if you look at that, you will see that in 1978, 11-15-78, I
362 received a repayment from my committee of \$4000, and a
363 repayment on December 25 of 1982 of \$7000, and right under
364 that is \$895. If you will add up those four items, you will
365 see it is \$11,895. I repaid or reloaned that money to my
366 committee on 12-31-85--I mean on 9-26-86, excuse me. Look at
367 the last item on the sheet.

368 Now go up and look at the \$18,000 entry on September 12,
369 1983. Just down below it to the right you will see \$18,000.
370 Look at the \$10,000, April the 1st, 1984. Down below it to
371 the right you will see \$10,000, \$5000, and the \$5000 below
372 it, \$9500, and \$9500 below it, \$9600 and \$9600 below it.

373 The point I am trying to make here, gentlemen, is that the
374 most that I was ever reimbursed by my campaign committee at
375 any one time was \$29,495.

376 Now, the press has said that I borrowed \$63,000 from my
377 campaign committee. First, I never borrowed any money from
378 my campaign committee, but the reimbursements that I
379 received from my committee all told maybe amounted to
380 \$63,000, but never at any one time was I reimbursed more
381 than \$29,000, because I was reloaned that money to the
382 committee.

383 Why did I reloan the money to the committee? Because I

384 did not have excessive balances in my committee outstanding
385 at that time, and I wanted the committee to show that it had
386 adequate funds.

387 After the 1972 campaign, I came to Washington in 1973. I
388 don't have to tell you what your first year in the House is
389 like, but in 1973, in the fall of 1973 my father said to me
390 that it was time for us to get straight with one another.
391 The monies that I have recited to you that came from him
392 were loans from him, were loans that I was responsible for
393 by agreement with him at the time that they went into the
394 campaign fund, so in the fall of 1973, about two-thirds
395 through my first year in Congress, daddy said let's get
396 straight. Let's put kind of a marker together. This is my
397 best recollection the way that this occurred.

398 He went to the First Citizens Bank, and I with him
399 obtained--obtained--my father obtained in 1973 a \$50,000 loan
400 from First Citizens Bank & Trust Company, and I agreed with
401 him that I was responsible for the payment of that \$50,000
402 loan.

403 Later in 1975, I got another \$50,000 loan from North
404 Carolina National Bank to help pay off the \$50,000 First
405 Citizens Loan.

406 Now, I have given you a virtual path of checks and
407 payments to the committee, and they have them. They can go
408 over them with you. I think they are clear as to how I paid

409 | my father the \$50,000 that he loaned me for the 1972 effort,
410 | but if you have trouble believing parts of that, there is
411 | another piece that I call to your attention.

412 | I had an opportunity through Don Young, just because a
413 | real estate friend of his came to see me, to buy some land
414 | in Alaska, and I bought a section of land in Alaska, and in
415 | 1978 I transferred a half a section of land to my father; in
416 | 1980 I transferred the other half section of land to my
417 | father. My agreement with him was that that land was to
418 | represent a cleaning of the decks as between us, and he sold
419 | that land, I believe, in 1981, about 1981 or 1982, and he
420 | made about \$100,000. I paid \$250 an acre, he sold it for
421 | \$500 an acre.

422 | The bottom line was daddy and I were clean with each
423 | other. We were clear. I didn't owe him any more for the
424 | money that I had borrowed from him or that he had borrowed
425 | from the bank and loaned to me to handle \$72.

426 | So, gentlemen, at the very minimum I plead with you to
427 | understand and believe me that, at a minimum, I never was
428 | advanced more from my committee than \$28,895. If you don't
429 | believe that, I am totally entitled--you don't have to
430 | believe that I am totally entitled to receive \$50,000 from
431 | my committee, but I think there is clear and convincing and
432 | uncontroverted evidence that at least \$33,000, or at least
433 | \$28,895 was loaned by me to the committee through the help

434 of my father, and that I paid my father back not only
435 through bank loans that I ate, but as well through the
436 Alaska land transaction.

437 I beg you to ask me questions. I know that when you make
438 decisions in this body, you are worried about precedents
439 that you might set. I want to be as helpful. I am deeply
440 sorry that I have created this misapprehension of
441 wrongdoing, of violation of the House rules. I have never
442 intended to violate the House rules.

443 I had no control over the lack of this data in 1974. I
444 wish I had. I would have done a better job. But when my
445 accountant found that this was in error, he came forward
446 with me and we made the changes.

447 Do you have comments or questions?

448 The CHAIRMAN. Yes, Mr. Rose, I am sure that many of the
449 members of the committee do.

450 As I understand your testimony, it was your state of mind
451 in 1972, and thereafter, that all of the monies placed into
452 the campaign by either your father or by you were loans?

453 Mr. ROSE. Yes, sir, because we were slam out of gifts in
454 1970 when we lost.

455 The CHAIRMAN. And that in North Carolina forms at that
456 time did not have a provision for loans and contributions,
457 but merely everything was lumped together?

458 Mr. ROSE. Yes, sir.

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459 The CHAIRMAN. As contributions?

460 Mr. ROSE. Yes, sir.

461 The CHAIRMAN. And so my question to you is, would you
462 explain one more time why there was never any paper trail
463 expressing what was your intent?

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464 RPTS THOMAS

465 DCMN LYNCH

466 11:00 A.M.

467 The CHAIRMAN. From '72 on?

468 I think that would be most helpful to the committee, as I
469 understand it. You can correct me if I am wrong.

470 Mr. ROSE. You have.

471 The CHAIRMAN. That the loans that were made from the
472 banks, never in any way indicated that they would ultimately
473 used by the campaign.474 And secondly, that there was no paper trail. There was no
475 correspondence with you and your father, at that time, and
476 there was no note at that time, so I am wondering, if I
477 accept your state of mind, why there was never any paper
478 trail developed contemporaneously with the activity?

479 Mr. ROSE. You have my father before you,

480 * * * *

481 He would come--if you want to
482 ask him, get him back here and he will tell you we never
483 wrote anything down.

484 The CHAIRMAN. Probably the best----

485 Mr. ROSE. * * * *

486

487

488

489 But the \$20,000 loan was made to the committee, and
490 it states so in the Federal election. So we are talking
491 about 20 to \$28,895, or 29.

492 The CHAIRMAN. My second question is, if you viewed them
493 as loans to the committee, did you ever tell the press or
494 make statements to the district that they were borrowing
495 subsequent to this, or before this actually occurred?

496 Mr. ROSE. When I was confronted by the press in 1986,
497 when I said that these were campaign related loans, that
498 these represented campaign related loans, in my mind I was
499 thinking they were related to the loans that my father had
500 made to me and that I had agreed to pay back. That depth
501 was never understood by the press, and the press firmly said
502 Rose has screwed up in what he said, and my lawyers quickly
503 said until the complexity of--and we haven't even found the
504 documents, some of them at statements.

505 The CHAIRMAN. It is my understanding, from talking to our
506 counsel, that there is in fact you presented to the
507 committee, a document indicating that there is now a 49 or
508 \$50,000 indebtedness owed to you?

509 Mr. ROSE. That was what we were advised to do at the FCIC
510 and assume at--we were advised to file an amendment. To
511 bring that debt forward.

512 The CHAIRMAN. So you now have a note that indicates that
513 the campaign owes you \$50,000?

514 Mr. ROSE. Yes sir.

515 The CHAIRMAN. On what date was that note executed?

516 Roughly the year and the month would be okay.

517 Mr. ROSE. January of this year.

518 The CHAIRMAN. What was it--if all these are oral
519 transactions, what effect did you think executing a note in
520 '86, January of '86, what would be the impact on '87? Why
521 did you do it, I am asking, why did you execute a \$50,000----

522 Mr. ROSE. Can I let my lawyer answer that?

523 Mr. OLDAKER. Under the current law, not under previous
524 law, there was in effect in '72, all debts by the campaign
525 are supposed to be in writing, supposed to be an instrument
526 and that was merely trying to conform with the 1979 Campaign
527 Act amendments. It had no other effects other than just----

528 The CHAIRMAN. Who signed the note on behalf of the
529 campaign?

530 Mr. OLDAKER. The treasurer of the campaign.

531 The CHAIRMAN. What was used as supporting--was it the same
532 treasurer you had back there?

533 Mr. ROSE. Back----

534 The CHAIRMAN. When the debts were incurred?

535 Mr. ROSE. No.

536 The CHAIRMAN. What supporting documents did the treasurer
537 see to come to the conclusion that in fact a debt was owed?

538 Mr. ROSE. The filings that we have given you.

539 The CHAIRMAN. The filings that you have given us setting
540 aside the \$20,000 don't talk about loans. Now as the
541 treasurer satisfied that there was a debt of \$50,000? I am
542 not arguing with a set-off here, what caused the treasurer
543 to sign a document saying that the campaign owed Charlie
544 Rose \$50,000? Did he see any documentation?

545 Mr. ROSE. Yes. He saw the documentation that----

546 The CHAIRMAN. Took your word for it for part of it.
547 Okay.

548 Ms. PENDER. Mr. Buck was provided with copies of all the
549 North Carolina filings, all of the FECA filings. Mr. Buck
550 was aware of the law at that time with respect to North
551 Carolina filings. Also aware of FECA, of the 1971 law, and
552 Mr. Buck also has--did say that he was aware of the fact that
553 loans had been made. He was looking for the coordinating
554 evidence as to the specific amount. There has never been
555 any question in Mr. Buck's mind either when he took over in
556 '74, that loans had been made. He has so stated in an
557 affidavit.

558 The CHAIRMAN. As I understand what you said, Mr. Rose, in
559 count 2, that you made a mistake when you were sorry about
560 that. But more importantly, that you did in fact make an
561 assignment of a campaign CD in the value of \$70,000 and you
562 obtained a loan, personal loan from a bank?

563 Mr. ROSE. Saying that document was not effective.

564 The CHAIRMAN. I understand that.

565 Mr. ROSE. But I cannot deny that I signed it. The
566 records of the bank will show that the loan that I got, with
567 your staff, that is, that was to pay off a campaign debt.

568 The CHAIRMAN. But I just want to work through it. You
569 did in fact make an assignment or attempted to make an
570 assignment?

571 Mr. ROSE. No, I signed a document that was not an
572 effective assignment and----

573 The CHAIRMAN. Let me rephrase it. You did in fact sign a
574 document which on its face appeared to make assignment of
575 campaign assets.

576 Mr. ROSE. Yes sir.

577 The CHAIRMAN. For the purpose of you securing a personal
578 loan?

579 Mr. ROSE. Not--first part, I did sign a document that on
580 its face appeared, but not for the purpose of obtaining a
581 loan, because the loan was already outstanding. The bank
582 had just called me and said we want something in our file
583 that is considered security here.

584 The CHAIRMAN. Security. And the bank in fact did treat
585 that as security?

586 Mr. ROSE. This, there is some question about that, Mr.
587 Dixon, because it, but I am not straining the point with
588 you.

589 The CHAIRMAN. I am going to get to your point.

590 Mr. ROSE. I am not, it was a mistake for me to sign a
591 document.

592 The CHAIRMAN. I understand that you said that.

593 Mr. ROSE. The banker who was there at that time has now
594 retired and has told me on the telephone that he doesn't
595 know why that file, why that form was requested by his
596 staff, and that he didn't think that the loan needed to be
597 secured. I am not pressing that point.

598 The CHAIRMAN. Let me ask you, I am going to get to your
599 point, the point that you are pressing.

600 That loan was made to you or to your father?

601 Mr. ROSE. To me.

602 The CHAIRMAN. To you personally?

603 Mr. ROSE. Yes sir.

604 The CHAIRMAN. Until that point, it had been an unsecured
605 personal loan?

606 Mr. ROSE. Right, and it is today.

607 The CHAIRMAN. Now, you maintain because the assignment
608 was not valid, that is, the appropriate officer of the
609 campaign did not sign it?

610 Mr. ROSE. That is right.

611 The CHAIRMAN. That it was not a valid assignment and I
612 guess further, you maintain that the bank could have never
613 used that loan to collect on a bad debt?

614 Mr. ROSE. That is right.

615 The CHAIRMAN. Is that in essence?

616 Mr. ROSE. That is in essence. I got a bank that has some
617 \$100,000 of my money in it, I have a personal loan that is
618 the tail end of all of these things--I have been paying off
619 some of them trailing back into the '72 campaign. The bank
620 vice president is a friend of mine. I say, look, can I get
621 better interest rate here, I am paying too much interest to
622 you, I paid it monthly, and when I got an honorarium I put
623 all the honorarium on the principal. That is the way I have
624 been paying that thing off for years.

625 He said yes, with all the money you have got here you
626 ought to--that your committee has here--you ought to get a
627 better rate of interest. So he gave me one. I guess
628 somebody in the staff decided well, that ain't enough, we
629 need some security, and it was wrong and I apologize to the
630 committee.

631 The CHAIRMAN. In my mind, your state of mind, at the time
632 you made these various transactions, is very important,
633 because that goes to buttress things that really are not on
634 these papers. So my question to you is at the time that you
635 signed the document, were you aware that it was a potential
636 violation?

637 Mr. ROSE. No.

638 The CHAIRMAN. Of House Rules?

639 Mr. ROSE. No, I was not.

640 The CHAIRMAN. As it relates to count 4, basically as I
641 understand what you are saying, as it relates to, I guess
642 either the Sergeant at Arms or Wright Patman, I don't know
643 which, there were six months rolling over loans?

644 Mr. ROSE. Wright Patman has been a little tougher than
645 the Sergeant. The old Sergeant was pretty lenient and---

646 The CHAIRMAN. So it was the Sergeant at Arms bank and
647 there was a practice at that time, and may still exist, that
648 in fact you borrowed one month's salary and then the next
649 month would borrow another month's salary that would cause
650 you to sign a new loan. They would tear up the old one, say
651 hypothetically \$2,000 for the first month. The second month
652 you went down and got a \$2,000 advance, you probably paid
653 the interest, they tear up the old note, but now you have a
654 new note for \$4,000.

655 Mr. ROSE. Could I stop you one second. They deducted the
656 interest in the old fashioned form.

657 The CHAIRMAN. You got a check for less than \$2,000?

658 Mr. ROSE. Right.

659 The CHAIRMAN. Probably \$1900 some odd and change. That
660 this occurred over a period of time until it accumulated to
661 \$10,000?

662 Mr. ROSE. Yes.

663 The CHAIRMAN. And that never at any time did it occur to

664 you, because it was an increment, that you should report
665 this note?

666 Mr. ROSE. That is right.

667 The CHAIRMAN. Now, when you got these loans, do you know
668 where you deposited them? In other words, you had this
669 check for \$1800, or 1900 some odd dollar, where did you
670 deposit that?

671 Mr. ROSE. The money stayed in my account in the Sergeant
672 at Arms.

673 The CHAIRMAN. So that when we would see if we were
674 looking at these increments of these \$1900 advances.

675 My last question relates to count 1 and back to the note
676 that you now have for \$50,000. I really couldn't really
677 follow your argument that you said if the committee does not
678 want to believe that you are entitled to \$50,000, it could
679 believe that you were entitled to 29, and some change?

680 Mr. ROSE. Well, let me put it this way. I would leave
681 the committee to say, son, we believe that you are owed
682 \$50,000, go and take it and have a big Christmas.

683 Secondly, I would like you to find maybe that you believe
684 that at least \$30,000 was owed to me and that, therefore,
685 the counts 1 and 3 were not violations and that I could take
686 the money and have a less big Christmas.

687 The CHAIRMAN. I understood that part, but I didn't
688 understand where you got the \$30,000. In other words, if

689 | you don't believe the 50, here is how you can believe that I
690 | am owed 30 or 29. I didn't understand how you got that.

691 | Mr. ROSE. How I got to that is if you look at----

692 | The CHAIRMAN. Number-wise.

693 | Mr. ROSE. Chart number 2 shows that the most reimbursed
694 | to me at any old time is \$29,895. Rounded off, it is
695 | \$30,000. I think I have got the strongest evidence of the
696 | \$20,000 loan in the Federal Election Campaign Act report.

697 | The CHAIRMAN. Right.

698 | Mr. ROSE. Of all of the other evidence that I have got,
699 | both on the federal report and the state report, I am saying
700 | to you gentlemen, I hope and believe that you can believe
701 | that at least 10 of that----

702 | The CHAIRMAN. Right.

703 | Mr. ROSE. Is what it says it is. I believe that all of
704 | it is. But the other part, more, much more than I want to
705 | be reimbursed, Mr. Chairman, I want the committee to believe
706 | me as to count number 1.

707 | The CHAIRMAN. I follow that.

708 | Mr. ROSE. The money is immaterial.

709 | The CHAIRMAN. Let me ask one last question. As it
710 | relates to the \$20,000, the original loan, I think the
711 | document is here?

712 | Mr. ROSE. Yes sir.

713 | The CHAIRMAN. When your father took out that loan?

714 Mr. ROSE. Yes sir.

715 The CHAIRMAN. And when did you pay your father back?

716 Mr. ROSE. Well, in 1975 we have evidence of, or '73, or
717 in the Alaska lands.

718 The CHAIRMAN. Basically it is the alternative. You say
719 that Alaska lands, because of the profit that he made, if
720 anything there is a forgiveness there, but specifically the
721 others, why do you maintain that you paid him back before
722 the Alaskan lands transaction?

723 Mr. ROSE. Because I think I have adequate evidence of all
724 of that.

725 The CHAIRMAN. What is that evidence?

726 Mr. ROSE. The evidence is that in 1973, we went to the
727 First Citizens Bank, borrowed \$40,000. Father, Daddy, says
728 to me, you pay that off because that represents the \$50,000
729 that you owe me and---

730 The CHAIRMAN. That is in '73?

731 Mr. ROSE. And in '75, I go to the---

732 The CHAIRMAN. Let's stick with '73. In '73 your father
733 borrowed or you borrowed \$50,000 from the bank?

734 Mr. ROSE. My daddy borrowed the money from the bank.

735 The CHAIRMAN. He kept the proceeds from that?

736 Mr. ROSE. I believe that he kept the proceeds, or if not
737 the proceeds, most of the proceeds.

738 The CHAIRMAN. Then in 1973, some date in '72 the loan was

739 paid off?

740 Mr. ROSE. At some point after that, the '72 loan was paid
741 off, yes sir.

742 The CHAIRMAN. Well, when you say at some point of that,
743 was it the next day or five years later?

744 Mr. ROSE. I don't have the checks with me.

745 Mr. OLDAKER. We will have to supply that to the committee
746 staff.

747 Mr. ROSE. My father's ledger card shows when it was paid
748 off.

749 The CHAIRMAN. You don't know when it was paid off?

750 Mr. ROSE. Not personally, no.

751 RPTS THOMAS

752 DCMN PARKER

753 The CHAIRMAN. Mr. Spence?

754 Mr. MOLLOHAN. You said if paid off.

755 The CHAIRMAN. As I understand what Mr. Rose is saying in
756 response to my question about the \$20,000 loan that was made
757 on 5-23-1972, Mr. Rose's response is that his father made
758 that loan; that at some point in time in 1973--that
759 Representative Rose went to a bank and made a \$50,000 loan
760 and the proceeds of that loan were turned over to his
761 father, and I asked him next, to his knowledge, was the 1972
762 loan of \$20,000 paid off to the bank. His response was that
763 some time after the \$50,000 loan, it was paid off.

764 I asked him was it the next day or five years, and he said
765 that the ledger card of his father would reflect he doesn't
766 know when it was paid off. Is that a fair statement?

767 Mr. ROSE. You were basically asking me when did the
768 \$20,000 loan get paid off.

769 The CHAIRMAN. Yes, sir.

770 Mr. ROSE. I think the evidence will show that it never
771 got paid off by the campaign and I don't know when my father
772 paid it off.

773 Mr. SPENCE. That is what kind of confused me, that
774 \$50,000 you were talking about was paid off at some future
775 date. You don't know when, and would the bank records

776| reflect when?

777| Mr. ROSE. You have that in 1975, that I went to North
778| Carolina National Bank and borrowed--

779| Mr. SPENCE. The first loan we are talking about getting
780| paid off.

781| Mr. ROSE. You are talking about 20,000. I don't know
782| when the 20,000 was paid off.

783| Mr. SPENCE. The bank record reflects when it was paid off
784| and by whom?

785| Mr. ROSE. Yes, sir.

786| Mr. SPENCE. But your father, you say, got that \$50,000.
787| When you went to the bank initially, you and him, he got the
788| money for that.

789| Mr. ROSE. Yes, sir. That was a marker to say I have
790| spent \$50,000 on you. You owe me \$50,000.

791| Mr. SPENCE. He got the money.

792| Mr. ROSE. He got the money to my recollection.

793| Mr. SPENCE. Later on the other \$50,000, you went to the
794| other bank. Who got that money?

795| Mr. ROSE. My daddy.

796| Mr. SPENCE. He got another \$50,000?

797| Mr. ROSE. Yes, that was to pay off, because from 1973,
798| from 1973 to 1975 he had hoped in 1973 that I was going to
799| immediately come forward and pay off that \$50,000 loan. I
800| didn't have it.

801 Mr. SPENCE. Has that loan been paid off?

802 Mr. ROSE. Yes, sir.

803 Mr. SPENCE. By you or by him?

804 Mr. ROSE. The 1975 NCEB loan was paid off by me. The
805 money went to my father. The 1973, \$50,000, was made by my
806 father, and ultimately paid off by my father.

807 The CHAIRMAN. If the gentleman will yield, you see, Mr.
808 Rose, I asked that originally, who made the \$50,000 loan and
809 you indicated, I believe the record will show, that you made
810 that loan. Because I thought in my own mind it was
811 inconsistent that your father would go to the bank and
812 borrow \$50,000 to pay off some other loans. So, I never
813 mentioned the second \$50,000.

814 Just a minute. I want to focus in on who borrowed the
815 first fifty and it didn't make sense to me that your father
816 would borrow it. However, your response was that you
817 borrowed it. Will the reporter read it back.

818 [The record was read back by the reporter.]

819 DCHM DOMOCK

820 The CHAIRMAN. If the gentleman would yield? I heard it
821 otherwise, but I was absolutely wrong. My question then is,
822 why did your father go to the bank and borrow money to pay
823 off his own indebtedness, at least part of the \$20,000?

824 Mr. ROSE. The purpose at the time was to have a marker in
825 space, in time, where he could show that I was obligated to
826 him to pay off this indebtedness. That is the best I can
827 reconstruct it.

828 The CHAIRMAN. I am asking your state of mind at that
829 time, because, I don't understand how him borrowing money in
830 his name is any demonstration that you owe him money. He
831 went to the bank and borrowed \$50,000, and I don't know how
832 that relates to you at all.

833 Was there an agreement that you would make the payments to
834 the bank?

835 Mr. ROSE. Yes, sir.

836 The CHAIRMAN. Were you on the note?

837 Mr. ROSE. In 1972, I was making about \$15,000 as a
838 District Attorney. I didn't have the kind of credit, Mr.
839 Chairman, to borrow \$50,000 from the First Citizens Bank in
840 Fayetteville.

841 The CHAIRMAN. This is something I struggled with, I will
842 give all the members a chance.

843 Mr. CRAIG. Specific to this, my logic tells me that if

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844 | your father is borrowing money to pay off a loan, and you
845 | don't have the wherewithal to do the loan yourself and you
846 | want to use it as a marker, you borrow the money and he co-
847 | signs. He is the strength of the financial agreement with
848 | the bank, but as a true marker, your name should be on the
849 | note, and so, he is the co-signer guaranteeing your strength
850 | to the bank.

851 | Mr. ROSE. It wasn't.

852 | The CHAIRMAN. All right, I just want to clear it up.

853 DCMX SPRADLING

854 Mr. SPENCE. I was going to remark I do that frequently
855 with my son. He borrows money, they require me to co-sign
856 the note with him, and of course he usually is able to pay
857 off. In the event he doesn't they require me.

858 Does the bank have any indication signed by you that they
859 would look to you or anything to pay off the note?

860 Mr. ROSE. If you do look at my father's ledger card, at
861 First Citizens Bank, you would see that he had a lot of
862 loans and he paid them off at various and sundry times. I
863 don't know how it is in your home town in South Carolina,
864 but First Citizens in North Carolina, with customers they
865 know and understand, are very liberal with how you pay off
866 loans, when you make payments. Not to me, but to my father.
867 His ledger card is before this committee and it is
868 extremely complicated, but it shows that \$20,000 was
869 borrowed, the day the \$20,000 went into my campaign fund, it
870 shows that very clearly.

871 Mr. SPENCE. It doesn't show on that ledger card that they
872 are going to look to you to repay that loan.

873 Mr. ROSE. They weren't looking to me to repay the loan
874 but daddy.

875 Mr. SPENCE. There is no evidence. Was it down in
876 writing? What was the evidence of that except you and your
877 dad talking about it?

878 Mr. ROSE. Do you sign notes with your son?

879 Mr. SPENCE. Yes.

880 Mr. ROSE. Do you keep evidence?

881 Mr. SPENCE. I don't have to. If I could sign the note
882 that is evidence.

883 Mr. ROSE. In '75, we borrowed, daddy borrowed \$50,000 to
884 pay off these other things that he had paid, like the 20. I
885 am not sure that I can trace for you exactly how that 50
886 went into the 20. But the understanding was that you owe me
887 \$50,000. I have paid \$50,000 out for you. He has testified
888 to that.

889 Mr. SPENCE. Later on--

890 Mr. ROSE. And I paid from time to time, what I could, but
891 in 197--was it 3 or 5--in 1975, I borrowed money from North
892 Carolina National Bank and the proceeds go to my father.
893 Whether he immediately paid that \$50,000 on all of these
894 notes, Mr. Spence, or on something else that he owed in his
895 portfolio, I don't know.

896 The CHAIRMAN. We will take a break at this time and
897 reconvene in ten minutes.

898 The meeting stands adjourned for ten minutes or in recess
899 for ten minutes.

900 [Short recess.]

901 DCHM DOMOCK

902 The CHAIRMAN. We do have six members present.

903 All right, back on the record. Mr. Spence?

904 Mr. SPENCE. We were talking about \$50,000, I guess, and
905 repayment. And I am just confused, why there wasn't any
906 paper evidence of the agreement to repay the loan, either by
907 the bank or by both of you signing a note or something like
908 that.

909 The first loan, I know you said the bank was liberal in
910 its policy and understood everybody. What about the second
911 loan, and that was when, three years later?

912 Mr. ROSE. In 1975. Can I go back and apologize for this
913 confusion? I realize that this little part in here is
914 confusing. But I have talked to you earlier this morning
915 about where \$50,000 went in the campaign and I have talked
916 about how in 1973, in the fall of 1975, my father went to
917 First Citizens Bank and borrowed, he was in the bank, he
918 went to the bank and borrowed \$50,000.

919 The bank may have said he needed to make some payments on
920 some of the things that he had outstanding. I don't know
921 what the reasons were. But he and I agreed that that was a
922 marker for the \$50,000, at least at that point, \$50,000, and
923 that he had paid into my campaign, had loaned me for my
924 campaign.

925 Mr. Spence, he may have owed that money to pay off some of

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926 the existing amounts that were owed at the bank like the 20,
927 or he may have paid off obligations of mine at other banks
928 in which case he might probably feel that he let me have
929 some of that money, because he paid off some other
930 obligations that I would have had at other outstanding
931 banks.

932 But in any event, in 1975, I think the staff will tell you
933 it is pretty clear, in 1975, I borrowed \$75,000, \$50,000, in
934 1975, my father and I are clear, that that \$50,000 went to
935 pay him, to help further pay off the \$50,000 that was at
936 First Citizens Bank, which was in his name.

937 No new money was created, and no new money went into,
938 where we--either in 1973 or in 1975.

939 Mr. SPENCE. What evidence of that agreement do you have
940 right there, when you borrowed the additional \$50,000?

941 Mr. ROSE. What evidence of what?

942 Mr. SPENCE. Of you giving that to him and--

943 Mr. ROSE. My testimony and his testimony and the fact
944 that it didn't go anywhere else.

945 Mr. SPENCE. You went and paid off the loan?

946 Mr. ROSE. I can show, and the staff can show in the North
947 Carolina National Bank \$50,000 in 1975, the trail, it is
948 fairly clear that I paid that \$50,000 off. If I owed my
949 father additional monies, say, he had used some of the 1973
950 money to pay off a note for me at another bank, that I would

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951 | owe him that money.

952 RPTS THOMAS

953 DCMN PARKER

954 Mr. SPENCE. You didn't use that 1975 money to go back and
955 repay that 1972 loan, did you?

956 Mr. ROSE. Yes, probably.

957 Mr. SPENCE. At the same time, a day or two.

958 Mr. ROSE. I don't know that. I gave my dad the money
959 when he paid--

960 Mr. SPENCE. You gave it to him and he paid it off.

961 Mr. ROSE. Yes, sir, because--

962 Mr. SPENCE. You don't have any evidence of the fact. How
963 did you give it to him, Charlie? Was it a check or cash or--

964 Mr. ROSE. I recollect that he got the proceeds in a check
965 from the North Carolina National bank.

966 Mr. SPENCE. Any evidence of that? There should be,
967 shouldn't there? They don't have records showing that?

968 Mr. ROSE. We have the check, but don't have the back of
969 the check. The evidence is, in my opinion, relatively clear
970 that in 1975--

971 Mr. SPENCE. You borrowed the money.

972 Mr. ROSE. I borrowed.

973 Mr. SPENCE. He got it.

974 Mr. ROSE. Yes, sir, he got it straight in a check. He
975 has testified to that, and I testified to that. He got the
976 \$50,000 in 1975.

977 Mr. SPENCE. You got further checks made out to you. You
978 got the front of the check showing paid out to you.

979 Mr. ROSE. Yes, sir.

980 Mr. SPENCE. Nothing shows from there it went to him, that
981 is your testimony and is--

982 Mr. ROSE. There is no contradiction of that in the bank
983 records that I have seen or that your staff has. And if I
984 owed him anymore than fifty, Mr. Spence, the money that--the
985 transfer of the Alaska land to him, I contend, more than
986 covered that.

987 Mr. SPENCE. Like I said, there is usually some kind of
988 evidence, an endorsement or something to show when money,
989 that much money goes from one person to another there is
990 some kind of evidence.

991 Mr. ROSE. That is right. We are talking about things
992 that happened over ten years ago and I am being asked to
993 come up with bank transactions for a period longer than
994 regular citizens have to come up with bank transactions.

995 Mr. SPENCE. What about the land conveyance in Alaska?

996 Mr. ROSE. Yes, sir.

997 Mr. SPENCE. Did you put down on the conveyance or deed
998 whatever the true consideration.

999 Mr. ROSE. Yes.

1000 Mr. SPENCE. What was the true consideration stated.

1001 Mr. ROSE. All the debts that I owed to him.

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1002 Mr. SPENCE. All the debts I owe my father.
1003 Mr. ROSE. Yes, sir.
1004 Mr. SPENCE. No amount, just all the debts.
1005 Mr. ROSE. Yes, sir.
1006 Mr. SPENCE. That's all I have.
1007 The CHAIRMAN. Mr. Fazio.
1008 Mr. FAZIO. Charlie, I want to take a slightly different
1009 approach. You have a note from your campaign committee
1010 saying that you are owed \$50,000, as you have said, you
1011 hope the committee would accept that or at least some lesser
1012 amount, but there is clearly a good deal of confusion
1013 surrounding this or we wouldn't be here. Would it be
1014 possible for you to tell the committee, in order to clear
1015 the air, that you would be willing to cancel that note now
1016 that it has legally been tendered to you? Is it possible
1017 that you would in fact be willing to say that in fact that
1018 money is not something that you have any desire to claim in
1019 the future?
1020 Mr. ROSE. I would--I have told you earlier that I felt
1021 like this has been a rather punishing experience that I have
1022 come through. It would be considerably further punishment
1023 to be not allowed to have this additional money. More than
1024 I want to receive a repayment from my committee, I want to
1025 clear up the question about count number 1.
1026 Yes, I would certainly be willing to say that I am not

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1027 interested in receiving money from my campaign committee and
1028 this committee to not set a precedent for the future for
1029 things like this can clearly say that anybody who waits as
1030 long as I do to change the record in a situation like this
1031 is not entitled to recover.

1032 Mr. FAZIO. Thank you, Mr. Chairman. Thank you.

1033 The CHAIRMAN. Mr. Myers.

1034 Mr. MYERS. Well, thank you, Mr. Chairman.

1035 Mr. Rose, you certainly leave many questions for this
1036 committee and others because you have left a clouded trail.
1037 The thing that disturbed me about it is the fact that there
1038 is no documentation.

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1039 DCMN SPRADLING

1040 We all understand that between you and your father that
1041 the loan agreement could be verbal but it would seem that
1042 between you and the committee there would have been a note
1043 executed. Did you ever make an explanation, which I haven't
1044 been able to find, why there was no execution of a written
1045 agreement on these loans?

1046 Mr. ROSE. I am going to let Mr. Oldaker answer that.

1047 Mr. OLDAKER. Currently, there is no question that loans
1048 made to the campaigns and campaign committee that--

1049 Mr. MYERS. Would you explain currently?

1050 Mr. OLDAKER. Currently the law requires that a loan made
1051 currently under the Federal Election Campaign Act amendments
1052 of 1979, there has to be a written document executing any
1053 loan setting forth various things set forth in the statute
1054 which include interest rates, terms, et cetera, just like a
1055 bank loan.

1056 So if you made a loan to your committee you would have to
1057 have that document signed by your treasurer, which would set
1058 forth that information.

1059 Prior, back when we are dealing prior to the '76
1060 amendments, clearly there was no document necessary and many
1061 if not most of all of the loan transactions that I examined
1062 back then, from Members to their committee or candidates
1063 when I was general counsel to the Election Commission, did

1064 | not have the documentation that we would think that you
1065 | would have from a bank. The recommendation was made by the
1066 | Commission in '75 to change the law and to add those
1067 | requirements.

1068 | The Congress took that recommendation and made the
1069 | changes.

1070 | So I think we are looking at the status of the law today,
1071 | we think that is how it has always been done. I can assure
1072 | you that is not how it has always been done, that it was not
1073 | done that way, in this case it was done in a very loose
1074 | manner.

1075 | Mr. MYERS. Are there any statutory requirements in the
1076 | State of North Carolina for a loan to be collectable there
1077 | has to be a written document to substantiate the loan?

1078 | Mr. OLDAKER. I am not aware of that. I know in some
1079 | states that there are such requirements. I am not that
1080 | familiar with North Carolina.

1081 | Mr. MYERS. You don't practice in North Carolina?

1082 | Mr. OLDAKER. No, I practice in Washington.

1083 | Mr. MYERS. Are you aware of anything like that?

1084 | Mr. ROSE. I am not aware. It is my belief--

1085 | Mr. MYERS. Your father is an attorney.

1086 | Mr. ROSE. Yes, sir, we are both attorneys. That an oral
1087 | loan in this situation is permissible.

1088 | Mr. MYERS. I have been a banker in my time and I know

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1089 that often family members, when there are loans made, that
1090 they are by verbal agreement, but my experience may not be
1091 statutory but good business practice when you are going
1092 outside the family to have some kind of written agreement to
1093 protect both sides in case something should happen to the
1094 lender.

1095 Mr. ROSE. Can I respond to that.

1096 Mr. MYERS. Sure.

1097 Mr. ROSE.

1098 * * * *

1099

1100

1101 I forgot about the discussion that we had earlier about
1102 our records showing that \$45,900 went into the campaign,
1103 what we have focused here on the last several minutes is how
1104 that amount of money got paid to such an extent that I am
1105 entitled to receive it.

1106 The marker of \$50,000 that daddy borrowed in 1972, 1973.
1107 and used to pay off things that he had paid for me, that he
1108 had borrowed for me and quite possibly some obligations that
1109 I had somewhere else, such as that my obligation to him,
1110 might have even been greater than \$50,000.

1111 RPTS THOMAS

1112 DCMN LYNCH

1113 In 1973 he borrows \$50,000, the proceeds basically go to
1114 pay off obligations that he had at banks, but may have gone
1115 to some obligations that he had at other banks, such as he
1116 might have even, say, I gave my son some of that \$50,000 in
1117 1973.

1118 Skip over with me to '75. I get \$50,000 from the North
1119 Carolina National Bank and give that 50 to my father. The
1120 trail from how I paid that 50 off is pretty clear. What I
1121 have said is that if I had owed my father more than 50, that
1122 as cleared up with the Alaska land transaction.

1123 Mr. MYERS. I want to get back to my question. Since you
1124 have gotten on the '75 arrangements here. In '75, your
1125 father borrowed \$50,000.

1126 Mr. ROSE. I borrowed.

1127 Mr. MYERS. How did you pay your father back?

1128 Mr. ROSE. I gave him the check.

1129 Mr. MYERS. I don't remember seeing the check.

1130 Mr. ROSE. Are we clear that we got two \$50,000 loans here
1131 that don't create any new money. Think of three--think if
1132 three spots out here in this event. The \$50,000 goes into
1133 the campaign, through my father in 1972.

1134 In 1973, in November of '73, he creates a borrowing, he
1135 borrows \$50,000 at the bank where he is constantly rolling

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1136 notes all the time--First Citizens Bank and Trust Company in
1137 Fayetteville. He borrows \$50,000.

1138 Mr. MYERS. '73?

1139 Mr. ROSE. In '73. What he uses that for, I don't know,
1140 but it was our marker that I had to pay that 50 off. He
1141 probably paid some of the obligation--if he had borrowed
1142 money to let me have it, he could have used it to pay the
1143 20. He could have used the 50 to pay----

1144 Mr. MYERS. How paid the 20, you didn't?

1145 Mr. ROSE. I didn't pay the 20. He paid it for me and I
1146 became immediately obligated to pay him.

1147 He could have used that 50 to pay some notes at Southern
1148 National Bank or some other bank, so I would have owed him
1149 more than 50, he could have loaned me some of the money
1150 back.

1151 Mr. MYERS. 20 was part of the 50 you borrowed in '73?

1152 Mr. ROSE. I can't say that but then in--you got the '73,
1153 \$50,000.

1154 Now, go to '75. I have been reelected to my second term.
1155 I am a big shot now. They will let me have \$50,000 in my
1156 own name at the North Carolina National Bank. That \$50,000
1157 was paid off by me and I have given you as good a trail as I
1158 can construct of how that \$50,000 got paid off. My father
1159 and I have both testified that the North Carolina National
1160 Bank, \$50,000 in 1975, went to him, Charles Rose, Jr.

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1161 Mr. MYERS. You never saw the 50?

1162 Mr. ROSE. No.

1163 Mr. MYERS. The proceeds from the bank went to your

1164 father?

1165 DCMH DONOCK

1166 Mr. ROSE. Yes, sir, how he spread that out among all of
1167 his obligations, I don't know. If I really in fact owed him
1168 more than 50, in 1975, I am contending to you gentlemen that
1169 when I transferred the Alaska land to him--

1170 Mr. MYERS. That is when?

1171 Mr. ROSE. In 1978 to him, I told him--

1172 Mr. MYERS. You paid him twice, then, didn't you?

1173 Mr. ROSE. I didn't pay him twice.

1174 Mr. MYERS. The Alaskan land was in the middle of what you
1175 owed him. I assumed the \$50,000 you borrowed went to him.
1176 It looks like you paid him twice.

1177 Mr. ROSE. We haven't talked about what we spent in 1970,
1178 the time I lost; we are focusing on 50.

1179 Mr. MYERS. You are further confusing us.

1180 Mr. ROSE. That is right. But we are talking about 18
1181 years ago, Mr. Myers. We are talking about something that
1182 happened a long time ago, and as best we can construct it,
1183 there were other obligations to my father.

1184 That is why I was willing to turn the Alaskan land over to
1185 him and say, when you accept that and the profits you get
1186 from this sale, it brings us even. He agreed to that. He
1187 made close to \$100,000 when he sold that land that I had
1188 transferred to him.

1189 Now, that is--

1190 Mr. MYERS. That is beyond the \$50,000 you borrowed in
1191 1973, then?

1192 Mr. ROSE. Yes, sir.

1193 Mr. MYERS. The Alaskan land was separate from all that.

1194 Mr. ROSE. Absolutely. I paid him back in spades. He at
1195 one time was embarrassed he made money on the deal. I said,
1196 don't worry about that, there is enough obligations that you
1197 have covered through the years.

1198 Mr. MYERS. Okay. Now, we will set aside--

1199 Mr. ROSE. I apologize for the confusion about the 1973
1200 First Citizens loan.

1201 Mr. MYERS. We can understand, I can understand, that
1202 loans between family members not necessarily are always
1203 documented.

1204 Mr. ROSE. That is right.

1205 Mr. MYERS. However, the only documentation we have of
1206 what you claim to be loans between you and your committee,
1207 were there any loans executed there, any notes?

1208 Mr. ROSE. No, he has testified.

1209 Mr. MYERS. I understand.

1210 Mr. ROSE. You are right, that wasn't proper.

1211 Mr. MYERS. The only documentation we have is these loans
1212 were existent are two, three--you are filing with the Clerk
1213 of the House, and you are filing with the required authority
1214 in North Carolina.

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1215 Mr. ROSE. That is right.

1216 Mr. MYERS. And the checks trail.

1217 Mr. ROSE. Right.

1218 Mr. MYERS. Why were the checks that were issued by your
1219 election committee, say a loan, and why would your checks
1220 then they went back into that campaign say repayment of
1221 loan.

1222 Mr. ROSE. Because--

1223 DCMN MILTON

1224

1225 Mr. MYERS. Why would you put that on there if they
1226 weren't?

1227 Mr. ROSE. I didn't put them on there. My accountant put
1228 them on there and it should not have been put on there.

1229 That is the bad part about the accusation. On the face of
1230 it it says loan, but they weren't loans. You know, I am not
1231 asking this committee to swallow a horse here, but that was
1232 what my accountant in 1978, who was not around in 1972,
1233 thought that he should put down as for these transactions.
1234 They were corrected. They were amended in 1986.

1235 Mr. MYERS. After all this started to come out?

1236 Mr. ROSE. Yes, sir, after it was pointed out that that
1237 was against the House rules and I said I beg to differ with
1238 you because the committee owes me at least \$50,000, owes me
1239 money. When we looked in Raleigh, when we looked in
1240 Washington, we come with the documentation that I believe
1241 shows \$45,000, \$50,000.

1242 The CHAIRMAN. There is just one point, Mr. Rose, I want
1243 to touch upon to clear up here, just as far as what evidence
1244 we have in our possession. As I understand it, in 1975,
1245 1975 you borrowed \$50,000, you paid that to your father?

1246 Mr. ROSE. Yes, sir.

1247 The CHAIRMAN. Then in your testimony you indicated that

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1248 | the evidence that you have of that is the front of a check
1249 | which indicates that a check is made out to you for \$50,000?
1250 | Mr. ROSE. Yes, sir.
1251 | The CHAIRMAN. But you don't have the back?
1252 | Mr. ROSE. I don't have the back.
1253 | The CHAIRMAN. Does the committee have the front of that
1254 | check?
1255 | Mr. ROSE. Yes, sir.
1256 | The CHAIRMAN. Or does the committee have a ledger card
1257 | that indicates that you borrowed money, \$50,000?
1258 | Mr. ROSE. Yes, sir, it does.
1259 | The CHAIRMAN. Is that correct?
1260 | Mr. MYERS. I thought a moment ago when I asked you, you
1261 | said the proceeds from the bank went to your father, that
1262 | you never had them.
1263 | Mr. ROSE. That is right. That wasn't his question.
1264 | Mr. MYERS. You said the check from you went to your
1265 | father.
1266 | Mr. ROSE. The loan with--
1267 | Mr. MYERS. The bank gave you the proceeds?
1268 | Mr. ROSE. Yes, sir.
1269 | Mr. MYERS. The burden is on your to show it went to your
1270 | father.
1271 | Mr. ROSE. I have testified to that and my father had
1272 | testified to it.

1273 Mr. MYERS. The documentation, I am talking about
1274 documentation.
1275 Mr. ROSE. The documentation--
1276 Mr. MYERS. The thing that bothers me is that everything,
1277 Charlie, the documentation is missing on all these things.
1278 The CHAIRMAN. Mr. Myers, hold on just a minute. All I
1279 want to know is, Mr. Rose, do we have a copy of the front of
1280 the check?
1281 The reason I asked these questions is because I think
1282 credibility is important here.
1283 Mr. ROSE. I agree.
1284 The CHAIRMAN. We have an actual copy of a front of this
1285 check?
1286 Mr. ROSE. Yes, sir.
1287 The CHAIRMAN. Is that your understanding?

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1288 RPTS CANTOR

1289 DCMN MILTON

1290 [12 noon]

1291

1292 The CHAIRMAN. Is that your understanding, Ms. Taylor?

1293 Ms. NUTCHINS-TAYLOR. We have a copy of the non-negotiable

1294 portion of the bank draft that was our cut to Congressman

1295 Rose. It is not the actual negotiable part of the check.

1296 We have a copy of the non-negotiable portion of the bank

1297 draft form MNCB to Congressman Rose.

1298 Mr. OLDAKER. Which was given to us by the bank when it

1299 was requested.

1300 Mr. MYERS. Given to Rose, Congressman Rose and not father

1301 Rose?

1302 Ms. NUTCHINS-TAYLOR. This was the loan that the

1303 Congressman himself took out so the check was made out to

1304 him.

1305 The CHAIRMAN. As I understand what you are saying, the

1306 bank usually presents a check and there is a carbon that

1307 says non-negotiable is normally yellow. We have a copy of

1308 that, not the front of the check.

1309 Mr. MYERS. Made payable to who?

1310 The CHAIRMAN. Charlie Rose.

1311 Mr. ROSE. Mr. Myers, are you confusing 1973 with 1975?

1312 Mr. MYERS. I am confusing more than 1973 and 1975. Back

1313 through 1972 and on up through 1986. I don't know what I am
1314 confusing. I am trying to find out the 1975 loan that you
1315 got form NCNB and where the proceeds went. NCNB keeps
1316 documentation. They have to.

1317 Let's go to 1975, that loan of 1975.

1318 Mr. ROSE. In 1975 I borrowed \$50,000 form North Carolina
1319 National Bank.

1320 Mr. MYERS. Again I ask the question, where are the
1321 proceeds? Who did the bank issue the proceeds?

1322 Mr. ROSE. They issued the check to Charles Rose, III.

1323 Mr. MYERS. To you then?

1324 Mr. ROSE. Who was doing business, whose checking account
1325 was at the Sergeant at Arms office in this building. Does
1326 that check appear in my Sergeant at Arms office?

1327 Ms. PENDER. Also had a bank account at United Carolina
1328 Bank. Those bank records are not available, not through
1329 anyone's fault but through passage of time, and I believe
1330 the committee has asked for them as well.

1331 Mr. MYERS. A bank doesn't keep records?

1332 Ms. PENDER. That particular bank was bought by another
1333 bank, and they no longer have the records. There is a seven-
1334 year retention statute in the State of North Carolina, which
1335 requires them to keep documents for seven years. That is
1336 the way the bank explained it to me, sir, and after that
1337 period of time, there is nothing wrong with them not having

1338 then.

1339 Your committee and we have requested, we would like those
1340 checking account records, because we believe that they would
1341 substantiate where Mr. Rose's loans were. We want that
1342 information, but we are unable to get it.

1343 Mr. ROSE. You want to see where the \$50,000 loan proceeds
1344 check in 1975 from North Carolina National Bank went, the
1345 best records that we have are at the bottom of the check, as
1346 Mr. Dixon has told you, and the trail of payments of that
1347 \$50,000 by me in various--

1348 Mr. MYERS. What is that trail? The only thing the
1349 committee has is that the proceeds went to you. I am saying
1350 that the documentation are that the proceeds went to your
1351 father at that time.

1352 Mr. ROSE. My father has testified that he got \$50,000. I
1353 have testified that I gave him the \$50,000, and you have two
1354 problems. You have to show where the proceeds went and you
1355 have to show how you paid off the loan. I have better
1356 records of how I paid off that \$50,000, Mr. Myers, than I do
1357 of a paper trail to show where the \$50,000 went. I don't
1358 have the back-up check.

1359 Mr. CRAIG. Will the gentleman yield?

1360 Mr. MYERS. I yield.

1361 Mr. CRAIG. In 1975, you borrowed \$50,000. You get a
1362 check from the bank for \$50,000. You hand the check to your

1363 father?

1364 Mr. ROSE. That is our recollection, yes, sir.

1365 Mr. CRAIG. And your father spends that money?

1366 Mr. ROSE. Yes, sir.

1367 Mr. CRAIG. To pay off certain things. Does your father's
1368 account show a deposit sequential to your loan of \$50,000?

1369 Mr. ROSE. Not to our knowledge. We don't have the
1370 records. They don't exist.

1371 Mr. CRAIG. No, your father, not you, your father's
1372 account.

1373 Mr. MYERS. Citizens Bank.

1374 Mr. ROSE. We don't know. First Citizens.

1375 Mr. SPENCE. They don't have records.

1376 Mr. CRAIG. I can't understand how you get a check and not
1377 run it through your hand. You just sign it on the bank,
1378 sign it to your father and say, "You are paid, dad."

1379 Mr. ROSE. That is what we did.

1380 Mr. MYERS. The non-negotiable part we have a record is
1381 the copy he receives. That is a non-negotiable duplicate
1382 copy.

1383 Mr. CRAIG. But your father's accounts do not show him
1384 receiving the \$50,000?

1385 Mr. ROSE. We don't know.

1386 Mr. CRAIG. I thank the gentleman.

1387 Mr. MYERS. I have no further questions.

1388 The CHAIRMAN. Mr. Mollohan.
1389 Mr. Rose, I know that you have an appointment at 1
1390 o'clock, and so while I am not rushing members, it is only 5
1391 after 12:00 now, I am saying that we would like to finish as
1392 soon as possible. I am not rushing anybody.
1393 Mr. Mollohan.
1394 Mr. MOLLOHAN. Thank you, Mr. Chairman.
1395 Charlie, if I can spend a little bit reconstructing this,
1396 I would appreciate your help in my doing it. In May of 1972
1397 your campaign received \$20,000. It subsequently received
1398 \$5,150 and \$8,750, and then \$2,500 for a total of \$37,400 in
1399 the 1972 campaign from your father; is that correct?
1400 Mr. ROSE. Yes.
1401 Mr. MOLLOHAN. You, during that campaign, the record will
1402 reflect, contributed \$9,500. The total of that is \$46,900
1403 received from you and your father by the campaign during the
1404 1972 campaign.
1405 Subsequent to that, in 1973 you went to the First Citizens
1406 Bank, your father went to the First Citizens Bank?
1407 Mr. ROSE. His bank.
1408 Mr. MOLLOHAN. And he borrowed \$50,000. There was an oral
1409 understanding between you and your father that while it was
1410 his borrowing, and the note with the bank reflected it was
1411 his borrowing, it was nevertheless an oral understanding
1412 between you and your father that you were responsible for

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1413 | paying that indebtedness?
1414 | Mr. ROSE. Correct.
1415 | Mr. MOLLOHAN. I want to get back to that, but somehow we
1416 | assumed that that was repaid by you.
1417 | Mr. ROSE. Yes, sir.
1418 | Mr. MOLLOHAN. Now, in 1975 you, in your own name,
1419 | borrowed \$50,000 from?
1420 | Mr. ROSE. The North Carolina National Bank.
1421 | Mr. MOLLOHAN. The North Carolina National Bank?
1422 | Mr. ROSE. Yes, sir. That is how I paid the \$50,000, as I
1423 | recall.
1424 | Mr. MOLLOHAN. It is your representation that you took
1425 | that \$50,000 and paid it directly to your father?
1426 | Mr. ROSE. Yes, sir.
1427 | Mr. MOLLOHAN. Now, was that you satisfying the oral
1428 | obligation you had with your father to pay off the 1973
1429 | \$50,000?
1430 | Mr. ROSE. Yes, sir.
1431 | Mr. MOLLOHAN. That is the event that satisfied it?
1432 | Mr. ROSE. Yes, sir.
1433 | Mr. MOLLOHAN. So your father actually made the payments
1434 | on that 1973 loan?
1435 | Mr. ROSE. Yes, sir.
1436 | Mr. MOLLOHAN. Is that correct?
1437 | Mr. ROSE. Yes, sir.

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1438 Mr. MOLLOHAN. You paid him back with the 1975 loan which
1439 you paid directly to him?

1440 Mr. ROSE. Yes, sir.

1441 Mr. MOLLOHAN. You were going to say something?

1442 Mr. ROSE. The only footnote that I would add is that my
1443 father in the 1973 \$50,000 loan that he borrowed from his
1444 bank, North Carolina National Bank, may have paid off some
1445 obligations that I had at other banks around town, in which
1446 case, I would owe him more than the \$50,000 that I paid him
1447 in 1975.

1448 Mr. MOLLOHAN. There is a rather casual relationship
1449 between your father and yourself?

1450 Mr. ROSE. Absolutely.

1451 Mr. MOLLOHAN. In regard to borrowings, and he is helping
1452 you?

1453 Mr. ROSE. Yes, sir.

1454 Mr. MOLLOHAN. In ways you probably knew about at the
1455 time?

1456 Mr. ROSE. Yes, sir.

1457 Mr. MOLLOHAN. But you don't specifically recollect on
1458 this occasion?

1459 Mr. ROSE. Yes.

1460 Mr. CRAIG. Will the gentleman yield?

1461 Mr. MOLLOHAN. Will you allow me to go through?

1462 Mr. CRAIG. Go ahead.

1463 Mr. MOLLOHAM. Then some subsequent date you entered into
1464 a land transaction?
1465 Mr. ROSE. That is right.
1466 Mr. MOLLOHAM. In Alaska?
1467 Mr. ROSE. Yes, sir.
1468 Mr. MOLLOHAM. What was that date?
1469 Mr. ROSE. 1978. Well, I bought the land about 1975-1976.
1470 Mr. MOLLOHAM. 1975-1976, that you--
1471 Mr. ROSE. Conveyed to him.
1472 Mr. MOLLOHAM. Simply assigned?
1473 Mr. ROSE. I deeded, signed a deed.
1474 Mr. MOLLOHAM. Without consideration?
1475 Mr. ROSE. The consideration that was between us was in
1476 settlement of all obligations that I had--
1477 Mr. MOLLOHAM. And that was reflected; is that correct?
1478 Mr. ROSE. And \$10 and other good and valuable
1479 considerations as all warranty deeds state, but our
1480 understanding was that when he got the Alaska land--
1481 Mr. MOLLOHAM. Whatever happened with that asset, good or
1482 bad, paid him?
1483 Mr. ROSE. Paid him off.
1484 Mr. MOLLOHAM. Everything?
1485 Mr. ROSE. And it turned out good.
1486 Mr. MOLLOHAM. Right, and so he ends up a net plus?
1487 Mr. ROSE. Yes, sir.

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1488 Mr. MOLLOHAN. I would like to go back to the \$20,000, the
1489 initial \$20,000. I think I understand your theory about how
1490 all that worked.

1491 Mr. ROSE. Thank you.

1492 Mr. MYERS. I would like to go back to the campaign.
1493 There is \$20,000 debt which the campaign owes. Are you
1494 representing that you became the creditor of that debt when
1495 you assumed the obligation of your father?

1496 Mr. ROSE. Let me say it this way. The \$20,000 obligation
1497 of the committee was actually \$20,000 that my father
1498 borrowed at First Citizens Bank and gave to the campaign.

1499 Mr. MOLLOHAN. Yes, but at some point if you are going to
1500 make a circle out of this, you have to stand as the creditor
1501 form the campaign, do you not?

1502 Mr. ROSE. That is right.

1503 Mr. MOLLOHAN. Does that happen and how with regard, first
1504 of all, to the \$20,000?

1505 Mr. ROSE. As it was made.

1506 Mr. MOLLOHAN. No, sir, I'm sorry. You did not understand
1507 my question.

1508 At some point, if I understand your theory, you must
1509 become the creditor. That \$20,000 obligation must be to
1510 you, isn't that correct?

1511 Mr. ROSE. That is right.

1512 Mr. MOLLOHAN. Because I assume in these series of \$50,000

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1513 transactions, the bank has been paid off with the \$20,000,
1514 the First Citizens?
1515 Mr. ROSE. It was never paid off by the committee.
1516 Mr. MOLLOHAM. Well, then, let me ask you, was the \$20,000
1517 ever paid off by anybody?
1518 Mr. ROSE. Yes.
1519 Mr. MOLLOHAM. I understand that it wasn't paid off by the
1520 committee?
1521 Mr. ROSE. It just disappeared off the sheets. It fell
1522 off.
1523 Mr. MOLLOHAM. Of the bank's sheets?
1524 Mr. ROSE. No, it fell off my forms.
1525 Mr. MOLLOHAM. Excuse me, sir. The \$20,000 is an
1526 obligation owed by your committee to the bank, correct?
1527 Mr. ROSE. Right.
1528 Mr. MOLLOHAM. Under your theory, that obligation is paid
1529 off not by the committee.
1530 Mr. ROSE. Right.
1531 Mr. MOLLOHAM. But by your father or you or somebody, is
1532 that correct?
1533 Mr. ROSE. Exactly, yes, sir.
1534 Mr. MOLLOHAM. Does that happen?
1535 Mr. ROSE. Yes, sir.
1536 Mr. MOLLOHAM. So the \$20,000 debt owed to First Citizen
1537 by your committee is paid off by somebody?

1538 Mr. ROSE. My father.
1539 Mr. ROSE. All right, your father.
1540 Mr. ROSE. Yes.
1541 Mr. MOLLOWAN. So your theory is that now the \$20,000,
1542 because you have paid your father--
1543 Mr. ROSE. Yes.
1544 Mr. MOLLOWAN. --becomes an obligation to you?
1545 Mr. ROSE. That is right.
1546 Mr. MOLLOWAN. Is that correct?
1547 Mr. ROSE. Yes, sir.
1548 Mr. MOLLOWAN. Did the committee ever pay \$20,000?
1549 Mr. ROSE. No, sir.
1550 Mr. MOLLOWAN. To anybody?
1551 Mr. ROSE. No, sir.
1552 Mr. MOLLOWAN. Was it carried, continued to be carried on
1553 the forms as an obligation to anybody?
1554 Mr. ROSE. No, sir. It appears on the Federal Election
1555 Campaign Act form filed with the Clerk of the House, but
1556 when the forms are filed for the new committee in 1974,
1557 under the new Act, that \$20,000 obligation does not appear,
1558 and I can assure you First Citizens Bank did not forgive it,
1559 and the only mention of it is that in the case of
1560 dissolution of this committee excess funds will be used to
1561 pay preexisting obligations.
1562 Mr. MOLLOWAN. So you would say that was a mistake?

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1563 Mr. ROSE. That was a mistake.

1564 Mr. MOLLOHAM. It should have been, the correct way would
1565 have been to, the obligation to First Citizens to have been
1566 dropped, but to have been reflected as an obligation to you
1567 directly?

1568 Mr. ROSE. Exactly, to me.

1569 Mr. MOLLOHAM. To you?

1570 Mr. ROSE. Yes, sir.

1571 Mr. MOLLOHAM. But it was not?

1572 Mr. ROSE. It was not.

1573 Mr. MOLLOHAM. Is that the same pattern with regard to the
1574 14.9 and the \$2500?

1575 Mr. ROSE. Yes.

1576 Mr. MOLLOHAM. Your recollection is clear on that?

1577 Mr. ROSE. The \$14,000 is cash on hand, is that correct?

1578 Mr. MOLLOHAM. \$14,900 is another loan, the sum of two
1579 loans your father made to the campaign?

1580 Mr. ROSE. That is right.

1581 Mr. MOLLOHAM. So it is the same pattern. That was paid
1582 off in the series of transactions?

1583 Mr. ROSE. Yes, sir.

1584 Mr. MOLLOHAM. And it was not carried over as a debt to
1585 you, is that correct?

1586 Mr. ROSE. Exactly.

1587 Mr. MOLLOHAM. Is that also true with the \$2500?

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1588 Mr. ROSE. Was that form my father?
1589 Mr. MOLLOHAN. That was form your father.
1590 Mr. ROSE. Yes, sir.
1591 Mr. MOLLOHAN. Is that true? How was the \$9500 which was
1592 reflected as a loan form you to your 1972 campaign carried
1593 forward? Was that carried forward?
1594 Mr. ROSE. It was not carried forward.
1595 Mr. MOLLOHAN. That is not carried forward either?
1596 Mr. ROSE. None of those were carried forward.
1597 Mr. MOLLOHAN. Was that ever satisfied by the campaign
1598 committee prior to this series of loans?
1599 Mr. ROSE. No.
1600 Mr. MOLLOHAN. Subsequent?
1601 Mr. ROSE. No, sir.
1602 Mr. MOLLOHAN. So your father's loans to the committee and
1603 your loans to the committee--
1604 Mr. ROSE. Yes, sir.
1605 Mr. ROSE. --all were treated the same after this series of
1606 payments between you and your father?
1607 Mr. ROSE. Yes, sir.
1608 Mr. MOLLOHAN. As far as the campaign filing forms are
1609 concerned, that is it was not, none of them were transferred
1610 form the old forms on to the new forms as a debt to you?
1611 Mr. ROSE. That is correct.
1612 Mr. MOLLOHAN. But you are indeed relying upon--

1613 Mr. ROSE. The old forms.

1614 Mr. MOLLOHAN. Those loans?

1615 Mr. ROSE. Yes, sir.

1616 Mr. MOLLOHAN. When you say that the series of
1617 transactions here, which you submitted to the committee
1618 today and are identified as chart No. 2--

1619 Mr. ROSE. Yes, sir.

1620 Mr. MOLLOHAN. --you are saying that those loans are not
1621 reflected, are the basis of the campaign owing you money?

1622 Mr. ROSE. That is correct.

1623 Mr. MOLLOHAN. Thank you, Mr. Chairman.

1624 The CHAIRMAN. Mr. Gaydos.

1625 Mr. GAYDOS. I will ask questions when we come back. I
1626 would like to ask Mr. Rose, Charlie, when you bought the
1627 Alaskan property, following the transactions, how did you
1628 pay for that? Or was it paid for?

1629 Mr. ROSE. I borrowed some money from a bank to make the
1630 down payments, and I was paying on the mortgage.

1631 Mr. GAYDOS. That's all.

1632 The CHAIRMAN. Gentlemen, if we come right back, then
1633 probably we can wrap it up in 15 or 20 minutes.

1634 [Recess.]

1635 The CHAIRMAN. We will come to order.

1636 Mr. Hansen.

1637 Mr. HANSEN. Thank you, Mr. Chairman.

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1638 Throughout the testimony we have had a number of people
1639 allude and our counsel has alluded to your father's ledger
1640 card. Does our staff have that ledger card?

1641 Mr. OLDAKER. I have a copy of it right here.

1642 Mr. HANSEN. And it shows what you referred to earlier?

1643 Mr. ROSE. It shows that he borrowed \$20,000 the day that
1644 my campaign received \$20,000 from First Citizens Bank, the
1645 Federal Election Campaign form. The first item that I gave
1646 you has that on it, and his ledger card shows that \$20,000.

1647 Mr. HANSEN. Mr. Mollohan got into the idea of taking the
1648 amounts in the second \$50,000 paid off in aggregate totaled
1649 up \$46,000, which is money you felt you owed to your father.

1650 You introduced another item at that point, and you said,
1651 "And other obligations," of bank obligations that you had
1652 scattered around town that your father, I kind of got the
1653 impression unbeknownst to you, went out and paid those?

1654 Mr. ROSE. No, I probably owed him some money from 1970
1655 that I had never paid him back.

1656 Mr. HANSEN. So he in fact took an aggregate of your debts
1657 in other banks and paid those off too, is that correct?

1658 Mr. ROSE. I am not sure what he did with all the money,
1659 but I am saying that the possibility exists. Mr. Hansen,
1660 that in 1973 when he took that \$50,000 marker, loan from
1661 First Citizens Bank, that he may have paid off some of my
1662 obligations at other banks in town, in which case, I would

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1663 have received additional benefit beyond what I had already
1664 received form \$50,000, and therefore I would be obligated to
1665 him for more than \$50,000.

1666 Mr. HANSEN. I don't have too much trouble in wending my
1667 way through the problems between the North Carolina election
1668 law requirements and the Federal. Where I get in trouble is
1669 the trail, that I am having a hard time going down as
1670 between you and your father, what was signed, and I think
1671 that has probably been exhausted almost, but I would like to
1672 add a couple of things here.

1673 You said in 1975 through 1978 in your earlier testimony,
1674 that you purchased a section of land in Alaska at \$150 an
1675 acre?

1676 Mr. ROSE. That is right.

1677 Mr. HANSEN. So a section is 160 acres?

1678 Mr. ROSE. Six-hundred and forty.

1679 Mr. HANSEN. Sixty acres?

1680 Mr. ROSE. Yes, sir, a mile square.

1681 Mr. CRAIG. No, you take sections, Alaska sections.

1682 Mr. HANSEN. Alaska is a big country. Did you buy that
1683 with a real estate contract, a land contract?

1684 Mr. ROSE. You have all of that before the committee. Don
1685 Young of Alaska introduced me to one of his constituents,
1686 and we worked out the transaction between us, and the
1687 committee has all those transactions.

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1688 Mr. HANSEM. May I ask, how much equity did you return to
1689 your father for all debts incurred?

1690 Mr. ROSE. The understanding was, I guess there was
1691 probably \$50,000 or \$80,000 in equity in the land when he
1692 got it or more than that. The committee can give you a more
1693 direct amount.

1694 Mr. HANSEM. Your counsel seems to know. Can she respond
1695 to that?

1696 Ms. PENDER. Yes, sir. We provided to the committee staff
1697 the fact that the property was actually in two halves, the
1698 eastern one-half and a western one-half. We have given them
1699 all the documents on that. One-half of the property had a
1700 \$30,000 down payment at the time of the signing of the
1701 contract, \$41,000 paid on December 1st of 1975, \$9000 paid
1702 on January 1st of 1976, and in that sense one-half the
1703 property, of that equity, was free and clear in the addition
1704 in 1976 when that particular half, with all those down
1705 payments on it, free and clear, was transferred to his
1706 father, there was a State of Alaska patent on that, because
1707 it was untitled property, and that was for \$6900. So the
1708 half that he had total ownership and equity in, those are
1709 the sums involved in that.

1710 The other half had a mortgage payment per month of
1711 \$661.72, which Mr. Rose paid up until the time he
1712 transferred that other half to his father.

1713 Mr. HANSEN. So what equity?
1714 Mr. ROSE. Seventy-some thousand dollars.
1715 Mr. HANSEN. Seventy-some thousand dollars?
1716 Mr. ROSE. Yes, sir, that I had already paid.
1717 Mr. HANSEN. So the amount of money that your father had
1718 in the \$50,000 was paid the difference between 46, whatever
1719 it was, plus these other obligations that you had scattered
1720 around, so you felt it more than amply took care of it?
1721 Mr. ROSE. Yes.
1722 Mr. HANSEN. So in fact he got \$70,000, paying \$4000 plus
1723 for what the additional would be?
1724 Mr. ROSE. Yes, sir, plus whatever we spent in 1970.
1725 Mr. HANSEN. And this was transferred to your father by
1726 contract, assignment, fee title?
1727 Mr. ROSE. Deed, fee title.
1728 Mr. HANSEN. We have all that?
1729 Mr. ROSE. You have copies of all of that.
1730 Mr. HANSEN. Your father then turned around and sold it?
1731 Mr. ROSE. Yes, sir, sold it through the same real estate
1732 agent that Don Young put me in touch with, sold it in
1733 roughly 1981. I remember he got a contract for it about
1734 July, 1981, \$500 an acre.
1735 Mr. HANSEN. If I may ask, did your father pay you back?
1736 Obviously it seems like there is some overage here on your
1737 behalf.

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1738 Mr. ROSE. I am not worried about any overage, sir, form
1739 my father. I am just trying to establish that I have paid
1740 him.

1741 Mr. HANSEN. He raised you to be a good--

1742 Mr. ROSE. At least \$55,000 or \$60,000.

1743 Mr. HANSEN. So he came out pretty well on that.

1744 Mr. ROSE. He came out pretty well on this, yes.

1745 Mr. HANSEN. Thank you, Mr. Chairman.

1746 The CHAIRMAN. Mr. Pashayan.

1747 Mr. PASHAYAN. I just have a few scattered questions.
1748 Following your explanation, in 1975 the proceeds form the
1749 loan went--now we have established--through you to your
1750 father?

1751 Mr. ROSE. That is right.

1752 Mr. PASHAYAN. And that was the moment that you became in
1753 your mind the creditor to your campaign?

1754 Mr. ROSE. Yes.

1755 Mr. PASHAYAN. Is that correct, in a formal sense?

1756 Mr. ROSE. In a formal sense, but I owed the money, I owed
1757 my father form the time he advanced the money.
1758 Go ahead.

1759 Mr. PASHAYAN. I understand that. In other words, that
1760 was the transaction that formalized, that collapsed into one
1761 event or into one transaction loan that had accumulated form
1762 the past?

1763 | Mr. ROSE. Yes, sir.

1764 | Mr. PASHAYAN. So that you became at that moment the

1765 | creditor to your campaign in the amount of \$50,000?

1766 | Mr. ROSE. That is one way of expressing it, yes, sir.

1767 | Mr. PASHAYAN. I am asking.

1768 | Mr. ROSE. Yes.

1769 | Mr. PASHAYAN. At that time did you owe your father any

1770 | more money for events unrelated to your campaign?

1771 | Mr. ROSE. I may have. I may have owed him for some

1772 | things that he could have loaned me in 1970. He always

1773 | wanted me to know how obligated I am to him and constantly

1774 | has reminded me of how much I owe him, you understand.

1775 | Mr. PASHAYAN. Let me ask you this? Is it possible for

1776 | you to give us an amount that would be the maximum at that

1777 | time that you owed him? In other words, it might not have

1778 | been that much, but can you say, well, at most it could have

1779 | been such and such, in addition to--this is that additional

1780 | amount? Can you say "I owed him at least \$20,000," the

1781 | minimum that it would have been?

1782 | Mr. ROSE. I would say I owed him probably at a minimum

1783 | \$20,000.

1784 | Mr. PASHAYAN. And a maximum?

1785 | Mr. ROSE. Twenty to \$25,000.

1786 | Mr. PASHAYAN. Thirty to \$35,000?

1787 | Mr. ROSE. That would be my recollection, but, as I told

1788 | you, his might have been enhanced by passage of time, when
1789 | he would pay off a note.

1790 | Mr. PASHAYAM. I can appreciate that. I am just trying
1791 | to--

1792 | Mr. ROSE. He considered that I needed to repay him
1793 | interest. We frequently had discussions. I said, "You can
1794 | deduct interest." He said, "Yes, but I paid the interest
1795 | for you."

1796 | Mr. PASHAYAM. In other words, the amounts you just cited
1797 | to me were the principal. You would add to that interest?

1798 | Mr. ROSE. Yes.

1799 | Mr. PASHAYAM. That he demanded of you?

1800 | Mr. ROSE. Suggested.

1801 | Mr. PASHAYAM. Did that amount that you felt you owed him
1802 | in addition to the amount owed for the purposes of the
1803 | campaigning?

1804 | Mr. ROSE. Yes, sir.

1805 | Mr. PASHAYAM. Did that amount increase between the time
1806 | that you took out that \$50,000 note?

1807 | Mr. ROSE. No.

1808 | Mr. PASHAYAM. And you say you became the creditor to your
1809 | campaign?

1810 | Mr. ROSE. No.

1811 | Mr. PASHAYAM. Did that amount increase between then and--

1812 | Mr. ROSE. The Alaska?

1813 Mr. PASHAYAM. Alaskan land?

1814 Mr. ROSE. No.

1815 Mr. PASHAYAM. Now, in your own mind, therefore, did you
1816 transfer the deed to the Alaskan land to pay off that
1817 additional amount?

1818 Mr. ROSE. All of it. Anything that hadn't been covered
1819 properly before was to pay off that additional.

1820 Mr. PASHAYAM. In other words, you are saying that the
1821 Alaskan transfer, given the chain of events as you are
1822 describing them and as you are characterizing them, the
1823 Alaskan transfer you would say was to pay off debts not
1824 related to the campaign?

1825 Mr. ROSE. That was the initial purpose, but as a lawyer,
1826 if you want to look at it another way, it is possible to say
1827 that that money was payment for the campaign debt, but it
1828 wasn't intended to be. It was intended to be for all the
1829 other things that were--

1830 Mr. PASHAYAM. You say it was not intended to be because
1831 in 1975 you became a creditor to your campaign?

1832 Mr. ROSE. Exactly.

1833 Mr. PASHAYAM. For \$50,000?

1834 Mr. ROSE. Yes, sir.

1835 Mr. PASHAYAM. So then you and your counsel come back to
1836 these series of transactions and you say that if we do not
1837 believe that you became the creditor to your campaign in

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1838 1975, then you became the creditor to your campaign when you
1839 transferred the Alaskan land, is that right or wrong?

1840 Mr. ROSE. Absolutely, sir.

1841 Mr. PASHAYAN. I don't think I have any further questions.

1842 The CHAIRMAN. Mr. Petri.

1843 Mr. PETRI. I want to sort of go at this business from the
1844 other end, because it seems to me it is crucial for the
1845 whole situation, for there to be a case we can accept that
1846 these represent repayments of loans rather than loans to you
1847 and then repayments.

1848 Could you go over again the item? I think when you were
1849 here before, and again today, you said there was some
1850 confusion between newspaper accounts and also I think the
1851 last time you were in the heat of the campaign, and so you
1852 repaid or you sort of evened out accounts between you and
1853 the campaign committee so as to avoid charges that you owed
1854 them money or however it went at that time.

1855 Will you go through that whole part of it again, the last
1856 year or so, and how you characterized these things?

1857 Mr. ROSE. I was shocked at the charge in 1986, and the
1858 press asked me what do these loans represent, when they
1859 obviously said loans they were talking about what was on the
1860 Federal Election form that had been released by my
1861 opponent's party.

1862 I responded, they represent consolidation of personal

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1863 campaign loans. I was thinking that they represented an
1864 advancement to me of sums that I had paid on the
1865 consolidation of campaign loans, such as the payments that I
1866 had made beginning in 1975 to pay off in various ways the
1867 North Carolina National Bank loan, but I don't certainly
1868 have to tell this body that when you are dealing with a set
1869 of papers that say loan on their face of them, as filed by
1870 my accountant, and you are trying to say that they are not
1871 loans, and you are trying to explain that in three or four
1872 paragraphs, it is very difficult.

1873 * * * *

1874

1875 We found the documents in Raleigh. We
1876 found the documents in Washington. We went to the FEC. We
1877 amended the filings. I don't have to tell you that the
1878 press has had a field day with me changing, with my
1879 committee changing what they said was a loan into a
1880 reimbursement and a repayment, but I did not intend to
1881 violate the rules of the House at any point, and I have made
1882 the changes that I have made and sworn to the testimony that
1883 I have given you to justify what we have done.

1884 Mr. PETRI. Could you go through the transactions on chart
1885 2 for us. I am only asking you to do this because we are
1886 going to be asked. Put on the record what happened and what
1887 the money was used for and why you then reloaned money to

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1888 the committee on each of these occasions.

1889 Mr. ROSE. I felt that when the money came to me out of
1890 the committee, that it was in fact, that it was my money,
1891 because it was owed to me by the committee, and if you are
1892 asking me, can I tell you that these repayments to me were
1893 all used for bona fide campaign purposes, the answer is, no.
1894 I can't tell you that, because I considered it personal
1895 money at that particular point in time, but in 1978 I go to
1896 my accountant. 1979 was the first one, that is correct, and
1897 asked him to give me some of the money back that I had put
1898 into the campaign. He wanted to see proof that the campaign
1899 was owed money.

1900 I told him that the campaign owed--owed me the money, but
1901 he wasn't around in 1972. He did not prepare the filings in
1902 Raleigh and in Washington, and so he gave me what I
1903 considered was a reimbursement, but which he put down in my
1904 campaign forms as a loan; 4 and 7 and 895 is just \$11,895.
1905 That didn't make a very big dent on the balance of my
1906 campaign account, but in 1983, when I was advanced \$18,000,
1907 if you will notice the time there, it was September of 1983,
1908 and I paid it back December 31, paid it back if you
1909 considered it a loan, but I reloaned it to my committee on
1910 December 31, 1983, put it back in the committee, because I
1911 wanted the balances to look higher, because January of 1984
1912 was the year-end report, but also the filing period for the

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1913 next election, and you don't like to go into a campaign with
1914 a low balance.

1915 The same is true for 1984, 1984, 1985 and 1985, the other
1916 four items. So when I come to 1987, I reloaned the total
1917 amount, \$11,895 during the campaign to completely repay to
1918 the committee all the funds that it had advanced to me.
1919 That's all.

1920 If you have any other questions, I will be happy to answer
1921 them.

1922 Mr. PASHAYAM. Will the gentleman yield?

1923 Mr. PETRI. Sure.

1924 Mr. PASHAYAM. Can I ask counsel if the treasurer, and
1925 this is the kind of question I will say outright that no
1926 court would admit, because I am asking for hearsay.

1927 The CHAIRMAN. Certainly, go ahead.

1928 Mr. PASHAYAM. If the treasurer were here and were asked
1929 the question, when you became treasurer, you at that time,
1930 according to the testimony of the Congressman, became
1931 satisfied that the campaign did owe him, why then did you
1932 put it down as a loan rather than a repayment, what would
1933 his answer be?

1934 Mr. OLDAKER. His answer would be that he knew, at least
1935 had heard and talked to me, that there were loans owed by
1936 the committee to the Congressman. He had never seen any
1937 documentation of that. No one had presented him with any

1938 documentation of that.

1939 And that did not incur until 1986-1987 after this broke in
1940 the newspaper, he was presented with documentation, namely
1941 the old reports, and other information which would indicate
1942 that the loan was outstanding, and he then was satisfied
1943 that the loan was outstanding, and he then executed the note
1944 which we put together to conform with the election laws that
1945 were in effect at that time.

1946 Mr. PASHAYAM. So, in other words, he put down the loan
1947 because at that time there was a lack of documentation?

1948 Mr. OLDAKER. Exactly.

1949 Mr. PASHAYAM. Are you saying that had he had the
1950 documentation at that time, he would have put down repayment
1951 rather than loan?

1952 Mr. OLDAKER. That is what he has told them.

1953 Mr. PASHAYAM. That is perhaps the most difficult issue
1954 you faced by this committee, how to explain, if I may just
1955 add, something that says on the surface of the loan that in
1956 fact you are saying essentially was not a loan but a
1957 repayment.

1958 Mr. OLDAKER. I think he had a very honorable accountant
1959 trying to do the best job he could in reporting. It was put
1960 down on the fact of it exactly what the transaction was,
1961 that it was money that went to the Congressman. It was I
1962 think misattributed, and he has put in affidavits, it was

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1963 | misattributed at the time because he did not have sufficient
1964 | documentation.

1965 | Mr. PASHAYAN. I yield back to my colleague.

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1966 RPTS CANTOR

1967 DCMN KOEHLER

1968

1969 The CHAIRMAN. Tom.

1970 Mr. PETRI. I don't want to pursue it, but to ask could
1971 you give your explanation again as to why it is that you
1972 ended up getting back on Chart 2 to zero, in September of
1973 1986, if you were owed money by the campaign committee. Why
1974 did you want to go back and make that total that you were
1975 owed--

1976 Mr. ROSE. Lower instead of higher?

1977 Mr. PETRI. Or higher, whatever. Why did you want to
1978 cancel out payments that the committee had made, the
1979 repayments that the committee had made to you of loans you
1980 had made to it?

1981 Mr. ROSE. It was in the height of a campaign, as I told
1982 you, in July. My interest was to quiet down the issue.
1983 Since there was some obvious question as to the character of
1984 these funds, i.e., loan versus repayment, I concluded that
1985 the best political thing for me to do was to get it even
1986 with the board, and then go from there, and that is why I
1987 ran the ballots back to zero.

1988 The CHAIRMAN. Mr. Craig.

1989 Mr. CRAIG. A couple of questions, Mr. Chairman.

1990 Charlie, when you made your first payment, or when you

1991 | rloaned back to the committee the \$18,000.

1992 | Mr. ROSE. Yes.

1993 | Mr. CRAIG. I have two questions. Why \$18,000? Why not
1994 | \$20,000? Why not \$25,000? Why not \$150,000? Why does it
1995 | happen to be the exactly the same amount the committee had
1996 | paid you in repayment some 3 or 4 months before?

1997 | Mr. ROSE. Well, remember that I felt that the money was
1998 | mine rightfully.

1999 | Mr. CRAIG. I accept that.

2000 | Mr. ROSE. As a matter to be repaid to me.

2001 | Mr. CRAIG. Yes.

2002 |

* * * *

2003 |

2004 |

2005 | Mr. CRAIG. I can accept the \$18,000 on the repayment. My
2006 | confusion is, if you are bolstering your campaign account to
2007 | make it look bigger for the reporting purposes to ward off
2008 | challengers, and I can understand why we do those things, we
2009 | all go out and do fundraisers and try to bump things up
2010 | before the reporting periods.

2011 | Mr. ROSE. Right.

2012 | Mr. CRAIG. Why does it happen to be in this instance, the
2013 | same amount and the same pattern follows then from \$18,000
2014 | all the way through to zero?

2015 | Mr. ROSE. Just as a matter of keeping up with it in my

2016 mind. That is the only explanation I can give you. It was
2017 easier for me to conceive of what I had been reimbursed and
2018 what I hadn't been reimbursed.

2019 Mr. CRAIG. Do we have copies of the checks?

2020 Mr. ROSE. Yes.

2021 Mr. CRAIG. I assume there were checks you wrote to the
2022 committee. Did you make any designation on those checks as
2023 to what their intent was at the time you wrote them to the
2024 committee, starting from December 31, 1983?

2025 Mr. ROSE. Ms. Pender. She has gone through all the
2026 checks.

2027 Ms. PENDER. Mr. Craig, I believe the committee has one
2028 check that says, 'loan', on the front of it from Mr. * * *

2029 Rose.

2030 Mr. CRAIG. In what--

2031 Ms. PENDER. I don't have that in front of me, but the
2032 staff could help you with that. There is one that says, the
2033 one written in September of 1986 says, 'repayment of loan'
2034 on the front of it. There are two direct cashier checks or
2035 banking checks that came from a bank check, a bank process,
2036 where Mr. Rose obtained bank loans to make those loans to
2037 the campaign, and if I have misstated anything, I wish they
2038 would correct me, but I believe--

2039 Mr. CRAIG. My question is does the committee have the
2040 \$18,000, \$10,595, \$9,600?

2041 Mr. ROSE. Yes.

2042 Mr. CRAIG. Do we have all those checks?

2043 Mr. ROSE. I think you do.

2044 Ms. PENDER. We have given you all we had, I believe.

2045 Mr. CRAIG. And all of them are there?

2046 Mr. ROSE. I think so.

2047 Ms. HUTCHINS-TAYLOR. All but one.

2048 Mr. CRAIG. Which one do you not have?

2049 Ms. HUTCHINS-TAYLOR. \$9,600. I am not exactly sure. I

2050 will have to check, but I think we have all but one of those

2051 checks.

2052 Mr. CRAIG. Go ahead, Mr. Rose.

2053 Mr. ROSE. We have been working with your staff on this.

2054 Mr. CRAIG. Can you tell me at the time you put the

2055 \$18,000 back into the campaign, what the campaign balance

2056 was at that point then, after the \$18,000 deposit? You

2057 would have a filing.

2058 Mr. ROSE. I have a filing that would show it, but my

2059 recollection is that it was something in the \$100,000 range,

2060 but the key point is that the year-end report occurred one

2061 day after December 31, 1983. That is the balance as of

2062 January 1st, and my filing period in N.C. is the month of

2063 January.

2064 Mr. CRAIG. I understand that. I am not having any

2065 trouble with that. I am just saying does the \$100,000--here

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2066 is my line of thinking. I have been very open with you.
2067 Does the \$100,000 ward off an opponent, or does the \$82,000
2068 ward off an opponent? Why, if just before, we do it for the
2069 intent of bolstering the campaign, what is the difference in
2070 \$18,000? Why not put \$50,000 in it, if you are going to
2071 borrow it and then the campaign is going to pay you back?
2072 Why not go big?

2073 Mr. ROSE. It is a good question, but just more was better
2074 in my estimation.

2075 Mr. CRAIG. That is why I am curious why they just
2076 happened to be the exact figures all the way down the line
2077 and not different ones, if, in fact, your first column is a
2078 repayment.

2079 Mr. ROSE. That is all the money I had available to
2080 reloan, to keep it straight in my head as to what was the
2081 campaign reloaning and repaying to me.

2082 Mr. CRAIG. You said money available to reloan. You did
2083 not have to borrow the \$18,000? You had the cash on hand?

2084 Mr. ROSE. Some of the time I would go and borrow the
2085 money to reloan it to the committee, and the staff has the
2086 records that show that some of the money that I owed,
2087 personally owed to the Southern National Bank, said that the
2088 purpose of the loan is to put money in the campaign.

2089 Mr. CRAIG. One other question, Mr. Chairman, and that is
2090 in relation to the Alaskan thing. When did the committee

2091 become aware of the Alaskan thing?

2092 Mr. ROSE. In July.

2093 Mr. CRAIG. Did you point it up to them?

2094 Ms. PENDER. I think the staff probably did. We talked
2095 about it and we provided the documents.

2096 Mr. CRAIG. We paid that.

2097 Ms. PENDER. At the staff level, I believe Ms. Hutchins-
2098 Taylor asked me a question and I immediately went and got
2099 all the documents and brought them to her in, I think, it
2100 was July.

2101 Mr. CRAIG. My confusion is if you, in fact, had paid your
2102 dad off, why are we even talking about the Alaskan thing?
2103 Why does it all of a sudden become a part of the movement of
2104 money to pay off your dad for your obligation to him as it
2105 relates to the campaign? Aren't we told by you that, prior
2106 to the Alaskan land deal, you had reimbursed your father,
2107 zeroed him out.

2108 Mr. ROSE. Yes.

2109 Mr. CRAIG. Then why are we dealing with Alaska. That is
2110 a separate issue between you and your father, having nothing
2111 to do with the campaign or campaign monies.

2112 Mr. ROSE. Mr. Pashayan asked a series of question about
2113 additional obligations that I might have had to my father,
2114 and that is correct. An Alaskan land transaction was
2115 basically to get straight with him on everything that I owed

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2116 him, and he would tell you that it did.

2117 As lawyers are, we are trying to present our evidence to
2118 you in as many favorable ways as we possibly can.

2119 Mr. CRAIG. Prior to the committee finding, the
2120 documentation of the Alaskan land transaction, you had not
2121 presented that to the committee.

2122 Mr. ROSE. I will let the people who were working with the
2123 staff talk.

2124 Ms. PENDER. I believe that they had some checks that came
2125 out of the Sergeant of Arms, and I wish the staff would help
2126 me on this, because it has been a couple of months, but I
2127 believe that they had some checks that were in the Sergeant
2128 of Arms account that they asked me about, and I believe that
2129 I told them that they related to Alaska land, and then I
2130 believe, they asked for documents, all the deeds and things
2131 like that, and again, please correct me if I am wrong. And
2132 we did get all the deeds and whatever. We had a special
2133 meeting on this, because there was some concern about this
2134 FIFO principal, following money in and following money out
2135 with respect to Mr. Rose's repaying his father, and they
2136 therefore, wanted to look at Alaska and see what equity was
2137 involved in that and whatever else.

2138 Mr. CHAIRMAN. Ms. Taylor, on this narrow point, do you
2139 have anything to offer.

2140 Ms. HUTCHINS-TAYLOR. I would just want to let the

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2141 committee know that we first started corresponding with
2142 Congressman Rose's attorneys back in March of this year, and
2143 from March through the summer, they provided an explanation
2144 of the borrowings. From March until August that explanation
2145 ended in January of 1975, when he paid his father \$50,000.
2146 It was not until August that they submitted materials to us,
2147 and, I guess, that is 4 or 5 months later that they brought
2148 up the Alaska land transaction, and that was our first
2149 knowledge that they were counting the Alaska property as
2150 part of the explanation on how he repaid his father.

2151 Mr. CHAIRMAN. Only on this narrow issue, Ms. Taylor, who
2152 first interjected the Alaska transactions?

2153 Ms. MUTCHINS-TAYLOR. I would say that we had some checks
2154 that evidenced a transaction. We didn't know that that was
2155 part of the explanation on how he paid his father back,
2156 until they asserted it in August. We just knew that there
2157 were some checks that related to Alaska transactions that
2158 appeared in the bank records that we got.

2159 Mr. CRAIG. You had further comment?

2160 Ms. PENDER. Yes, sir. For several months in the very
2161 beginning there, we were asked a number of questions but
2162 never asked really to go beyond 1975. I know Ms. Taylor
2163 came back and came into a middle of discussions that were
2164 going on, and we have several submissions that went on in
2165 the middle of that, and I think there might have been

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2166 misunderstandings.

2167 Mr. ROSE. Can I interject one comment?

2168 Mr. CRAIG. Sure.

2169 Mr. ROSE. I felt that the bank transactions adequately
2170 covered the question, but based on the number of questions
2171 and the way we were getting questions, we finally got the
2172 question that related to the Alaska land, and so we
2173 presented that information to the committee. We weren't
2174 trying to hide anything or trying to change any particular
2175 story.

2176 Mr. CRAIG. The reason I bring this sequence up, because I
2177 am frustrated, Mr. Chairman. If the Alaska land is part of
2178 the payment to the father, and that is part of the
2179 consideration for loans that ultimately flowed through the
2180 campaign, and you say that is possible, that could have
2181 been, then why didn't that come to the table as part of the
2182 total picture at the beginning, because it is part of the
2183 payment that you are alleging all of this happened in the
2184 transaction.

2185 Now am I off here?

2186 Mr. ROSE. No. We stuck to answering the questions we
2187 were asked.

2188 Mr. CRAIG. I can appreciate that, but I can also
2189 appreciate defending one's self in presenting the total
2190 picture.

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2191 Mr. CHAIRMAN. I want to avoid any cross dialogue here.
2192 Ms. Taylor. I would appreciate it if members of the staff
2193 do not give any oral or body expressions indicating any
2194 attitude of the correctness of an answer or not.

2195 I will give you ample time to respond, and I may call on
2196 you to clarify something. I just do not want to get into
2197 any cross-fire. I heard Mr. Wilson say , Ms. Taylor. I
2198 specifically indicated to all parties that we would not get
2199 into a cross-fire.

2200 Mr. CRAIG. I have one more question, Mr. Chairman.
2201 In the \$50,000 that you borrowed that you paid your father
2202 and you say he went out and you are not sure how he handled
2203 all of the others then to make the payments on the loans,
2204 you said he may have taken care of some of your obligations
2205 around town.

2206 Mr. ROSE. Let me rephrase that to move it back one loan.
2207 In 1973 as a freshman in Congress, I come up here and I
2208 worry about where the Xerox machines are.

2209 Mr. CRAIG. I appreciate that. I was there too.

2210 Mr. ROSE. In November of 1973, papa says it is time for
2211 us to get our finances straight. Let's get \$50,000 from the
2212 bank. I will borrow it, and it will cover the things that I
2213 have already loaned to you for 1972.

2214 Mr. PASHAYAN. Will you yield for a minute please?

2215 Mr. CRAIG. I will be happy to.

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2216 Mr. PASHAYAN. In respect to the campaign obligation, or
2217 in respect to other loans as well?

2218 Mr. ROSE. In respect--the \$50,000 was in respect to
2219 campaigns, but in truth and in fact, I can't show you
2220 exactly what papa did with the \$50,000. I submit that he
2221 may have even used part--just establish this as a point in
2222 fact, I am obligated to pay back the \$50,000 through
2223 agreement with him, but then if he used some of that \$50,000
2224 to pay off something at another bank, not First Citizens,
2225 then that is an added obligation for me.

2226 Mr. CRAIG. The reason I come back to the point is because
2227 you said he may have paid off some of your obligations
2228 around town.

2229 Mr. ROSE. That is right.

2230 Mr. CRAIG. I assume those were other than campaign?

2231 Mr. ROSE. No. It wouldn't have been anything but
2232 campaign.

2233 Mr. CRAIG. If they were your obligations and they were
2234 not his obligations.

2235 Mr. ROSE. That is right.

2236 Mr. CRAIG. Because you said they were yours.

2237 Mr. ROSE. Yes.

2238 Mr. CRAIG. I would assume then that there may have been
2239 other notes out there that you, in fact yourself, had
2240 borrowed?

2241 Mr. ROSE. Yes.

2242 Mr. CRAIG. And you were making monthly payments on them,
2243 or had made an agreement to have some level of payment?

2244 Mr. ROSE. Where we had--

2245 Mr. CRAIG. And therefore they would have been paid by
2246 your father. There would have been a receipt of payment,
2247 and you would have all of that.

2248 Mr. ROSE. Well, where we have paid off notes in that
2249 time, and have the record of it, we have given them to the
2250 committee.

2251 Mr. CRAIG. So there are some records there as to some,
2252 maybe some of those obligations.

2253 Mr. ROSE. I would have to ask the staff or they would
2254 have to tell you, but we are talking about, if you will
2255 notice in the filings in Raleigh and in Washington, I listed
2256 some small amounts that I contributed as loans to the
2257 campaign. My father may have paid off some of those for me
2258 which would add to what I owed him. I borrowed that money.

2259 Mr. CRAIG. That is why I was questioning, because I
2260 assumed by the way you phrased it you meant they were
2261 borrowings, potentially, they were borrowings that you had
2262 made. Therefore you had signed the note. If you father
2263 walked in and handed them a check and said, "This is for my
2264 son's obligation to the note", the note would have been
2265 stamped paid. You would have been handed a copy of it, and

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2266 I think, then it would have come to you, so that you would
2267 have a record that your obligation had been satisfied by
2268 your father.

2269 Mr. ROSE. I think we would have.

2270 Mr. CRAIG. Do you have?

2271 Ms. PENDER. We have given you every record.

2272 Mr. CRAIG. Thank you. Thank you, Mr. Chairman.

2273 Mr. CHAIRMAN. Mr. Rose, I have asked other members who
2274 are present if they have questions, and the do not. I thank
2275 you for your testimony.

2276 Mr. PASHAYAN. Mr. Chairman, may I deliver one or two more
2277 questions please?

2278 Mr. CHAIRMAN. Yes, Mr. Pashayan. Keep in mind Mr. Rose's
2279 time.

2280 Mr. PASHAYAN. Do you want me to take the time to ask some
2281 questions?

2282 Mr. ROSE. Go ahead, sir.

2283 Mr. PASHAYAN. This is by way of recapitalization, but
2284 just to get things straight beyond any non-clarity, if we
2285 can, from 1975 was it or was it not your intention that the
2286 \$50,000 loan be a repayment to your father for the purpose
2287 of the campaign and for the purpose of the campaign only?

2288 Mr. ROSE. Yes, sir.

2289 Mr. PASHAYAN. Is that what you argued to the staff of the
2290 committee beginning in March, and the counsel may answer

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2291 | this question, or in any combination, through the summer?

2292 | Mr. ROSE. Based on my conversations with my staff, the
2293 | answer is yes, but I will let them speak.

2294 | Is that correct?

2295 | Mr. OLDAKER. The answer is yes.

2296 | Mr. PASHAYAM. At what point in the inquiry did the
2297 | subject of what your father did with that \$50,000 arise?
2298 | Can you recall that?

2299 | Ms. PENDER. I believe some time around the second
2300 | submission.

2301 | Mr. OLDAKER. It was after the second submission.

2302 | Mr. PASHAYAM. Give me a time.

2303 | Ms. PENDER. After May 26th.

2304 | Mr. PASHAYAM. When that inquiry began to be made, was it
2305 | accompanied by the argument that what the father did with
2306 | some or all of that \$50,000 would go to the question of
2307 | whether or not the loans was for the purpose of the
2308 | campaign. When did that argument begin to surface, because
2309 | that is one of the arguments that the committee is being
2310 | asked to consider.

2311 | Mr. OLDAKER. It was unclear to us when that issue
2312 | actually came up and talked to the staff. Most of the
2313 | dealings with staff was done on the record.

2314 | Mr. PASHAYAM. Was it your intention among other ways to
2315 | answer that inquiry with the Alaska land. In other words,

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2316 Were you constructing the argument that if, in fact, what
2317 the father did with the money would, in effect, bear on the
2318 character of the 1975 transaction, whether or not it was for
2319 the campaign or not, if that became relevant, then argue
2320 even to the last loan or the last transaction would become
2321 relevant to cover whatever might have been omitted vis a vis
2322 the campaign in 1975 on, I think, to the argument that I am
2323 saying.

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2324 RPTS THOMAS

2325 DCMK DANIELS

2326 [1:05 p.m.]

2327 Ms. PENDER. I think we had a full understanding at that
2328 point, yes, sir, but it was unclear with us all along, where
2329 did it end that he had repaid his father. It was there was
2330 always another step as to where, and to prove the whole
2331 line, that was my unclear part.

2332 Mr. PASHAYAN. Was it your intention to show there was no
2333 unjust enrichment from the campaign either to the father or
2334 to the Congressman, that is to say, in your mind, did the
2335 Alaskan land transfer become relevant as a demonstration
2336 that no more money was coming out of the campaign to the
2337 Congressman than had gone into the campaign, from the
2338 Congressman or through the father as the conduit?

2339 You see what I am asking?

2340 Mr. OLDAKER. I think it was a demonstration the father
2341 had been repaid all the money that he was owed and then
2342 possibly, how you characterize it, then all debts were
2343 satisfied between the father and the son.

2344 Mr. PASHAYAN. That is what I am trying to get at. In
2345 other words, that you would then argue even to include a
2346 fortiori you would include the--

2347 Mr. OLDAKER. Any other portion that the committee--

2348 Mr. PASHAYAN. The campaign debt?

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2349 Mr. OLDAKER. Exactly.

2350 Mr. PASHAYAN. Now, Mr. Craig is concerned why that wasn't
2351 brought in earlier, and I guess what I am asking was,
2352 because it was your intention that the 1975 transaction was
2353 intended to pay the entire campaign portion?

2354 Mr. OLDAKER. You have to understand we were dealing with
2355 specific questions from your staff and we answered those
2356 specific questions as best we could. They did not deal
2357 with, as you have put it, a fortiori here. We answered only
2358 questions which were asked. We did not know exactly what
2359 they were going--

2360 Mr. PASHAYAN. Let me just ask a question this way: So
2361 are you in effect saying to us, if we do not believe that
2362 the entire \$50,000 was for campaign purposes, because what
2363 the father might have done with some of that money, then in
2364 order to show that the campaign is not losing an amount of
2365 money that was not put into it, consider the Alaskan land
2366 transfer as money going from the Congressman to his father?

2367 Mr. OLDAKER. I think that is fair. This was money going
2368 to the father to pay off the father for debts that the
2369 father had paid off in making, in fact, Mr. Rose,
2370 Congressman Rose, the creditor.

2371 Mr. PASHAYAN. Thank you.

2372 The CHAIRMAN. Any further questions by any member of the
2373 committee of Representative Rose?

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2374 | Hearing none, Mr. Rose, thank you very much for your
2375 | attendance here today.

APPENDIX M

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AGE 1

1 RPTS MCGINN

2 DCMN DAMIELS

3

4 EXECUTIVE SESSION

5

6 PENDING BUSINESS

7

8 Wednesday, December 16, 1987

9

10 U.S. House of Representatives,

11 Committee on Standards of Official Conduct,

12 Washington, D.C.

13

14

15

16 The Committee met, pursuant to call, at 1:00 p.m., in Room
17 2318, Rayburn House Office Building, Hon. Julian C. Dixon
18 [Chairman of the Committee] presiding.

19 Present: Representatives Dixon,

20 Staff present: Ralph L. Lotkin, Chief Counsel; Elneita
21 Hutchins-Taylor, Counsel; Mark Davis, Counsel; Keith Giese,
22 Counsel; Richard J. Powers, Investigator; Jan Loughry,
23 Administrative Assistant; and Linda Shealy, Secretary.

24 Also present: Representative Charles Rose; accompanied by
25 Heidi Pender, Counsel; William Oldaker, Counsel; and Tom

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26 Porter, CPA, Laventhol and Horwath.

1070 The staff can invite in Mr. Rose.

1071 In the Rose matter, let the record show that Congressman
1072 Charlie G. Rose, III, is present as the respondent with his
1073 counsel. The members of the bar are present today. Would
1074 they state their names.

1075 Mr. OLDAKER. Mr. Chairman, my name is William Oldaker of
1076 the law firm Manatt, Phelps, Rothenberg & Evans.

1077 Mr. KLEINFELD. Eric Kleinfeld, also a member of the law
1078 firm of Manatt, Phelps, Rothenberg & Evans.

1079 The CHAIRMAN. Gentlemen and ladies, let me see if the
1080 Chair and Members of the committee have a good understanding
1081 of where we are.

1082 Prior to your entering into the room, the committee voted
1083 to move forward with a disciplinary hearing on counts 1
1084 through 4, and 4 as amended. 4(b) was dismissed and 4(e)
1085 was amended to reflect the transaction on February 7, 1981,
1086 in the amount of \$12,702.74 from Sergeant at Arms of the
1087 National Bank of Washington, that both sides have entered
1088 into a series of stipulations dealing with the counts on 1
1089 through 4, and that both sides have agreed to one hour of
1090 argument on each side, in other words, two hours to be
1091 divided equally, that staff counsel will open and close, not
1092 to exceed one hour, and that Congressman Rose and his
1093 counsel will take an hour to argue whatever they wish.

1094 At that point in time, if we vote to sustain any or all of
1095 the counts, that we would immediately move forward with a
1096 sanctions hearing on the matter and try, if possible, to
1097 expedite this if action is taken to the Floor sometime this
1098 week or before we adjourn.

1099 Mr. Oldaker, is that generally the understanding?

1100 Mr. OLDAKER. Yes.

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1101 RPTS STEIN

1102 DCMN PARKER

1103 The CHAIRMAN. Ms. Taylor?

1104 Ms. HUTCHINS-TAYLOR. Yes, Mr. Chairman. I had planned to
1105 move up and stand at the podium, but I understand we have a
1106 difficulty with the mikes, so I will stand here.

1107 Mr. Chairman and members of the committee, the purpose of
1108 this hearing is to determine if Representative Rose violated
1109 House rules as regards converting campaign funds to personal
1110 use in the form of borrowing from his campaign in count 1
1111 and in the form of using a campaign certification of deposit
1112 as collateral on personal loan in count 2.

1113 As part of the stipulation agreement, counsel agreed that
1114 as it relates to count 3 that it is tied to count 1 and
1115 whatever the finding on count 1, the finding will be
1116 likewise as it relates to count 3. On count 4 there will not
1117 be, to my understanding, any argument presented today and
1118 there are no stipulations on that count.

1119 I want you to pay close attention to the stipulation
1120 document that has been drafted by counsel. I especially
1121 want you to pay attention to the type of evidence and
1122 stipulations that are offered by both sides here today.
1123 This isn't a very difficult case. I think the facts as
1124 regards count 1 and the alleged borrowings are fairly
1125 straightforward.

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1126 It only becomes difficult when you get to the explanation
1127 presented by the Respondent, which at times is confusing and
1128 circuitous in the attempts to explain away what the hard
1129 facts say. The hard facts in this stipulation document
1130 begin on page 4, and I want to go over them with you. The
1131 hard facts in that document tell you that the Federal
1132 Election Campaign reports from 1978 to 1985 show
1133 Representative Rose received loans from his campaign.

1134 Those same filings, beginning in 1983 show that the
1135 disbursements from the campaign to the Congressman were
1136 repayments of loans. That is hard, tangible evidence in the
1137 filing submitted by the Respondent's own campaign committee
1138 as to the characterization of transactions between himself
1139 and that campaign. Those documents were prepared
1140 contemporaneous with those transactions so far as the time
1141 limits for when FEC reports should be filed.

1142 The other hard evidence that is listed on page 4 of the
1143 stipulations goes to the checks themselves that passed
1144 between the Congressman and his campaign. Several of the
1145 checks have notations on them that were written and signed
1146 by Alton Buck, who served in the capacity of treasurer,
1147 assistant treasurer, accountant, etcetera, for the campaign.

1148 The notation on the checks that have notations say,
1149 "loan." I think that is pretty hard evidence that at the
1150 time he signed those checks, Mr. Buck believed that he was

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1151 giving a loan from the campaign to the Congressman. Mr.
1152 Oldaker is going to tell you that Mr. Buck was confused when
1153 he signed those MPC reports and that he was confused when he
1154 signed those checks that said, "loan," and that he didn't
1155 know how to characterize those transactions because he
1156 didn't know about the loaning of money to the campaign back
1157 in 1972, so he put his signature on reports and on checks
1158 where the characterizations were loans because he didn't
1159 know what else to put down.

1160 I would submit that that is not correct; that he did know
1161 what those were. In his deposition he testified that at the
1162 time he made those characterizations, it was his feeling,
1163 his state of mind that the transactions were in fact loans
1164 to the Congressman and that it was not until 1986 when media
1165 attention focused on the Congressman's borrowings that
1166 evidence was presented to him that made him feel that
1167 perhaps there was some question about it. But he thought at
1168 the time he signed those documents that that is what they
1169 were.

1170 Let's talk about what it means when you sign a document.
1171 The reason that we are asked to sign things is because we
1172 are saying, "I have read it; I know what it means; that is
1173 correct; it is all right with me." That is why I was asked
1174 to sign a stipulation agreement. I signed it saying I have
1175 read the stipulations; I agree to them; I know what they

1176 mean; this is what I mean and I signed the document.

1177 I think that is what Alton Buck meant when he signed his
1178 name to those documents. He read it, understood it, knew
1179 what it was and he felt at the time that those transactions
1180 were loans to the Congressman.

1181 I also think that you need to pay attention to the hard
1182 evidence that went back from the Congressman to the
1183 campaign. There were two checks that were signed by the
1184 Congressman's wife from his personal account back to the
1185 campaign. There were more than two checks, but two that
1186 were signed by his wife and bear the notation, "repayment
1187 of loan."

1188 Again, it was her state of mind, we have to assume from
1189 looking at that check, that she thought she was repaying the
1190 campaign for loans that had been made.

1191 Other hard evidence that I want you to look at on page 4
1192 is the campaign check book. The check stubs in your
1193 campaign check book are the ledger part of your check book.
1194 You have to put down the deposits that go into the account
1195 so you can reconcile the check book. Every time they got a
1196 deposit, they put it in the ledger portion of the check book
1197 so they could reconcile it. The notations clearly reflect
1198 that the deposits that were received from the Congressman
1199 were thought to be repayments of loans. That is hard
1200 evidence.

1201 Again, Mr. Oldaker is going to ask you to ignore that hard
1202 evidence that was made contemporaneously with those
1203 transactions and to consider the FEC amendments that were
1204 filed in January of 1987. Those amendments go back to
1205 transactions, some of which occurred ten years ago, at least
1206 nine years ago, and now they are recharacterized. They are
1207 flip-flopped. The transactions of money that went from the
1208 campaign to the Congressman, they now say are repayments,
1209 and the money that went from the Congressman to the campaign
1210 they now say were loans to the campaign.

1211 I don't think that they can produce any hard evidence to
1212 substantiate that. I want to take you through what they
1213 will present to you as evidence, that in fact the
1214 Congressman was entitled to withdraw money from his
1215 campaign.

1216 They are going to cite you to the fact on page 1 of this
1217 stipulation document that \$45,900 was received in 1972 by
1218 the principal campaign committee for Representative Rose
1219 from Congressman and from his father. We don't dispute
1220 that. The evidence shows that \$45,900 went into the
1221 campaign. It is shown on North Carolina state filings and
1222 it is shown on FEC filings. What we do dispute is the
1223 inference to be drawn from that.

1224 We don't believe that the inference to be drawn from that
1225 is that the money was loaned to the campaign in a fashion

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1226 that entitled the Congressman to withdraw \$50,000 from his
1227 campaign. The North Carolina files, as I told you before,
1228 don't have any provision for separately reporting what was a
1229 contribution in the nature of a donation and what was a
1230 contribution in the nature of a loan.

1231 It is all reported on one long sheet together and that is
1232 the way that it is reported for purposes of Congressman
1233 Rose.

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1234 RPTS STEIN

1235 DCMN KOEHLER

1236

1237 I want to show you what one of those sheets looks like.
1238 It is just a long sheet of names with everybody that made
1239 contributions that had to be reported. On these pages you
1240 find the Congressman's name and his father's name, and you
1241 find an amount that they put into the campaign, but there is
1242 now way to determine that that money was loaned to the
1243 campaign.

1244 This filing raises the possibility that it may have been
1245 loaned, but it equally raises the possibility that the money
1246 was donated to the campaign. From what the Congressman is
1247 telling that anybody's name who is listed on this page could
1248 now say, I loaned the money to the campaign and give me my
1249 money back, and I would assert that that is not a reasonable
1250 inference to draw from the fact that the money was received
1251 by the campaign and reported on this sheet.

1252 They will also ask you to look at the stipulations on the
1253 first page about what was reported on the Clerk of the
1254 House. those filings did have a separate schedule that you
1255 were supposed to report loans on, and Mr. Oldaker will tell
1256 you that only loan agreements that were in writing were
1257 supposed to be put on that.

1258 Granted the instructions may have been confusing, but at

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1259 least one loan by his father is reported on that report, a
1260 loan of \$5,150, and they have given us no writing to show
1261 that that was in writing, and that is why it was reported on
1262 that sheet, so why then were the other loans that were in
1263 writing reported on the sheet?

1264 The only loans reported on the schedule are a \$20,000 loan
1265 and the \$5,150 loan from his father. Neither is evidenced
1266 in writing, there is no written agreement executed in 1972
1267 to show that those were loans to the campaign. There is an
1268 executed document showing that there was \$50,000 loaned to
1269 the campaign, but that document was executed in April of
1270 1987 and refers to money loaned in 1972.

1271 That is the hard evidence that they present you, documents
1272 that were created in 1987 to change the characterization of
1273 facts of over 15 years ago.

1274 There is something else that I want to point out to you in
1275 this stipulation document, and that is the note that appears
1276 above Count 1. Stipulations contained in this document as
1277 to the testimony of any witness either by deposition,
1278 affidavit, or appearance before this Committee go only to
1279 the fact that the witness actually made the statement.

1280 They should not be interpreted as a stipulation as to the
1281 truth or accuracy of the statement and that is very
1282 important because we do stipulate in this document that the
1283 Congressman swore to certain facts and that his father swore

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1284 | to certain facts, but I want you to understand that
1285 | Committee counsel isn't stipulating that that underlining
1286 | fact is true.

1287 | We only stipulate that that is what they said, so when you
1288 | deliberate, don't misunderstand that what was said by
1289 | affidavit or deposition, or in appearance before this
1290 | Committee is stipulated to as being true, it is only
1291 | stipulated that in fact that statement was made under oath.

1292 | I want to take you through the timetable of Key
1293 | transactions that occurred in this case. As I told you in
1294 | 1972, the Congressman and his father put some money into the
1295 | Congressman's campaign. The records reflect that the
1296 | Congressman himself only put in \$9,500 and I want you to
1297 | remember that, that the records reflect the Congressman
1298 | himself put in \$9,500, but in 1987 he has a promissory note
1299 | that says he is entitled to receive \$50,000 from his
1300 | campaign. In 1973, the Congressman tells us that his father
1301 | went to a bank and borrowed \$50,000 in order to pay himself
1302 | back for money that he loaned to the campaign. Initially,
1303 | it was represented to the Committee staff that this was a
1304 | consolidation note to consolidate campaign debut, but in
1305 | fact, we find that that 1973--\$50,000 didn't retire at least
1306 | that \$20,000 bank not. It wasn't retired until two years
1307 | later.

1308 | They also submit that the purpose of the 1973 loan was as

1309 a marker in time. I think the Congressman referred to it as
1310 a bellwether so that he and his father would know that he
1311 was owed \$50,000 from the campaign. We don't dispute that
1312 his father received a \$50,000 loan in 1973 from First
1313 Citizen's Bank, but we do assert that there is no tangible
1314 proof that that loan had anything to do with the 1972
1315 campaign, and in fact, in the father's own deposition, he
1316 testified that it wasn't related to the 1972 campaign, and
1317 there is a lot of contradictory testimony that you are going
1318 to hear about today that relates to that \$50,000 transaction
1319 in 1973.

1320 By affidavit, the Congressman's father says that he kept
1321 the money to pay himself back for the money he loaned in
1322 1972, however, at least three times in his deposition, he
1323 says he gave the money to his son, the Congressman. The
1324 Congressman testified that his father did keep the money, so
1325 there is a lot of confusion when it comes to sworn testimony
1326 about exactly what happened to the 1973 money.

1327 When the facts are unclear, we have to look to the
1328 surrounding evidence in order to draw a reasonable
1329 conclusion about what happened, so I ask you to look at the
1330 surrounding evidence. If the 1973 loan had something to do
1331 with campaign debt, then why wasn't it reported on 1973 FEC
1332 reports? In fact, there are no FEC reports filed with the
1333 Clerk of the House for 1973, so there are no transactions

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1334 | documented with the Clerk of the House filings about any
1335 | campaign expenditures in 1973.

1336 | The next important transaction is in 1975. Congressman
1337 | Rose says that he borrowed \$50,000 from North Carolina
1338 | National Bank in January of 1975, and he stipulates to that,
1339 | but that doesn't mean that that is a relevant fact, just
1340 | because we stipulated to it. It just means that it is a
1341 | fact. He borrowed \$50,000 from North Carolina National Bank
1342 | in 1975. There is no evidence that that \$50,000 was related
1343 | to any campaign transactions other than the sworn testimony
1344 | of the Congressman and his father upon questioning, neither
1345 | man recalls exactly how the money was transferred. That is
1346 | a lot of money not to remember exactly how it was
1347 | transferred.

1348 | You have before you a report from Laventhol & Horwath, a
1349 | little booklet and there are two very important propositions
1350 | set forth in that report, one relating to Count 1 and one to
1351 | Count 2.

1352 | The proposition for Count 1 is that in tracing out from
1353 | financial documents prepared by the Congressman himself, it
1354 | appears to Laventhol & Horwath, a certified public
1355 | accounting firm, that the \$50,000 that the Congressman
1356 | borrowed from North Carolina National Bank in January 1975
1357 | probably went to Peoples Bank to satisfy an outstanding debt
1358 | at that bank.

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1359 RPTS MCGINN

1360 DCMN DANIELS

1361 Now, the reason that the certified public accountants feel
1362 comfortable making that statement is because they went
1363 through a lot of documentation, some submitted by the
1364 respondent, some that the Committee staff was able to obtain
1365 by subpoena.

1366 In looking at that, the only way the Congressman's
1367 financial statements, prepared by the respondent himself,
1368 can be reconciled, is to say that debt at Peoples Bank was
1369 retired in January of 1975.

1370 Now, unless there was another \$50,000 that he got from
1371 someplace with no strings attached, not another lobby, a
1372 gift from someone, an inheritance or something of that
1373 nature, the only reasonable conclusion that we can draw is
1374 that that \$50,000 went to retire that debt, not to his
1375 father to pay off campaign debts.

1376 They have offered an alternative to that and that is if
1377 you don't believe that in 1975 he paid his father with that
1378 \$50,000, then believe that his father was paid off by a
1379 property transfer of Alaska property in 1978 and in 1980.

1380 The Congressman and his father have said that that
1381 property conveyance was to satisfy all debts that existed
1382 between father and son going back to when he was in law
1383 school.

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1384 Well, that is a fine thing to do except that at least half
1385 of that 640 acres had a mortgage on it and the Congressman's
1386 father had to pay that.

1387 So it wasn't exactly an outright gift the way the
1388 respondent would like for us to believe.

1389 To the extent that half of the property didn't have a
1390 mortgage on it, it was still subject to approximately \$8,000
1391 in what Alaska calls patent fees that appear to have been
1392 paid by the Congressman's father.

1393 In addition, we have no idea how much the Congressman
1394 actually owed his father from law school for other personal
1395 loans that he made, for loans he made for his unsuccessful
1396 campaign in 1970.

1397 We don't know how much he owed and neither man has been
1398 able to tell us that.

1399 So how can we say the Alaska property satisfied all of
1400 that debt, including the \$50,000, when we don't know how
1401 much that debt was. Maybe the property transfer wasn't
1402 enough to satisfy all of that debt. We can't draw that
1403 conclusion.

1404 Now, they are going to say that the father sold that
1405 property at a substantial profit and that the amount of that
1406 profit far exceeded whatever that debt might have been.

1407 But we don't know that and I would submit that if the
1408 father was paying the notes on the property, he was entitled

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1409 | to whatever property he got and that certainly can't be in
1410 | satisfaction of any debt between father and son.

1411 | He paid the notes on the property. He later sold it at a
1412 | profit.

1413 | So be it.

1414 | All the better for him. That has nothing to do with
1415 | satisfying the debt between father and son that we don't
1416 | know was related to the 1972 campaign.

1417 | Another important factor in weighing how the Alaska
1418 | transaction should fit into this is that you should know
1419 | that the Congressman was trying to sell the property himself
1420 | at the time his father's property was--property was conveyed
1421 | to his father.

1422 | So when his father took over those notes, in one sentence
1423 | he was doing his son as much a favor as his son was doing
1424 | him a favor.

1425 | I want you to keep that in mind when you are deliberating.

1426 | That brings us to again the transactions that occurred
1427 | beginning in 1978 and the hard, tangible evidence, the FEC
1428 | reports that characterize them as borrowings, the checks
1429 | going back and forth between the Congressman and the
1430 | campaign characterizing them as borrowings and repayments.
1431 | That is hard evidence, hard evidence that is only
1432 | controverted by recent FEC amendments in 1987 after media
1433 | attention to the borrowings and after this Committee began

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1434 | to look into the affairs.

1435 | There are some other things that I think are important for
1436 | you to know about the campaign treasurer, Mr. Buck. He is
1437 | the individual who was signing these checks.

1438 | Mr. Oldaker is going to try to get you to believe that all
1439 | of these people, Mr. Buck, his staff, all of these people
1440 | were confused about the nature of the transaction. But
1441 | there were some letters that Mr. Buck signed that went to
1442 | the Clerk of the House of Representatives and in two of
1443 | those letters he characterized the transactions as
1444 | borrowings, as loans to the Congressman.

1445 | I am going to read from one of those letters. This letter
1446 | was signed by Mr. Buck in June of 1984 to the Clerk of the
1447 | House.

1448 | ''Although all of the information relevant to Mr. Rose's
1449 | loan was disclosed in our pre-primary report, we failed to
1450 | list the information again on supporting Schedule C.''

1451 | So this is a letter explaining to the Clerk of the House
1452 | about some amendments or some filings that they had
1453 | previously made. But notice that he had an opportunity in
1454 | this letter to say I don't know how to characterize this
1455 | disbursement. But he didn't say that. He said he referred
1456 | to it as Mr. Rose's loan. And there is another letter in
1457 | which he referred to Mr. Rose's loan and that was a letter
1458 | of May 1982.

1459 It says, "The candidate did receive a loan from the
1460 committee during this period and this has been reported in
1461 the disbursement section."

1462 So it seems clear once again that Mr. Buck's state of
1463 mind, when he had an opportunity to ask questions of the
1464 Clerk of the House, was that these were loans to the
1465 Congressman, not that he didn't know how to characterize
1466 this transaction or that he was unfamiliar with getting
1467 advice on how to characterize these transactions.

1468 I think the clear, hard evidence is that he thought that
1469 they were loans.

1470 As it relates to count 2, once again the respondent is
1471 asking you not to look at what the hard evidence is, that
1472 everybody was confused. He is asking you to look at an
1473 assignment of a campaign certificate of deposit and say that
1474 even though he signed it, didn't mean what he said it meant,
1475 that he didn't really convert campaign funds to personal use
1476 when he signed that assignment of certificate of deposit
1477 when he put it up as collateral on a personal loan.

1478 They have submitted two defenses. One is it was a legal
1479 impossibility because his name didn't appear on the
1480 signature card for the campaign accounts; he couldn't sign a
1481 certificate of deposit assignment on that.

1482 Well, I submit to you that it doesn't make any difference
1483 if there was a legal impossibility and that is because he

1484 | violated the spirit of the House rule.

1485 | The House rules requires that a Member must adhere to the
1486 | spirit as well as the letter of the rule. What that means
1487 | is that if you have violated the spirit of the rule, then
1488 | you violated the rule.

1489 | So for him to submit as a defense that even though I
1490 | signed it, the fact that the bank's lawyers think that it
1491 | was invalid should mean I didn't violate the House rule
1492 | isn't true. Because he is not being accused with violating
1493 | the law.

1494 | He is being accused of violating the House rule. Under
1495 | the House rule, when you violated the spirit of the rule,
1496 | you violated the rule.

1497 | Now, I am not conceding here that it wasn't a valid
1498 | transaction because I believe that it was. The key point is
1499 | that the manager accepted this as collateral.

1500 | So for the period of time while that loan was outstanding,
1501 | those funds were encumbered. It remained listed on that
1502 | account as collateral for that loan.

1503 | The bank would not have released those funds, that
1504 | certificate of a deposit to the campaign during that period
1505 | of time, because they believed that it was collateral on the
1506 | loan.

1507 | It wasn't until 1987 when they were asked to look at this
1508 | transaction again in light of these allegations, I believe.

1509 that they produced a letter saying, 'Oh, this was
1510 invalid.' But at the time they never went back and said
1511 this isn't a good transaction.

1512 They apparently asked for collateral on the loan. The
1513 Congressman complied and put up collateral. They accepted
1514 it and never said, 'Put up something different. This isn't
1515 valid.'

1516 They accepted the assignment that he put forward. He
1517 intended to assign that certificate of deposit.

1518 I want to read to you the language that appears on that
1519 document because I think it is very important for you to
1520 know what the Congressman signed.

1521 The language on that document assigning the certificate of
1522 deposit says as follows: 'The undersigned warrants and
1523 represents that above-described savings account instrument
1524 is owned solely by undersigned and is free and clear of all
1525 liens and encumbrances and the undersigned has full power,
1526 right and authority to execute and deliver this
1527 assignment.'

1528 Now, that is what the Congressman signed. And the
1529 Congressman is an attorney. I think he understood full well
1530 the language that was on the document. I think it was his
1531 intent to have an assignment and inasmuch as he intended to
1532 do have an assignment, he has violated the spirit of the
1533 House rule and that constitutes a violation of the House

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1534 rule.

1535 DCMN GLASSMAP

1536

1537 It is very important also to note that the person who, in
1538 fact, did have the authority to sign that document had full
1539 knowledge of the fact that the Congressman was signing this
1540 assignment and had full knowledge of his intent to use it as
1541 collateral. The name that appeared on the signature card
1542 was Alton Buck. He could sign on behalf of the campaign.

1543 Apparently the bank must have questioned Mr. Buck about
1544 whether it would be appropriate for the Congressman to put
1545 up the campaign certificate of deposit on a personal loan.
1546 And Mr. Buck responded to that inquiry by letter, dated
1547 March 22, of 1985, and this is what that letter says. 'In
1548 regard to the use of the committee for Congressman Charlie
1549 Rose's certificate of deposit with Southern National Bank as
1550 collateral for his loan, this would be permissible. Since
1551 Congressman Rose was elected to Congress prior to 1980, he
1552 may use any campaign funds he has raised in any manner in
1553 which he sees fit. He, of course, would have to pay income
1554 tax if he makes personal use of the funds other than to
1555 carry out the objectives of the Election Committee. I hope
1556 this answers your question. If not, please do not hesitate
1557 to call.'

1558 So clearly the person who did have the authority to sign
1559 the assignment gave full knowledge and consent to the bank

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1560 on this, and that is probably why the bank accepted that
1561 assignment, because they checked with the person who had the
1562 authority to do it, and he says this would be permissible.

1563 But they are asking you, once again, don't look at the
1564 hard evidence. Don't look at the hard facts. Let's put up
1565 a little smoke screen here and say it wasn't valid and so he
1566 didn't do it. But, again, in the law an attempt is
1567 culpable, an attempt to do something wrong is culpable. An
1568 attempted robbery is a crime. An attempted burglary is a
1569 crime. And here at the very least we had an attempt to
1570 convert campaign funds to personal use.

1571 The analogue to that in the House Rules is that you can't
1572 violate the spirit of the rule, and that covers the attempt,
1573 and that is what happened with Congressman Rose in using his
1574 certificate of deposit as collateral on a personal loan.

1575 Now, the second line of defense that they use on this
1576 count is that it wasn't a personal loan, it was a campaign
1577 loan because there are some credit memos of the bank that
1578 call this \$56,000 a campaign expenditure. But I submit to
1579 you that it wasn't, and I ask you to look at the report that
1580 is prepared by Laventhol and Horwath. I mentioned there
1581 were two important points in that report, and the one that
1582 relates to count 2 is that in tracing the history of that
1583 loan, you find that there are other personal loans comingled
1584 in there, and that is uncontroverted evidence. This \$50,000

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1585 loan for which he put up collateral was a pre-existing loan.

1586 It merged two loans that the Congressman already had at

1587 that bank.

1588 Well, those loans were the result of other loans that came

1589 before them which were the result of other loans that came

1590 before them, notes that were constantly rolled and rolled

1591 into other notes. Some of those other notes clearly are in

1592 the files of the bank that they have for personal expenses.

1593 Once you have comingled, that transaction becomes tainted.

1594 So he can't now characterize it as a campaign obligation

1595 when back then the predecessors of that loan were for

1596 personal expenses. To the extent that he does characterize

1597 it as a campaign expense, I want you to take note of

1598 something. Some of the money that went back into the

1599 campaign that committee counsel believes were repayments to

1600 the campaign from the Congressman for the loan that he had

1601 borrowed was borrowed by him from the bank. In other words,

1602 the Congressman went to the bank and borrowed money to put

1603 it back in the campaign.

1604 Now, at least one of those we know was \$16,000, and he

1605 went to the bank and borrowed \$16,000 to put back in the

1606 campaign. That is one of those notes that he calls a

1607 campaign expense. When you borrow from your campaign and

1608 have to pay it back, that is a personal expense. That is

1609 not a campaign expense for you to go to the bank and borrow

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1610' the money to give it back to the campaign and then say that
1611 is a campaign loan and, therefore, this is a campaign
1612 transaction.

1613 I don't want you to be confused about the nature of what
1614 they have characterized as a campaign loan. These were
1615 personal obligations of the Member in the sense he had to
1616 put them back in the campaign that he had borrowed earlier.
1617 Based on the information that I had given you as relates to
1618 count 1 and count 2, I would urge the committee to sustain
1619 these counts.

1620 Counsel has stipulated as to count 3. I would like to
1621 read the stipulation to you. With respect to count 3,
1622 respondent and committee counsel agree to the following: It
1623 is hereby stipulated that if the committee finds in favor of
1624 respondent on count 1 on the statement of alleged
1625 violations, that respondent shall also prevail on count 3.
1626 It is further stipulated that if the committee finds against
1627 respondent on count 1 of the statement of alleged
1628 violations, then the committee will find against the
1629 respondent on count 3. So I present no argument to you on
1630 count 3 in that it is tied to count 1.

1631 I do ask you, finally, when listening to Mr. Rose's
1632 explanation, to use your common sense and ask yourselves if
1633 these explanations are plausible or are they rather
1634 contorted, circuitous explanations that are applied to

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1635 straightforward hard facts asking that you not believe them.
1636 The CHAIRMAN. The counsel for the staff started at 2:35.
1637 So you now have 25 minutes left. Counsel for the
1638 respondent?
1639 Mr. PETRI. Mr. Chairman?
1640 The CHAIRMAN. Mr. Petri.
1641 Mr. PETRI. I have a question on proceedings so far as
1642 count 3 is concerned. I believe that vote was by six to
1643 three and Rule 12(e)(1) says that the committee should
1644 proceed by a vote of a majority of the members of the
1645 committee, not a majority of those present.
1646 The CHAIRMAN. The chair will ask the respondent and
1647 counsel and the staff to step out. Off the record.
1648 [Discussion off the record.]
1649 The CHAIRMAN. Without objection, the vote on count 3--it
1650 is count 2, isn't it?
1651 Mr. PETRI. Is this the one where he was alleged to have
1652 signed a--
1653 Mr. MYERS. Which is count 2.
1654 The CHAIRMAN. It is count 2.
1655 Mr. MYERS. The record will show count 3--it is going to
1656 confuse them, too.
1657 The CHAIRMAN. All right. Then what I would like to
1658 suggest, Mr. Petri, if you will agree to this, that the
1659 chair will set aside the vote on count 2. I would like to

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1660 ask that if it does not prevail that we leave the roll open
1661 to obtain the members who did not have an opportunity to
1662 vote on that issue. Do you have an objection to that?

1663 Mr. PETRI. No. I have no objection to leaving the roll
1664 open, but I do think we had an imperfect record of the
1665 committee in that the rules provided for counts to go
1666 forward by a vote of majority of the committee, and six
1667 votes is not a majority of this committee.

1668 The CHAIRMAN. Your point is well taken. The chair will
1669 set aside the vote on count 2.

1670 Mr. MYERS. I move it be set aside and reconsidered.

1671 The CHAIRMAN. It has been moved by Mr. Myers and seconded
1672 by Mr. Fazio that the vote on count 2 be set aside and that
1673 we re-vote on that issue. All in favor, signify by saying
1674 aye; all opposed. The ayes have it. The count 2 vote is
1675 vacated.

1676 Mr. Petri, do you want to make a motion on count 2?

1677 Mr. PETRI. Yes. I renew my motion that we not proceed on
1678 count 2, and I just am making it again at this time because
1679 I did not want the committee to find itself in a position if
1680 it took the matter to the Floor of having a flawed record
1681 and being thrown out on a procedural vote. I understand I
1682 was on the losing end. The vote was six to three, but the
1683 rules of the committee provide we not go forward without a
1684 majority vote. I, myself, just to renew the argument in

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1685 case there are some people here who were not here earlier,
1686 argued against us going forward on count 2 at an earlier
1687 time because that was not a charge brought before this
1688 committee. It seemed to me extraneous to the charges that
1689 were brought before this committee. It was legalistic and
1690 really not particularly substantive, in my opinion, and it
1691 was not necessary for us to go forward on that count in
1692 order to conduct a reasonable investigation of the
1693 allegations originally made of Mr. Rose.

1694 I was afraid, in my own opinion, it over-stepped the
1695 grounds and was starting the committee to embark on a
1696 fishing expedition, and rather than discharging our duties
1697 of the House, which is not investigating allegations by
1698 members of the press or members of the public.

1699 The CHAIRMAN. The chair would renew the statement it made
1700 before. It is my understanding, one, the respondent was
1701 placed on notice some time ago about this particular count.
1702 In fact, the respondent has responded to this particular
1703 count and has set up a defense. The issue to be discussed
1704 is whether, in fact, there is a prima facie showing. Mr.
1705 petri addresses a visceral reaction to when this was
1706 discovered. He is correct in that the complaint that was
1707 filed did not allege this. In the course of investigation
1708 of the complaint that was filed, that was discovered.

1709 I would argue that the thrust of the complaint was in the

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1710 nature of misuse of campaign funds as it relates to the
1711 respondent, and further that there were some specifics as to
1712 mis-use and in that investigation, in fact, another misuse
1713 was alleged based on the facts.

1714 Secondly, I would say that the committee is certainly not
1715 bound by the rules and the rule in particular cited by Mr.
1716 Myers that we are bound by specific allegations against a
1717 Member of Congress or employee but rather that may, along
1718 with further evidence, trigger an investigation. It is
1719 clear to me that there is a clear precedent on this issue.
1720 I would allow Mr. Petri to respond.

1721 Mr. PETRI. I am sure there are precedents for going
1722 forward when things are discovered in the course of an
1723 investigation. But it seems to me that there is a question
1724 as to how broadly you are required to spread your net as a
1725 result of a charge being made and how volatile the things
1726 that you find are to the functions of the House and to the
1727 duties of this committee.

1728 It seems to me that this just exceeds that. This charge
1729 has to do with Mr. Rose signing something he did not have
1730 the legal authority to sign. It is argued that he received
1731 some benefit, but, in fact, he owed the money and I guess
1732 repaid it, and it is unclear he received any particular
1733 benefit. The bank did require security. They accepted this
1734 as security, though it was not actually something he legally

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1735 had the power to do. if they had not accepted this, he
1736 might have to go to some other co-signer or something else.

1737 So it seems to me this is tangential to the whole
1738 investigation and that it is designed to make the rest of it
1739 look more substantive than it might really be; and to that
1740 extent it is prejudicial to a fellow Member and that we
1741 ought not to proceed with this count.

1742 Mr. MYERS. Tom, if you will yield, it seems to me the
1743 argument you are making is not whether we should proceed or
1744 whether we have a right to proceed, but how we should decide
1745 on the issue once the issue is debated here in a
1746 disciplinary hearing. Every argument you made is not
1747 whether we have a right to go forward but whether we should
1748 be finding him guilty of the violation. Every argument you
1749 have made is not to the point of whether we should proceed
1750 on this particular count.

1751 Mr. PETRI. I would agree we have a right to go forward.
1752 I just don't think it is wise for us to go forward or
1753 necessary for us to go forward. So I don't think we should.
1754 That is all.

1755 Mr. PASHAYAN. Mr. Chairman?

1756 The CHAIRMAN. Mr. Pashayan. I think on this one Mr.
1757 Petri is correct, because lines have to be drawn, and
1758 sometimes inside of the line the issue is whether or not to
1759 find somebody accountable. But I think on this one we

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1760 should be on the other side of the line, just as a
1761 prosecutor will decide whether or not to bring a case.

1762 I know John has the rule in his hand, but still I think
1763 the rule has to be read that there has to be a reasonable
1764 ambit beyond which I think even if we have the authority--and
1765 I don't think Tom intends to question the authority--but we
1766 also have the right to limit with some reasonable boundary
1767 about how far we are going to go and just how far do we
1768 look. How deep do you dig the well looking for contaminated
1769 ground?

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1770 RPTS STEIN

1771 DCMN PARKER

1772 [3:20 p.m.]

1773 Mr. MYERS. What do you think that particular ruling I
1774 cited--one sentence on page 17--what do you think that means?
1775 Do you think during the course of the hearing the committee
1776 may expand or contract the scope?

1777 Mr. PASHAYAN. I think it means that during the course of
1778 the hearing the committee may expand the scope, but I think
1779 you have to read that within the context of what is
1780 reasonable.

1781 The CHAIRMAN. Mr. Spence?

1782 Mr. SPENCE. I don't want to prolong this unnecessarily.
1783 I think we have missed another point, too, and that is no
1784 matter how far we might go or not go, if our investigation
1785 turns up additional wrong-doing when you aren't even looking
1786 for it, in this case we weren't, and we ignore that and
1787 don't take action on it, we are derelict in our duty.

1788 We are open to the accusation and charge that we are
1789 covering up for Members of Congress when we have evidence of
1790 wrong-doing and that we should investigate these things. We
1791 have cited other cases where people weren't even being
1792 investigated and information came to our attention there was
1793 wrong-doing and this committee, on its own initiative,
1794 brought charges against these people.

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1795 I think we would be derelict in our duty if we didn't go
1796 ahead with the charge.

1797 The CHAIRMAN. Ready for the vote on the issue. Is there
1798 any objection to holding the role open on this issue by any
1799 member of the committee so that those who have not voted
1800 would have an opportunity to vote? All in favor of the
1801 motion by Mr. Petri to drop count 2, raise your right hand.

1802 One, two--two. All in favor--all opposed to dropping the
1803 motion raise your right hand. Eight. On a vote of 2 to 8,
1804 the count remains for the purpose of a disciplinary hearing.

1805 Let me say to the members of the committee that--off the
1806 record.

1807 [Discussion held off the record.]

1808 The CHAIRMAN. When the members come back, I will indicate
1809 to them that I sustained this motion and there was a
1810 recount--we did not take a vote on a motion to approve it.
1811 It is moved by Mr. Spence and seconded by Mr. Fazio on a
1812 motion to move forward with count 2. All in favor of that,
1813 raise your right hand.

1814 An affirmative motion to move forward on count 2. On a
1815 vote of 8 to 2 we will move forward on that count.

1816 If staff would bring the Members back.

1817 Outside the presence of counsel and the Respondent, the
1818 Chair sustained Mr. Petri's objection and took another vote
1819 on count 2 and the committee decided to move forward; that

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1820 is, to have a disciplinary hearing on count 2 also.

1821 Ms. Taylor, you have 25 minutes left, and I would allow a
1822 full hour. Mr. Oldaker, starting now at 3:25 by that clock.

1823 Mr. OLDAKER. If I could get clarification, I thought you
1824 said count 3--

1825 The CHAIRMAN. It was 2. So that there will be no
1826 misunderstanding, the motion made by Mr. Petri was in error
1827 as it related to the particular count. Outside of your
1828 presence, he amended that to say count 2.

1829 Mr. OLDAKER. I understand, sir.

1830 Mr. Chairman, members of the committee, Ms. Hutchins-
1831 Taylor, we are here today and we have heard Ms. Hutchins-
1832 Taylor's arguments, and I think that one of the things that
1833 we should take note of at the beginning is the length of
1834 time that this has gone on. I believe the committee
1835 commenced its investigation in March. There have been seven
1836 responses that we have given to the committee. There have
1837 been 11 affidavits, three depositions, two appearances by
1838 Representative Rose and numerous subpoenas for evidence.

1839 In all of that, there has been no new evidence which has
1840 been turned up which would indicate that these were other
1841 than currently characterized as matters in count 1 as loans
1842 by the Congressman and his father to the committee.

1843 The evidence that Mrs. Hutchins-Taylor has put forward is
1844 the evidence that was put on the public record by the

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1845 committee in the 1970's. It was not evidence which was
1846 discovered in this investigation. So we are left with a
1847 dichotomy. Ms. Hutchins-Taylor says, and I agree, that this
1848 is not a difficult case.

1849 This is a case where we have to look at some fairly simple
1850 facts. We stipulated the facts and they are before you.
1851 The facts that have been uncovered by the committee, which
1852 show, I think, several things which we should discuss--first
1853 that \$45,900 went into the committee in 1972 from the
1854 Representative and his father.

1855 No question about that. The committee staff does not
1856 question that; that money went in. Of that money, \$25,150
1857 were loans that went in; no question. The committee staff
1858 agrees that they were loans. They were loans when they were
1859 made. They have never been forgiven and other than the
1860 repayments made during the period of time, they have never
1861 been repaid. They are still outstanding.

1862 The fact that they may not have been reported properly
1863 does not change their characterization. It means that
1864 possibly the Federal Election Campaign Act was not complied
1865 with. That is not a jurisdictional question before this
1866 committee. We agree by and large on these facts and other
1867 facts. We disagree as to the inferences.

1868 Let me talk for a moment about evidence. I know you have
1869 had a recent hearing before the committee. You have had

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1870 several other hearings in other matters, but evidence and
1871 the way they handle the evidence is very importance. Your
1872 rules state that the responsibility of the staff, of the
1873 committee, is to prove by clear and convincing evidence that
1874 the violation of the rules occurred.

1875 This means that where there are ambiguities you have to
1876 resolve those ambiguities in favor of the Respondent.
1877 Ambiguities in and of themselves are not inferences.
1878 Ambiguities are unproved facts; that is all they are. You
1879 have to--this is not a case where 51 percent of the evidence
1880 is going to demonstrate for one side or the other. This is
1881 a case which requires more than that.

1882 It is not a criminal case, but it is a very stringent
1883 standard, clear and convincing evidence. I would indicate,
1884 as the Supreme Court indicated in the Anderson case, that
1885 all justifiable inferences are to be drawn in favor of the
1886 Respondent. Let me move to the counts.

1887 Count 1, as I stated before, we have uncontroverted
1888 evidence that \$25,150 went into the committee as loans. If
1889 you look at your stipulations, it is stipulated to. No
1890 issue. Twenty thousand dollars of that loan was from a
1891 bank, \$5,150 was from the Congressman's father. We also
1892 agree that the most money ever taken out of the committee by
1893 the Congressman, which we characterize as repayments of
1894 loans, was \$29,875.

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1895 | Therefore, what we are talking about here, if there was a
1896 | violation, is the difference between those two numbers. We
1897 | aren't talking about, as we have sometimes heard, \$65,000 or
1898 | other numbers. I just want to put on for you the exact
1899 | ramifications of what we are dealing with here today.

1900 | It was stated by committee counsel that various amounts
1901 | were reported on the North Carolina reports. Clearly they
1902 | were. One of the interesting things about North Carolina
1903 | reports is loans and contributions are reported in exactly
1904 | the same manner.

1905 | There is no way that you can draw a conclusion one way or
1906 | the other as to whether they are contributions or loans by
1907 | looking at that report. Therefore, those amounts that were
1908 | reported only on that report are in question. We have only
1909 | one way to determine what they were, and that is to look to
1910 | the donors themselves, which the committee staff did.

1911 | The committee staff deposed Congressman Rose's father and
1912 | you gentlemen heard Congressman Rose testify before you on
1913 | two occasions. In each statement, in unambiguous terms, Mr.
1914 | Rose's father and Congressman Rose stated that these loans
1915 | were loans to the committee. There is no ambiguity on that
1916 | point. There is no failure of memory on that point. They
1917 | remember it quite clearly.

1918 | In addition, every other person who the committee talked
1919 | to indicated that it was their understanding that these were

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1920 loans. There was no question about that. This is 15 years
1921 later--every person, Mr. Buck, who was later to become the
1922 treasurer in 1974, he was a person around the campaign at
1923 the time. He said at the time he heard people discussing
1924 the loans.

1925 Mr. Rand, in his deposition by the committee, states
1926 unequivocally that he heard at that time--he was the
1927 treasurer--that these were loans. Mr. Styles' affidavit
1928 states the same thing. There is no deviation on this point.
1929 There was some question that came up whether Congressman
1930 Rose appeared here before about an oral agreement, oral
1931 loans made to the committee and whether they should have
1932 been reported or documented. Loans themselves under the law
1933 in 1972, there was no necessity for those loans to be
1934 documented or in writing from any source.

1935 The law in 1979 was amended to require that loans from
1936 national banks, which is the only other source other than
1937 from the Member after 1975, had to be in writing. There
1938 still is no requirement that loans from an individual member
1939 of Congress to his committee have to be documented.

1940 They do not have to be documented. There has to be no
1941 writing. The money can go in and it can be determined
1942 solely on the intent of the Member. That is the law.

1943 DCMN MILTON

1944

1945 Let me deal for a moment with the reports. The Clerk's
1946 manual in '72 said that loans had to be in writing. It
1947 seems that there was some confusion, at least looking
1948 backwards, possibly as to why some loans were not included
1949 in the Federal report. This may reflect several of the
1950 loans which we have stated were on the North Carolina
1951 report.

1952 I think that it is important when looking at the North
1953 Carolina report to remember that some of that report appears
1954 to be prior to the effective date of the Act. The Act went
1955 into effect April 7, 1972. We are talking about a critical
1956 juncture as far as campaign law was concerned. Prior to
1957 April 7, 1972, people didn't have to report under Federal
1958 law. In various states they did have to report, and North
1959 Carolina was one of those. We have heard from Ms. Taylor
1960 that there was confusion about how the loans which Mr.
1961 Rose's father made to the campaign were repaid to Mr. Rose's
1962 father, an issue which has consumed time before this
1963 committee in questioning and has gone back and forth.

1964 I think one of the things you must keep in mind is whether
1965 or not Congressman Rose's father was paid back. There is no
1966 question in either Congressman Rose's mind or his father's
1967 mind that Congressman Rose's father was paid back in full

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1968 for the money that Congressman Rose's father lent the
1969 committee. His father felt that his son was obligated to
1970 repay him for that money, not that the committee was
1971 obligated but that Congressman Rose was obligated to repay
1972 him.

1973 He has testified that he was repaid and it is without
1974 dispute that he was repaid as far as testamentary evidence.
1975 There is a question, I would agree, as to in what form he
1976 was repaid.

1977 Let me go for a second to a transaction which we have
1978 called the Alaska land transaction. Ms. Taylor has talked
1979 about that, but I think that we can cut through a lot of the
1980 questions if we look at that transaction and in the
1981 stipulations we have been able to stipulate as to facts
1982 regarding that transaction.

1983 October 1, 1975, Congressman Rose purchased land in Alaska
1984 for \$160,000. No question about that. We stipulated to
1985 that. On May 1, 1978, Representative Rose conveyed one half
1986 of the land to his father, free and clear of a mortgage,
1987 with a patent of approximately \$9000 owing on that piece of
1988 land--\$8000, excuse me.

1989 On March 13, 1980, Representative Rose conveyed the other
1990 one half of the land to his father with a mortgage on it of
1991 at most \$90,000 and a patent which had to be paid of \$8000.
1992 This property was sold in '81 for \$288,000, a net profit

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1993| made by the father of more than \$180,000.

1994| Now, that is a lot of money. That money was to satisfy
1995| all debts outstanding between the Congressman and his
1996| father. There was no reason for Congressman Rose to
1997| transfer this to his father other than the fact that there
1998| were debts, and he felt that there were some remaining debts
1999| possible from '72.

2000| The only question which I think is unclear, which Ms.
2001| Taylor points out, is when was Congressman Rose's father
2002| repaid, not how or if, but when, and I would assert to the
2003| committee that it is clear that he was ultimately repaid.
2004| There is no question in the Congressman's mind, in his
2005| father's mind, and I think if you look at the Alaska
2006| transaction, there can be no question in your mind that he
2007| was repaid.

2008| Let me turn for a second to what Ms. Hutchins-Taylor calls
2009| hard evidence, which I will call documentary evidence as
2010| opposed to testamentary evidence, the reports filed with the
2011| Federal Election Commission, with the Clerk of the House of
2012| Representatives by Mr. Buck and others. These reports were
2013| filed, no question about it. We don't deny what they say.
2014| Mr. Buck, though, the man who filed those, said that they
2015| were in error. His testimony under oath states that they
2016| were in error.

2017| If I could for you, I will read what Mr. Buck said in his

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2018 deposition before the committee. In answer to a question
2019 asked by Ms. Taylor, which says, "So you would not have
2020 characterized them in this manner if you didn't have reason
2021 to believe that the Congressman was borrowing from the
2022 campaign."

2023 "It could have been that I didn't know what they were or
2024 the girl preparing this didn't know what they were since the
2025 Clerk was through Mr. Rose, no invoice, she assumed that it
2026 was a loan."

2027 It goes on to say that the bookkeeping people, whoever
2028 actually reported it, characterized it at the moment as the
2029 best information they had at hand at the time. There is no
2030 doubt that they characterized it that way. He did not think
2031 it was important at the time. He, after careful examination
2032 on his own behalf, he went and made the determination that
2033 the reports were in error and should be amended. It was at
2034 the time that he came to this realization that the reports
2035 were amended.

2036 The issue which Ms. Taylor puts in as to the letters which
2037 were written by Mr. Buck I would assert are nothing more
2038 than letters that were written by Mr. Buck at the time on
2039 his current understanding of the transactions. This is a
2040 man who is not trying to commit fraud; he is a man merely
2041 reporting what he sees before him at the time.

2042 On January 8th Mr. Buck, as is stipulated, filed an

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2043 amendment to the Federal Election reports and he did this on
2044 the basis of information which he had before him. He
2045 conducted his own investigation. He talked to a banker at
2046 Citizens Bank in North Carolina. He looked at the Federal
2047 filings in '72, which he did not have available to him at
2048 the time when he was making the original reports in the mid-
2049 '70s. He looked at the North Carolina filings which he did
2050 not have available to him at the time he was making the
2051 filings in the mid-'70s, and he testified that after looking
2052 at these matters and talking to Mr. I.B. Juling, that the
2053 reports that he had filed were in error. He recharacterized
2054 the amounts which came out of the committee as repayments of
2055 the loans and the amounts going back in as loans from the
2056 Congressman to his committee.

2057 I think again it is important to note all the way along,
2058 there is no question as to the \$25,150, as to whether that
2059 should have been characterized as a loan. Everyone agrees
2060 that those loans went in in '72 and that they never came
2061 out. What we have been discussing with committee staff and
2062 the issue before the committee is the difference between
2063 that \$25,150 and the total amount of money ever taken out of
2064 the committee by Congressman Rose, a little under \$5000, and
2065 whether or not there were loans to the committee in that
2066 amount out of the remaining \$20,000 plus, which there is no
2067 argument about, that went into the committee.

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2068 Committee counsel talks about check notations. By and
2069 large, the check notations coming out of the committee
2070 reflect what the reports reflect. We would be surprised if
2071 they did not. But the checks going back in from the
2072 committee in one case do not. In one case the checks
2073 indicate that the money going back into the committee was a
2074 loan and not a repayment of a loan. That was from
2075 Congressman Rose. It raises at least a question, an
2076 inference, as to what in fact people were thinking about.

2077 On Congressman Rose's check it says "loan." I would
2078 agree on several of the checks that his wife put in it said
2079 "repayment of loan." I would also indicate that Mrs. Rose
2080 was not married to the Congressman in '72. It is not known
2081 whether she knew of the loans at the time. She may not have
2082 known the history; he did.

2083 I think that we have heard various things about the state
2084 of the records in this case. I think when we look closely
2085 at the campaign records--we had an accounting firm look at
2086 the campaign records--one thing that was evident from the
2087 campaign is that although I think everything was always
2088 contemplated to be honestly portrayed, there did demonstrate
2089 in the records a failure to fully comprehend what the rules
2090 were.

2091 If you look closely at the records filed by the committee,
2092 there were oftentimes different closing cash on-hands on one

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2093 | report and opening cash on-hands on the next report.

2094 | Elementary accounting would tell us that they should be the
2095 | same, but they weren't.

2096 | We found that there was no way to tally the reports one
2097 | way or the other. We are giving you the report from that
2098 | accounting firm. I don't think that it means that anything
2099 | unlawful was going on, but I think that there is sufficient
2100 | evidence there that those who were filling out the reports
2101 | were not that sophisticated in what they were doing, as I
2102 | might add most people who fill out Federal Election reports
2103 | are not that sophisticated. Errors are made quite often in
2104 | characterization on reports.

2105 | Amendments--if one were to go to the Federal Election
2106 | Commission and look at the number of amendments, I would
2107 | suggest even in your reports, gentlemen, you would find that
2108 | there are a number of amendments where those people who
2109 | filled out the reports have at a later time determined that
2110 | they made an error, an honest error in how they
2111 | characterized it. And I would suggest if it wasn't done
2112 | even by some of the best campaigns, I would worry that they
2113 | weren't fully complying.

2114 | We have had campaigns, half had big-name accounting names,
2115 | and they find errors. It is human nature that errors will
2116 | be made on these reports.

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2117 RPTS MCGINN

2118 DCMN DONOCK

2119 3:50 p.m.

2120 If I might turn to Count 2, Count 2 presents an
2121 interesting question. We said at the outset Congressman
2122 Rose has been before you twice. You have had an opportunity
2123 to ask him questions about Count 2.

2124 Congressman Rose testified that it was not his intent to
2125 use the CD in a way that would convert it. He did not think
2126 signing the assignment would violate the rule. But beyond
2127 that, I think that goes to whether or not he intended to
2128 violate the rule. Had he signed it, and it had been
2129 effective, and whether that would be a violation of the
2130 rule, I think is the issue that is before this committee.

2131 It seems clear from looking at the law that no assignment
2132 could take place. The lawyer for the bank, when queried
2133 about this, stated no assignment took place since this was a
2134 contract, certificate of deposit was a contract between the
2135 bank and the committee.

2136 Congressman Rose could not assign it. It was impossible.
2137 We thought that that was good evidence. We talked to the
2138 committee counsel during our negotiations on stipulation of
2139 facts. They raised the issue. They asked me, if the
2140 committee had seen the Alton Buck letter when he wrote that
2141 letter. I said, I have no idea if they saw it.

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2142 I have never talked to the man. I called him today, and
2143 he said absolutely I saw the Alton Buck letter. That
2144 doesn't make any difference. The assignment was
2145 ineffective. It couldn't be effective unless Congressman
2146 Rose's signature was on the signature card.

2147 This is not a person from our side. This is the bank's
2148 own lawyer. We then decided to obtain other counsel on the
2149 matter. We went to the Library of Congress, an institution
2150 that you use, to discuss whether or not this assignment was
2151 effective. We gave them all the documents that the
2152 committee has.

2153 Their opinion, a lawyer from the Library of Congress, was
2154 that it was not an effective assignment, that it did not, in
2155 fact, assign what it purported to assign. But they say, and
2156 let me quote, "Mr. Rose's signature on the instrument would
2157 be ineffective to transfer, since the signature card
2158 reflects a contract between the bank and the depositor that
2159 the funds will not be transferred without Mr. Buck's
2160 signature."

2161 It seems clear from that that an assignment, as a matter
2162 of law, did not take place. This is not my belief. This is
2163 not what I am saying. This is what the Library of Congress
2164 has said.

2165 I think that Ms. Hutchins-Taylor makes an eloquent
2166 argument about intent. I know this body should always be

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2167 worried about intent, how its Members appear. I do not
2168 think Congressman Rose intended to violate the rule.

2169 But I would caution this body from going into
2170 investigations on intent. I would think that if you started
2171 to investigate whether there was an intent to violate a rule
2172 with no demonstration of a violation of the rule, that your
2173 jurisdiction, by increasing your jurisdiction that way, you
2174 would be open for endless investigation.

2175 I don't think that is the case here. I am just merely
2176 saying that as a matter of fact. I understand the argument,
2177 but I would caution against, in this case, or in future
2178 cases, of merely going on the question of intent.

2179 The bank's lawyer, Mr. Stacey, says in essence, "Since
2180 the depositor of the certificate of deposit was the
2181 committee for Congressman Charles D. Rose, and the signature
2182 contract (contract between the bank and the depositor) for
2183 the account had only one authorized signatory, Alton Buck,
2184 in my opinion the signature of Alton Buck was necessary to
2185 assign the certificate."

2186 Then, Ms. Taylor asked, she said, was he aware that there
2187 was a letter sent by Mr. Buck that had been requested by the
2188 bank? I said I don't know. I called him. And he said,
2189 "At the time of my letter"--the prior letter I just read
2190 from--I had seen the letter written by Alton Buck to the bank
2191 dated March 25, 1985. My interpretation was that Mr. Buck

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2192 | considered it permissible for a committee certificate of
2193 | deposit to be used as collateral for a personal loan to Mr.
2194 | Rose.

2195 | I did not, however, consider the Buck letter as legal
2196 | authority for passing on the method of assigning the
2197 | certificate, nor did I view the letter as authorization by
2198 | the depositor of the committee for Mr. Rose to execute
2199 | assignment of the certificate.

2200 | This is not a person who is arguing for our side. This is
2201 | a person who would do everything he could to find that the
2202 | assignment was valid. He is the bank lawyer. I think that
2203 | at the bottom of Count 2 what we found is a
2204 | misunderstanding, and we find something that never occurred,
2205 | a misunderstanding by Congressman Rose as to whether or not
2206 | signing an assignment would be use of campaign funds and the
2207 | fact, uncontroverted at least from the Library of Congress'
2208 | viewpoint and the bank's lawyer that the assignment did not
2209 | occur.

2210 | Let me return for one minute to Count 1. This, as you
2211 | know, is a very important matter. It is important to the
2212 | committee. It is very important to Congressman Rose. It is
2213 | a matter that has gone on for a good period of time. There
2214 | have been a number of press stories on it, and we are hoping
2215 | that it can be quickly resolved.

2216 | We are dealing with matters which occurred 15 years ago.

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2217 at the dawn of reporting of election laws. In most any
2218 other body in the world, these would not be matters open to
2219 investigation. These are matters which--and the reason that
2220 that is so--these are matters that are so old that not only
2221 memories fade and are unclear, but the documents disappear.
2222 That is why we have statutes of limitations.

2223 It is not, in my mind, at all surprising that people have
2224 differing recollections of what occurred 10 or 15 years ago.

2225 I would be suspicious as a finder of fact if everyone had
2226 exactly the same recollection on exactly every issue. That
2227 would be far more suspicious to me as a judge or a finder of
2228 fact from when people have some differing interpretations as
2229 to what happened that number of years ago.

2230 I think if any one of you honestly asked yourself, you
2231 will realize you will have a hard time remembering instances
2232 with your campaigns that happened last month, last year,
2233 five years ago and certainly 10 years ago.

2234 We are talking about a sum of money here which, by
2235 newspaper accounts, is large, but in fact, when we get down
2236 to the actual issue involved, we are talking about an
2237 agreement of loans which were made to the committee of
2238 25,150.

2239 So, there is no question that that was made. There is no
2240 question that that was misreported in future reports.

2241 Everyone agrees on that. And they have been reported

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2242 consistently. There would be no question about whether
2243 Congressman Rose could be repaid that amount.

2244 The only question then is the additional \$20,000 and
2245 whether or not it was loans. These were amounts that were
2246 reported on the North Carolina reports, which as we have
2247 stated, did not have a place to put the loans. Their oral
2248 testimony--the oral testimony of every person who
2249 testified--stated they were loans.

2250 The only question then is why weren't they reported?
2251 Well, they weren't reported for the same reasons that the
2252 other 25,150 weren't reported. It was merely an omission in
2253 the change of reporting people.

2254 Mr. Buck came in in 1974. A prior Treasurer existed prior
2255 to that. They didn't realize that they should be reporting.
2256 That error is the consequential error of what you are
2257 investigating.

2258 Let me add one more factor we talked about. In 1974, the
2259 statement of organization that was filed for the committee
2260 in that period stated when asked, what did he do with the
2261 residual funds from this committee, stated it would be used
2262 to pay off 1972 loan debts.

2263 I think that there is sufficient evidence here, without a
2264 doubt, to find that Congressman Rose lent, and his father
2265 lent, money to the committee in 1972. The monies lent by
2266 Congressman Rose's father were monies which Congressman Rose

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2267 became responsible for, and that Congressman Rose repaid his
2268 father for any amount that was lent the committee, and that
2269 that obligation existed in 1972 and existed throughout the
2270 time until today's date.

2271 I have nothing, Mr. Chairman. Thank you.

2272 The CHAIRMAN. Let me take this opportunity to say you
2273 have 25 minutes left, and if you would like to take just two
2274 minutes to discuss it with Mr. Rose or if he wants to make
2275 any statement, that is fine.

2276 Counsel will wait until they have exhausted their time or
2277 yield back.

2278 Mr. OLDAKER. Mr. Chairman, a point of interest, we have
2279 no chance for rebuttal after this?

2280 The CHAIRMAN. No, Mr. Oldaker.

2281 Mr. OLDAKER. I have one point that I would like to make,
2282 if I can. I recently saw a report from Laventhol & Horwath,
2283 which I think I will hear something about it--

2284 The CHAIRMAN. You have 25 minutes.

2285 Mr. OLDAKER. What I planned to say in rebuttal, but I
2286 will say now, is I think when the members are deliberating,
2287 you have to remember that there is documentary evidence
2288 which you have before you, there is testimonial evidence
2289 which you have before you.

2290 The documentary evidence you all can review. Other people
2291 can review it, and look at it. The testimonial evidence,

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2292 the people best able to interpret it--that is why we have
2293 courts, and they are conducted in a way that we have--is
2294 people who observe the testimony themselves.

2295 In this case, the members have had an opportunity to watch
2296 Congressman Rose and to see what his testimony was and to
2297 determine the veracity of the witness when he testified and
2298 was cross-examined.

2299 As to the three other witnesses that have been before the
2300 committee, they were questioned, and I would say in great
2301 detail, by committee counsel, committee investigator, or by
2302 a member in each case, Mr. Pashayan in two cases and Mr.
2303 Hansen in the other case.

2304 Both of those Members were there and observed for the
2305 committee the veracity and the appearance of those
2306 witnesses. Their views on those witnesses, I would say, is
2307 far more important than anyone else's who would happen to,
2308 as a lay person, pick up and read a report as Laventhol &
2309 Horwath did. That is what I would say in rebuttal.

2310 I say it now. Just one minute, please. One of the things
2311 the Congressman reminds me, one of the things we did
2312 circulate and I didn't mention it by name, but the
2313 accounting firm which we had asked to review this was
2314 Coopers and Lybrand.

2315 We circulated this report to you. One of the essence, and
2316 I guess since we are moving at such rapid fire in this

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2317 | thing, I shouldn't wait or hope you read it. I probably
2318 | should point out to you what we think the essence of that
2319 | report is. The essence of that report is that if you follow
2320 | standard auditing methods, you can't tell whether these were
2321 | loans or contributions.

2322 | Accountants looking at the documents are left with the
2323 | question that you have to answer. When you read Laventhol &
2324 | Horwath's report, they go beyond generally accepted auditing
2325 | principles and they render opinions on testimony.

2326 | I don't think it is necessary for me to say that is the
2327 | purview of the committee. That is not the purview of an
2328 | accounting firm that you hire. That kind of information and
2329 | opinion by the accountants is no greater--they have no
2330 | greater expertise to render that type of opinion than anyone
2331 | else.

2332 | It is interesting that at the beginning of their report,
2333 | they agree with that. I guess the spirit of the moment
2334 | doesn't stop them from proceeding to give that opinion on
2335 | numerous occasions throughout their report.

2336 | We are tried by our peers in this country. The peers
2337 | listen to the testimony. You gentlemen are the peers in
2338 | this case, and I think that it is your responsibility to
2339 | listen to the testimony, to review the evidence, which you
2340 | have done, and to make the determination on that basis.

2341 | Mr. ROSE. Mr. Chairman, I would be happy to answer any

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2342 questions, if there are any from the Members. Otherwise, I
2343 would--I will be happy to be sworn if you wish to ask me any
2344 questions.

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2345 RPTS MCGUINN

2346 DCMN KOENLER

2347

2348 The CHAIRMAN. Well, Mr. Rose, you are already under oath
2349 to this issue. If any Member of the Committee has a
2350 question, I would ask them now is time to ask it within the
2351 limits of 4:30, so that it does not take more than is
2352 appropriate time.

2353 Mr. Myers.

2354 Mr. MYERS. Thank you, Mr. Chairman. Can a political
2355 campaign similar to your campaign in North Carolina borrow
2356 money under the laws of North Carolina?

2357 Mr. ROSE. Yes, sir.

2358 Mr. OLDAKER. Are you talking about today? It is true in
2359 both cases, but in 1976 the Federal law preempted all state
2360 laws.

2361 Mr. MYERS. Has your campaign ever borrowed money?

2362 Mr. ROSE. Yes, sir.

2363 Mr. MYERS. Directly as a campaign they borrowed money,
2364 not from you, but borrowed from a bank, from a commercial
2365 bank or a lending institution?

2366 Mr. ROSE. Yes, one time. But I would have to let--I do
2367 not keep all those times and places in my head. My staff
2368 can fill in the record on that.

2369 Mr. MYERS. Under Count 2, the loan that was made then for

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2370 \$56,277.77, was an odd number for a loan but what was the
2371 date of the loan?

2372 Mr. ROSE. While they are looking that up, let me tell you
2373 that money was owed before my signature appeared on this
2374 document and the loan existed after that was withdrawn from
2375 the file. That was not done to encourage anybody to make a
2376 loan. And it was not considered--in other words, when it was
2377 removed, I didn't go back and add additional collateral.

2378 Mr. MYERS. While we are looking for the date of the loan,
2379 the loan was made, why was any collateral pledged?

2380 Mr. ROSE. I had a conversation with a banker and said,
2381 "You are charging me too much money on this loan. Can't
2382 you charge me a little lower interest?" He said, "I will
2383 see if I can." And I can't swear to you, Congressman,
2384 right now the time in which these sequences occurred, but he
2385 renewed the note or he made me the \$56,000 note, and at some
2386 time later, he said, "Will you sign this particular piece
2387 of paper?"

2388 My feeling and belief is that he asked me to sign that
2389 paper to justify a lower rate of interest. I knew at the
2390 time that I had no authority to sign an assignment, didn't
2391 believe I was signing one, didn't believe I was breaking the
2392 rules of the House, as I have testified to, and when the
2393 bank decided that it wasn't any good, they threw it out of
2394 my folder and just upped my interest rate a few points.

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2395 Mr. MYERS. Now, when did this happen, the bank decided it
2396 wasn't any good? First off, do you have the date of the
2397 loan?

2398 Mr. OLDAKER. The original date of the two loans, the
2399 \$40,000 loan was--

2400 Mr. MYERS. The \$56,277.

2401 Mr. OLDAKER. That was when it was consolidated.

2402 Mr. MYERS. Yes.

2403 Mr. OLDAKER. That was 3/26/85.

2404 Mr. MYERS. The same date as the collateral was pledged.

2405 Mr. OLDAKER. That is correct.

2406 Mr. MYERS. So, the collateral was pledged to--

2407 Mr. ROSE. Was attempted to be pledged.

2408 Mr. MYERS. Was there a loan before that date?

2409 Mr. OLDAKER. There were two loans.

2410 Mr. MYERS. Was there any new money at that time?

2411 Mr. OLDAKER. Maybe a couple hundred in interest, but
2412 there is a \$40,000 loan and a \$16,000 loan that were
2413 consolidated.

2414 Mr. MYERS. You are going to explain, you say the so-
2415 called bank threw it out. What do you mean by the bank
2416 threw it out?

2417 Mr. ROSE. Well, some time in 1986, I got a call from the
2418 banker who replaced the guy that made this--

2419 Mr. MYERS. New lending officer.

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2420 Mr. ROSE. New lending officer. He goes and reviews the
2421 files and he determines, he says that ain't a valid deal. I
2422 said, well I cannot assign that and therefore you are going
2423 to have to take it out and make me another loan.

2424 I believe the record would show that the interest rate
2425 changed a couple points upward. It was my belief at the
2426 time I signed that document that the banking officer was
2427 trying to do me a favor and wanted to cover the record so
2428 far as the bank examiner might be concerned.

2429 Mr. MYERS. Now, I am asking for a judgment. I guess I
2430 shouldn't ask that. Under North Carolina law--you are both
2431 lawyers, the four of you there--under North Carolina law, if
2432 that loan had become delinquent during the period of time
2433 that this pledge was made for the collateral, what would the
2434 bank have done?

2435 Mr. OLDAKER. The bank, in the bank's lawyer's mind could
2436 not have collected on the assignment. That is the bank's
2437 lawyer.

2438 Mr. MYERS. I am speaking now before this new banker came
2439 in and decided that wasn't--

2440 Mr. OLDAKER. That is what I am saying. I am saying when
2441 that piece of paper was signed and out there, the bank
2442 lawyer says they could not have collected on it.

2443 Mr. MYERS. Not could have. What would they have done?

2444 Mr. OLDAKER. They would have attempted to collect the

2445 money from Congressman Rose.

2446 Mr. MYERS. And they would not have seized that?

2447 Mr. OLDAKER. They would not have seized that certificate

2448 of deposit.

2449 Mr. ROSE. Can I give you what the new banker told me?

2450 Mr. MYERS. I am talking about the old banker before he

2451 pulled the rug out from under you.

2452 What would he have done if the loan had become delinquent?

2453 Mr. OLDAKER. He wouldn't have done anything.

2454 Mr. MYERS. I know what the bank board would do.

2455 Mr. OLDAKER. He would have turned you over to the bank

2456 lawyer, right?

2457 Mr. MYERS. That is what the collateral says. We have a

2458 copy of the collateral some place. I have read it. The

2459 bank has the right to attach, to take the money without any

2460 court proceedings.

2461 That is what the collateral is all about. Otherwise you

2462 wouldn't need the collateral. Under the Uniform Code, I am

2463 sure North Carolina is the same as the Uniform Code in

2464 Indiana. The bank has the right and I have done it. Okay.

2465 Mr. OLDAKER. I would disagree but--

2466 Mr. MYERS. Okay. Now, I have a couple other questions,

2467 Mr. Chairman.

2468 Mr. FAZIO [Presiding] Go ahead.

2469 Mr. MYERS. Is Mr. Alton G. Buck still your treasurer?

2470 Mr. OLDAKER. Yes.

2471 Mr. MYERS. How did he become your treasurer?

2472 Mr. OLDAKER. He is Assistant Treasurer, excuse me. He
2473 keeps all the books.

2474 Mr. MYERS. How did he become Assistant Treasurer?

2475 Mr. ROSE. He became the one that was handling my accounts
2476 and our reports after we discovered in the early 1970's that
2477 we weren't doing a very good job.

2478 Mr. MYERS. Who is we?

2479 Mr. ROSE. Me and my friends.

2480 Mr. MYERS. How did he become your Acting or Assistant
2481 Treasurer?

2482 Mr. ROSE. I hired his accounting firm when the FEC law
2483 started requiring all those new forms.

2484 Mr. MYERS. Did you appoint him?

2485 Mr. ROSE. Yes.

2486 Mr. MYERS. How would he be replaced if you had to replace
2487 him? Who would do that?

2488 Mr. OLDAKER. The campaign organization would replace him.

2489 Mr. MYERS. You hired him, but you couldn't fire him. Is
2490 that what you are saying?

2491 Mr. ROSE. I assumed that I could.

2492 Mr. MYERS. You still had the power to name your campaign
2493 treasurer; is that correct?

2494 Mr. ROSE. Yes.

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2495 Mr. MYERS. I have no further questions. Thank you.

2496 The CHAIRMAN. [Presiding] Mr. Mollohan.

2497 Mr. MOLLOHAN. Mr. Rose, does your campaign owe you money

2498 right now?

2499 Mr. ROSE. Yes, sir.

2500 Mr. MOLLOHAN. How much?

2501 Mr. ROSE. \$50,000.

2502 Mr. MOLLOHAN. It owes you \$50,000?

2503 Mr. ROSE. Yes.

2504 Mr. MOLLOHAN. Does your current FEC filing reflect that

2505 campaign debt to you?

2506 Mr. ROSE. Yes, sir.

2507 Mr. MOLLOHAN. At what point in time did your campaign FEC

2508 filing reflect such an obligation?

2509 Mr. ROSE. January of this year.

2510 Mr. MOLLOHAN. Thank you, Mr. Chairman.

2511 The CHAIRMAN. Any other Member?

2512 Mr. Pashayan. Let me remind you the respondent has 15

2513 minutes left.

2514 Mr. PASHAYAN. Thank you. These questions can be directed

2515 to either the respondent or to counsel, Mr. Chairman; is

2516 that correct?

2517 The CHAIRMAN. I think the question should be directed to

2518 Mr. Rose, the respondent. Keep in mind this is just

2519 argument. It is not testimony. If you want to ask him to

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2520 amplify on something he said, I will allow that, but I don't
2521 think there should be a choice of either/or here.

2522 You are asking a question of Mr. Rose. He volunteered to
2523 take questions. On the other hand, if he said something
2524 that is ambiguous, then if you want to ask him that--

2525 Mr. PASHAYAN. Shall we have the opportunity to question
2526 counsel on their statements, on their points of law?

2527 The CHAIRMAN. Within that 15 minutes if Mr. Oldaker were
2528 to agree to get into a debate with you on a point of law,
2529 fine.

2530 Mr. PASHAYAN. I want to question him on some things.

2531 The CHAIRMAN. Fine.

2532 Mr. PASHAYAN. You mentioned that the accounting firm used
2533 by the committee exceeded the boundaries of ordinary
2534 accounting principles. Would you cite one or two examples?

2535 Mr. OLDAKER. I can go to their report. Basically, what I
2536 am referring to is that they draw conclusions from
2537 testimony.

2538 Mr. PASHAYAN. Can you give me one or two examples very
2539 quickly so we can see what you are talking about?

2540 Mr. OLDAKER. That will take a second.

2541 Mr. PASHAYAN. Let me go to another question then. I want
2542 to refer now to the transactions that were, I think they
2543 were in the late 1970's or even in the early 1980's that the
2544 staff has made reference to, the ones that were listed on

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2545 the FEC forms as contributions. Would you please explain
2546 why that is not clear? I am sure you agree that is not
2547 clear and convincing evidence, but would you explain, would
2548 you present an argument why that is not clear and convincing
2549 evidence that those were, in fact, something other than
2550 loans?

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2551 RPTS STEIN

2552 DCMN GLASSMAP

2553 [4:20 p.m.]

2554

2555 Mr. OLDAKER. I think standing by themselves, if you take
2556 them as that, they have been amended. The treasurer who
2557 filed those said they were in error, which would put in the
2558 question immediately whether or not they were correct. The
2559 amendments in and of themselves are evidence that they have
2560 been re-characterized, and on top of that since you have two
2561 sets of documentary evidence that say differing things, you
2562 have to go some place else to make a determination as to
2563 what the correctness of the facts are, and the only place
2564 you have to go outside the documentary evidence is to oral
2565 testimony, and the record is replete with oral testimony as
2566 to what the proper characterization of these transactions
2567 were. Every witness said they were loans made by
2568 Congressman Rose to his committee and repayments of loans to
2569 him.

2570 Mr. PASHAYAN. There was a sequence of transactions
2571 whereby the Congressman received money from the campaign and
2572 in very short order put the same amount back in. Would you
2573 explain in your view whether you feel that is clear and
2574 convincing evidence that he violated the campaign laws or
2575 why it is not clear and convincing evidence or whether that

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2576 | is clear and convincing evidence that he improperly was
2577 | receiving money?

2578 | Mr. OLDAKER. I do not think it is clear and convincing
2579 | evidence.

2580 | Mr. PASHAYAM. Explain why.

2581 | Mr. OLDAKER. He took the money out of the campaign which
2582 | he felt were repayments, he put money back into the
2583 | campaign. He knew that that \$50,000 was owed him, and he
2584 | was going to leave it basically as a transaction that was
2585 | owed to him from the committee. There are a number of
2586 | loans, Members have had out standing loans for any number of
2587 | years. I don't think the fact that a Member has repaid part
2588 | and then puts that money back into the campaign is evidence
2589 | of anything one way or the other.

2590 | What we have here is documentary evidence which was then
2591 | amended and changed. I think if it were solely on that
2592 | basis it would be clear and convincing evidence. It is not
2593 | solely on the basis of that evidence that the committee must
2594 | render a decision.

2595 | Mr. Buck filled out the reports. You have to go behind
2596 | them and hear why things were done. I believe you were at
2597 | the deposition where Mr. Buck testified. I was not. I read
2598 | the words on the paper. But he seems to say that they were
2599 | confused when they filled out the report at that time. He
2600 | seems to say quite clearly that he knew that loans existed,

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2601 but they didn't put them down. He didn't have an answer as
2602 to why. He says clearly he thinks the reports now are
2603 correct. That is evidence.

2604 And there are different kinds of evidence. Documentary
2605 evidence is not more probative than oral evidence, they are
2606 both evidence, and you have to take all of that into
2607 account.

2608 Mr. PASHAYAN. You said there is an agreement on the fact
2609 that the original loans amounted to \$25,150.

2610 Mr. OLDAKER. The loans.

2611 Mr. PASHAYAN. So, therefore, if there is anything at
2612 issue, it would be the difference between that amount and
2613 how much--

2614 Mr. OLDAKER. Nine thousand eight something--895.

2615 Mr. PASHAYAN. So that would be what then--

2616 Mr. OLDAKER. \$4,750.

2617 Mr. PASHAYAN. Is it your view that there is not clear and
2618 convincing evidence that that was an improper reception by
2619 the Congressman from the campaign of money?

2620 Mr. OLDAKER. That is the issue of the committee, and my
2621 opinion is that there is not clear and convincing evidence
2622 that they were not loans. That is the way you have to look
2623 at it. If you do it the other way, you put the burden of
2624 proof on the Member--

2625 Mr. PASHAYAN. I understand that argument.

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2626 Mr. OLDAKER. The issue is it is the staff's
2627 responsibility to prove by clear and convincing proof that
2628 these were not loans--this isn't something like a phantom
2629 transaction, this occurred. Everyone agrees the money went
2630 in. There is no question about that.

2631 Mr. PASHAYAN. Without wanting to take a lot of time, do
2632 you have one or two examples where you think the accounting
2633 firm used by the staff--

2634 Mr. OLDAKER. At page 20, they say in documentation and
2635 testimony submitted by Congressman Rose, he stated that--on
2636 page 20 of the Laventhol and Horwath report of December 9,
2637 which respondent received last evening, addressed to Mr.
2638 Ralph Lotkin, on page 9, second paragraph, the third and
2639 fourth sentence, it says, "In documentation and testimony
2640 submitted by Representative Rose he stated that a \$55,655
2641 loan from MCMB was satisfied in October, '74 with a loan
2642 from First Citizens Bank." That is an incorrect statement,
2643 he didn't say that.

2644 But there are other instances that may reach a conclusion
2645 based on that incorrect statement. But there are any number
2646 of instances in here which I can take a moment and read
2647 through in which they make basically a characterization not
2648 only from the record, which I think they can do, and that is
2649 their professional opinion, that is what experts do, but
2650 they make interpretations in testimony.

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2651 Mr. PASHAYAN. Editorial remarks?

2652 Mr. OLDAKER. I did not think that they were expert to do

2653 that.

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2654 DCMN STEVENS

2655 Mr. PASHAYAN. Thank you very much. I hope I haven't
2656 taken too much time, Mr. Chairman.

2657 The CHAIRMAN. Mr. Petri, there is five minutes left.

2658 Mr. PETRI. I want to follow up on a reference made in the
2659 argument and that was to--I didn't catch which year the
2660 report was filed by the committee that stated that any funds
2661 left over in the accounts were to be used for the repayment
2662 of loans to the committee. Could you reference that?

2663 Mr. OLDAKER. That was the statement of organization for
2664 the 1974 committee filed in 1974. I am sorry. I didn't
2665 hear you correctly. I can read exactly what it says.

2666 First, it is a stipulation number 10, we agreed on it.
2667 And it says the campaign statement of the organization filed
2668 in 1974 to the Clerk stated that any residual campaign funds
2669 would be used to repay outstanding debts from the 1972
2670 campaign.

2671 Mr. PETRI. What were the debts listed in the 72
2672 campaign--I guess that is on the record.

2673 Mr. OLDAKER. That is listed in the 1972 campaign, the
2674 \$25,150. What is in question before the committee is the
2675 \$20,000 above that that makes up the 45.9 which we assert
2676 were also loans made to the campaign.

2677 The CHAIRMAN. Thank you.

2678 Mr. Oldaker, as I understand you are saying that as it

2679 relates to the accounting firm used by the staff attorney
2680 that they did not use generally accepted auditing standards
2681 in compiling their report.

2682 Mr. OLDAKER. What I am saying is that generally accepted
2683 audit standards would be a review of the records and not the
2684 testimony. Generally accepted auditing standards--it doesn't
2685 mean like any other person in the world they cannot have an
2686 opinion but I am saying it is not in the purview of an
2687 accountant to render an opinion on testimony.

2688 That is all I am saying.

2689 The CHAIRMAN. My question to you then is isn't it true
2690 that Coopers and Lybrand followed the same or similar kind
2691 of statement. On the last page it says because the
2692 aforementioned procedure does not constitute an examination
2693 made in accordance with generally accepted auditing
2694 standards, we do not express an opinion on any of the
2695 accounts or items mentioned above.

2696 Mr. OLDAKER. Exactly.

2697 The CHAIRMAN. So it is six on the one hand and six on the
2698 other?

2699 Mr. OLDAKER. But Coopers and Lybrand was pointing out
2700 that as accountants they can't render opinions on these
2701 matters. Number one, they can only render them on the
2702 documents that were before them, not on affidavits, not on
2703 testimony. That is what I was saying.

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2704 The CHAIRMAN. Mr. Myers.

2705 Mr. MYERS. Relative to count two, there was a certificate

2706 of deposit issued by the Southern National Bank to the

2707 campaign committee which was used as collateral to

2708 consolidate a loan?

2709 Mr. OLDAKER. There was a certificate of deposit and

2710 Congressman Rose signed what appears to be an assignment.

2711 Mr. MYERS. Who issued that certificate of deposit?

2712 Mr. OLDAKER. The bank--

2713 Mr. MYERS. Which bank?

2714 Mr. OLDAKER. Southern National Bank in favor of the

2715 committee.

2716 Mr. MYERS. At the time the pledge was made of collateral,

2717 who physically held that certificate of deposit? Was that

2718 turned over with the collateral?

2719 Mr. OLDAKER. No. It was held by Alton Buck, who never

2720 turned it over during that period of time.

2721 The CHAIRMAN. You have one minute if you want to

2722 summarize.

2723 Mr. OLDAKER. I would only direct the committee back to

2724 the issue before the committee on the first question as to

2725 whether loans were made. I think that there was sufficient

2726 evidence to demonstrate that there were. The committee

2727 staff has failed in its burden of proofing by clear and

2728 convincing evidence there were not.

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2729 On the second, Mr. Myers' question, I should have made the
2730 point myself, I think it is a very good point.

2731 The CHAIRMAN. Ms. Taylor, you have 25 minutes.

2732 Ms. HUTCHINS-TAYLOR. I would like to clear up the opinion
2733 of the accounting firm. The standard referred to by the
2734 respondent was the generally accepted auditing standard,
2735 that is, a professional standard that accounting firms do
2736 adhere to, but that standard only applies to audits.

2737 We did not ask Laventhol and Horwath to perform an audit.
2738 We asked for their professional expert opinion.

2739 It is not uncommon for an expert to be called upon to
2740 render an expert opinion based on the facts presented to
2741 them and that is what they did in this report, they applied
2742 their certified accountant skills to documents before them
2743 and rendered an opinion.

2744 There is nowhere in the report that says it is an audit.
2745 I think the conclusions were likely drawn based on the
2746 evidence that they received.

2747 I want to point out to you that the issues that were
2748 looked at by Coopers and Lybrand, the firm used by the
2749 respondent, were not the same issues that were examined by
2750 or the conclusions that they drew were not the same
2751 conclusions of the two major ones I pointed out that we were
2752 relying on Laventhol and Horwath for. Coopers and Lybrand
2753 looked at the issue of whether the FEC reports and the NC

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2754 reports could be reconciled.

2755 The CHAIRMAN. The committee will take this opportunity to
2756 stand in recess for 15 minutes.

2757 You will have 22 minutes when we return. We stand in
2758 recess for 15 minutes to take up immediately after this
2759 vote.

2760 [Recess.]

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2761 RPTS MCGINN

2762 DCMN GLASSNAP

2763 [5:00 p.m.]

2764

2765 We didn't depose this gentleman. We planned to call him
2766 as a witness if we had gone forward in the hearing, but we
2767 didn't, and that is fine. That affidavit doesn't say which
2768 campaign that 50,000 in '73 was related to. It could have
2769 been related to the 1970 campaign. As many loans--I submit
2770 to you there were many many loans that the Congressman's
2771 father had at that bank during those years--he was able to
2772 remember this one loan in November of 1973 was for campaign
2773 debts? He remembered that in 1987.

2774 Again, I ask that you do consider the testimony and
2775 consider the plausibility of that testimony. They have also
2776 mentioned that there was one check that went from the
2777 Congressman to the campaign that did have a loan on it. His
2778 wife had written the word 'loan' and not 'repayment of
2779 loan'. That is fine, but the FEC reports don't corroborate
2780 that. If, in fact, that was intended to be a loan to the
2781 campaign, then the FEC filing should have corroborated that
2782 there was a loan to the campaign, but they don't. The FEC
2783 reports say just the opposite, that the money received from
2784 the Congressman by the campaign was a repayment of a loan.

2785 In addition, Mr. Oldaker mentioned Mrs. Rose when she made

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2786 those notations that say 'repayment of loan' on the checks
2787 that went back to the campaign, that she wasn't married to
2788 the Congressman in 1972, so she may not have known about the
2789 50,000 that was loaned to the campaign allegedly in that
2790 time period. But she was certainly married to the
2791 Congressman when she signed that check that said 'repayment
2792 of loan'.

2793 It is my assertion if she was married to him at that time
2794 when she signed that check that she presumably had some
2795 reason to believe that in fact it was a repayment of a loan.

2796 Is it just a coincidence that the treasurer, his wife, they
2797 both thought that these were loans and repayments of loans?
2798 Is that just a coincidence that we are supposed to accept
2799 here?

2800 There is something else that I think is very coincidental,
2801 and that is when the money started coming back to the
2802 campaign, with the exception of the first three, they went
2803 in and out very close periods of time in the same amounts.
2804 For example, in september of 1983, the Congressman withdrew
2805 18,000 from the campaign and three months later he put the
2806 exact amount back. In April of 1984, he withdrew \$10,000
2807 and two weeks later he put \$10,000 back, and that is the
2808 pattern that went on, this much out, this much back. Was
2809 that just coincidence?

2810 He says he re-loaned the money to his campaign to keep the

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2811 campaign balance high. But at a time when his campaign
2812 balances were the lowest, he chose not to replace that
2813 money, not to re-loan it. He first took out a withdrawal
2814 from his campaign in 1978 for \$4,000. At that time in 1978,
2815 his campaign cash on hand was \$10,965, but he didn't re-loan
2816 to the campaign then. His next one was in February of 1982.
2817 He took out \$7,000. At that time his campaign balance was
2818 approximately \$42,000, but he didn't re-loan it to the
2819 campaign then. He didn't replace those amounts until 1986.
2820 The amounts that he chose to replace, re-loan to keep his
2821 campaign balances high he replaced at a time when his
2822 campaign had nearly \$200,000 in the bank. That is when he
2823 decided it was necessary to go to the bank and borrow money
2824 to re-loan to the campaign. When he had less than \$50,000
2825 in the campaign, he didn't re-loan then.

2826 I would like to move to some of the issues that were
2827 raised with count 2 at this time. Mr. Oldaker has stressed
2828 to you that the Congressman didn't intend to violate the
2829 House Rule. He may not have intended to violate the House
2830 Rule, but that is not the critical intent factor here. The
2831 critical intent factor is whether he intended to effect an
2832 assignment and he did intend to effect an assignment.

2833 Now he told you here, and he is under oath here today
2834 still from the last appearance, that he was able to get a
2835 lower interest rate on an existing loan because he put up

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2836 collateral. To the extent that he got a lower interest
2837 rate, he benefited from the use of that certificate of
2838 deposit. He got a personal benefit from using that
2839 certificate of deposit, and that was a lower interest rate.

2840 Now Mr. Oldaker has said that the bank didn't have
2841 possession of that certificate of deposit. There has been
2842 no testimony and no evidence submitted to suggest that the
2843 bank didn't. The campaign account was at Southern National
2844 Bank. The Congressman's loans were at Southern National
2845 Bank. All of these transactions took place at Southern
2846 National Bank, and it would seem to me a logical conclusion
2847 that the bank had possession at Southern National Bank of
2848 that certificate of deposit.

2849 They told you that the lawyers from the bank have said
2850 that would not have been a valid transaction. We submit to
2851 you that Mr. Powers has talked with a representative from
2852 the bank who asserted that if Congressman Rose had defaulted
2853 on the loan, they probably would have gone after the
2854 certificate of deposit.

2855 Now let's talk about what the law would have done there.
2856 if it was an invalid assignment, it only means that if it
2857 had gone to court, the bank may not have been able to get
2858 the CD. That is all it would mean. It didn't mean that it
2859 didn't stand for collateral and that he didn't benefit from
2860 it from the time that he had it because he did benefit from

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2861 it.

2862 He told you he got a lower interest rate for putting up
2863 that campaign CD. That is converting campaign funds to
2864 personal use. The personal use was the lower interest rate
2865 that he received from using that certificate of deposit. So
2866 it looks here in this transaction the only person who
2867 benefited was the Congressman himself.

2868 According to what they are telling you, the campaign lost
2869 out and the bank would have lost out. The bank wouldn't
2870 have been able to get their money because it was invalid.
2871 The campaign funds were encumbered for that period of time,
2872 and, by the way, the documents--and you will have them to
2873 review--reflect that that CD remained as collateral on that
2874 loan until the loan was paid off. We received no documents
2875 that show it was removed at some point in time. So the only
2876 two people again who would have lost out would have been the
2877 campaign and the bank. The Congressman benefited to the
2878 tune of a lower interest rate.

2879 There is one other issue that I want to come back to as it
2880 relates to count 1. There was some questioning I believe
2881 about the statement in the 1974 statement of organization to
2882 the Clerk of the House that any residual campaign funds
2883 would be used to repay outstanding debts from the 1972
2884 campaign. Well, we have stipulated to that because that is
2885 exactly what the document says.

2886 But I want you to look at the final report from 1972. The
2887 final report from 1972 reflects that the campaign took in
2888 total receipts of \$76,807 odd, and that they had total
2889 expenditures of \$86,932.95. Now any time your expenditures
2890 exceed your receipts, then you owe somebody somewhere. So
2891 for them to file a statement saying that the fund would be
2892 used to retire the 1972 debt, their reports reflect there
2893 was 1972 debt to be retired, and that has no relationship or
2894 necessarily any bearing whatsoever on loans from Congressman
2895 Rose.

2896 Again, I do urge the committee to look at the hard
2897 evidence, the hard evidence that was created
2898 contemporaneously with the transactions. Not to say you
2899 can't look at testimonial evidence, but it is clear, it is
2900 convincing. It is right there plainly on the face of more
2901 than one document, signed by more than one person, and you
2902 are asked to ignore all of that and instead to consider
2903 documents created in 1987 after these allegations arose, and
2904 I understand, as Mr. Oldaker said, there were amendments
2905 made to FEC reports all the time, because they can be
2906 complicated to fill out, and certainly not mistakes of this
2907 nature that went on for a period of ten years where you
2908 would know if you loan money to your campaign or if your
2909 campaign loaned money to you. That is not the kind of
2910 mistake that is corrected routinely on FEC reports. That is

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2911 something that is very clear that went on for years and
2912 years and years and was never changed until recently when
2913 allegations regarding these transactions came up.

2914 So I would urge the committee to sustain counts 1, 2 and
2915 3.

2916 The CHAIRMAN. Thank you, Ms. Taylor. You have 11 minutes
2917 left, and I have been told by at least one committee member
2918 they would like to ask you a question or two. So within the
2919 timeframe of 11 minutes, let me--are there questions? Mr.
2920 Mollohan.

2921 Mr. MOLLOHAN. Ms. Taylor, does your case hinge on the
2922 argument that the father's financial participation in the
2923 initial campaign was not a loan? That is, if we were to
2924 find here as a matter of fact that it was a loan, that the
2925 father's financial participation in the first campaign
2926 should be treated as a loan, was a loan or should be treated
2927 as a loan, would that undermine your case? Would that
2928 finding on our part, in your judgment, lead us to also
2929 conclude that Mr. Rose's subsequent transactions were as he
2930 depicts them?

2931 Ms. HUTCHINS-TAYLOR. No, Congressman Mollohan, they would
2932 not. The reason being that even if the father loaned money
2933 to the campaign, there was this agreement that the son would
2934 repay the father. That is what they have testified to.
2935 That doesn't bind the third party campaign. That doesn't

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2936 entitle the Congressman to be paid back to the tune of
2937 \$50,000. So if the father loaned money, his son said "I
2938 will pay you back for every dollar you put in, I will give
2939 it back to you", there was no agreement binding that said
2940 that the campaign would reimburse the Congressman for that.

2941 So that would just mean there is a private agreement
2942 between father and son in which the son said, "Dad, I will
2943 pay you back for helping me out with my campaign." But
2944 that certainly wouldn't entitle the Congressman to withdraw
2945 \$50,000. He himself has only put up \$9,500, as the
2946 documents show, in 1972. So that would not undermine the
2947 committee staff's case.

2948 Mr. MOLLOHAN. Do you disagree that Congressman Rose re-
2949 paid his father for his father's initial financial
2950 contribution in his first campaign?

2951 Ms. HUTCHINS-TAYLOR. It is my submission that there is no
2952 evidence that he re-paid his father other than the testimony
2953 of two of them, and there is evidence to suggest that he did
2954 not.

2955 Mr. MOLLOHAN. But you would not disagree that there was
2956 not a considerable amount of money that passed from
2957 Congressman Rose to his father. You would simply argue that
2958 it was not in re-payment of the loan?

2959 Ms. HUTCHINS-TAYLOR. We have documentation that the
2960 Congressman wrote his father checks totaling \$7,200 during

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2961 | that time period. We don't know what it was for. So that
2962 | is all that--we don't know if that was related to the
2963 | campaign or other debts that they have acknowledged that
2964 | existed between father and son.

2965 | But we know he did write his father checks for \$7,200
2966 | during that time period.

2967 | Mr. MOLLOHAM. But is there not other evidence in the
2968 | record that other value, resources of value were transferred
2969 | from the Congressman to the father equaling or in excess to
2970 | the amount of money that the father participated in the
2971 | first campaign?

2972 | Ms. HUTCHINS-TAYLOR. If you are referring to the Alaska
2973 | property, first of all, the amount of profit that the father
2974 | got when he sold the land should not be counted as part of
2975 | the repayment of the debt. It was his property. If he sold
2976 | it, he was entitled to whatever profit he got out of it.

2977 | The only thing that would satisfy the debt between father
2978 | and son would be any value that he got from the transfer of
2979 | the property itself. Half of it had a mortgage attached to
2980 | it, and he had to pay the notes on it. As far as the rest
2981 | of it is concerned, we don't know what the debt was that
2982 | existed between father and son. They say it went for all
2983 | debt, for all time, for everything. Well, if we don't know
2984 | how much that was, we don't know if that property was able
2985 | to satisfy that plus the \$50,000, and they have never been

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2986 | able to tell us how much that was.

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2987 DCMN MILTON

2988

2989 Mr. MOLLOHAM. But the satisfaction is really a judgment
2990 for the father to make, is it not? If he considered the
2991 transfer of the Alaskan property as satisfactory, then would
2992 you disagree that it was not satisfactory? Isn't that his
2993 decision to make?

2994 Ms. HUTCHINS-TAYLOR. That is his testimony.

2995 Mr. MOLLOHAM. That he did accept the Alaskan land in
2996 testimony?

2997 Ms. HUTCHINS-TAYLOR. Yes, that he did accept it.

2998 Mr. PASHAYAN. Will the gentleman yield?

2999 Mr. MOLLOHAM. Yes.

3000 Mr. PASHAYAN. Are you arguing, Counsel, the fact we do
3001 not know the reason or there is no documentation of the
3002 reason those moneys passed from the Congressman to his
3003 father, are you arguing simply because we do not know that,
3004 that amounts to clear and convincing evidence that he did
3005 not repay the loan? Is that your argument?

3006 Ms. HUTCHINS-TAYLOR. The burden for clear and convincing
3007 evidence, Congressman, is that he borrowed from his
3008 campaign. I am arguing that there is clear and convincing
3009 evidence that he borrowed from his campaign. That is one
3010 point that goes into that, but in and of itself, it doesn't
3011 stand for that proposition and it doesn't have to.

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3012 The CHAIRMAN. You have five minutes left.

3013 Mr. Myers.

3014 Mr. MYERS. Mr. Chairman, I will first ask of the

3015 committee today, there was a Congressional Research Service

3016 at the Library of Congress letter dated December 16, signed

3017 by Maureen Murphy, legislative attorney. Was that

3018 introduced as one of the exhibits?

3019 The CHAIRMAN. Yes, I believe. Mr. Oldaker?

3020 Mr. OLDAKER. It was introduced by Respondent.

3021 Mr. MYERS. All right. It refers--several times today and

3022 other exhibits today refer to a signature card with the

3023 Southern National Bank between the Committee for Congressman

3024 Charlie Rose and that bank. Now that is a contract. Of

3025 course it is a limited contract providing for certain

3026 responsibilities and obligations between the depositor and

3027 the bank.

3028 Has the committee seen, the investigating staff seen that

3029 signature card?

3030 Ms. HUTCHINS-TAYLOR. We have seen a copy of the signature

3031 card.

3032 Mr. MYERS. Does the committee have a copy of that

3033 signature card?

3034 Ms. HUTCHINS-TAYLOR. You have it in your packet. Yes,

3035 you do.

3036 Mr. MYERS. Could you refer to what exhibit it is?

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3037 Ms. HUTCHINS-TAYLOR. I believe it is one of the exhibits
3038 attached to the Respondent's brief; is that correct?

3039 Mr. MYERS. The reason I am asking, there are so many
3040 different contracts; being a banker myself, I know there are
3041 many, many different contracts. There can be a number of
3042 different signatures and what that means so I think it is
3043 very important we read that contract and see if it is a
3044 dated contract and what responsibilities and obligations are
3045 of that contract between the Committee for Congressman
3046 Charlie Rose and the bank.

3047 Ms. HUTCHINS-TAYLOR. It is attached as an exhibit.

3048 Mr. MYERS. All right. I may want to return to it. thank
3049 you. It isn't legible.

3050 Ms. HUTCHINS-TAYLOR. That is the one we got too.

3051 Mr. MYERS. There are so many different ways a contract
3052 can be read and what the responsibilities are of each. I
3053 will pass at this time.

3054 The CHAIRMAN. Anyone else on this side?

3055 Mr. Gaydos?

3056 Mr. GAYDOS. Charlie, there were at the beginning of this
3057 matter, there were conflicting newspaper reports that you
3058 supposedly have admitted that you were doing such and such
3059 with your funds. Could you explain that once again to the
3060 committee, what you said and under what circumstances you
3061 said it, and what you did say.

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3062 The CHAIRMAN. Let me interrupt you. I think it is
3063 appropriate that he answer that question; however, this is
3064 the time on Ms. Taylor's time to answer questions of the
3065 committee. Therefore, I will give you an opportunity to
3066 answer that question.

3067 Mr. GAYDOS. I have a question for counsel.

3068 The CHAIRMAN. All right.

3069 Mr. GAYDOS. Counsel, when again--I have slipped somewhat
3070 on the evidence--when did Mr. Rose allege that he stepped
3071 into the shoes of his father and assumed that debt? Is
3072 there any question about it, and when did that occur?

3073 Ms. HUTCHINS-TAYLOR. There is a question in my mind and
3074 there always has been. Maybe that question would be more
3075 properly directed to the other table over there. I am not
3076 sure if he alleges that he stepped into his father's shoes
3077 immediately in '72 when they made the oral agreement or in
3078 '73 when his father borrowed the money or in '75 when he
3079 paid it back.

3080 Mr. GAYDOS. Don't you think that is important, though, to
3081 make that determination?

3082 Ms. HUTCHINS-TAYLOR. I think it is important but again I
3083 have never been able to get a clear answer on exactly when
3084 he stepped into his father's shoes.

3085 Mr. GAYDOS. I have no questions.

3086 The CHAIRMAN. Any other questions of Ms. Taylor?

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3087 Mr. PETRI. Yes. I would like to ask Ms. Taylor, on
3088 stipulation 10, that in 1974 the campaign statement said
3089 that "any residual campaign funds would be used to pay off
3090 outstanding debts from the 1972 campaign," subsequent to
3091 that, were those debts repaid? Are they still outstanding?
3092 What should we make of that stipulation, in your judgment,
3093 legally?

3094 Ms. HUTCHINS-TAYLOR. It is very difficult to tell,
3095 Congressman, because in 1973 no FEC report was filed. I
3096 think if you don't take in or expend a thousand dollars, you
3097 don't have to file a report. The Congressman's campaign did
3098 not file a report in 1973.

3099 The next report that is filed is in 1974, and the debts
3100 have disappeared. So we don't know. They were not carried
3101 forward as debts owed to the Congressman or his father on
3102 the next report.

3103 Mr. PETRI. Was there any report showing--so there is no
3104 report that they have ever been paid?

3105 Ms. HUTCHINS-TAYLOR. No. There was no report that
3106 indicated how they were discharged. They just disappeared
3107 from the filings.

3108 Mr. PASHAYAN. Mr. Chairman.

3109 The CHAIRMAN. One minute, Mr. Pashayan.

3110 Mr. PASHAYAN. On the matter of who has the right to tell
3111 the campaign to borrow money or to create debt on the part

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3112 of the campaign, as a general proposition, what role does
3113 the Member of Congress have in that respect?

3114 Ms. HUTCHINS-TAYLOR. Well, in answering that I guess I
3115 would have to say that as the candidate--

3116 Mr. PASHAYAN. This is a legal question.

3117 Ms. HUTCHINS-TAYLOR. When he wears his hat as the
3118 candidate, that he would have some say in how the money is
3119 spent.

3120 Mr. PASHAYAN. Do you agree a Member of Congress has a
3121 right to tell his campaign to go out and borrow any given
3122 amount of money?

3123 Ms. HUTCHINS-TAYLOR. To go out and borrow it?

3124 Mr. PASHAYAN. Yes.

3125 Ms. HUTCHINS-TAYLOR. Is that my assertion?

3126 Mr. PASHAYAN. Yes. Does he have the legal right to do
3127 that?

3128 Ms. HUTCHINS-TAYLOR. I have not asserted that. I haven't
3129 touched on that issue as it relates to this case.

3130 Mr. PASHAYAN. I guess I am leading to the fact at the
3131 time when the Congressman said he stepped into his father's
3132 shoes, why, in your view, would it be improper for us to
3133 conclude at that time that he intended his campaign to--that
3134 he was a conduit between his father and the campaign and the
3135 campaign assumed the debt?

3136 Ms. HUTCHINS-TAYLOR. For one thing, and most importantly,

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3137 | there is no documentary evidence to support that.

3138 | Mr. PASHAYAN. But is there any documentary evidence
3139 | showing to the contrary?

3140 | Ms. HUTCHINS-TAYLOR. Yes, there is. The documentary
3141 | evidence to the contrary is the FEC reports show they were
3142 | loans to the Congressman and that the money that went back
3143 | was repayments to the Congressman. The checks that
3144 | transpired support that same proposition. So from
3145 | everything that is tangible documentary evidence from the
3146 | time would not support the conclusion that the campaign was
3147 | indebted to him to the tune of \$50,000.

3148 | Mr. PASHAYAN. I thought what you had reference to
3149 | occurred much later in time than the time I have reference
3150 | to.

3151 | At what point in time did the Congressman say he stepped
3152 | into his father's shoes?

3153 | Ms. HUTCHINS-TAYLOR. We don't know. I am not clear on
3154 | that myself at what point he felt he stepped into his
3155 | father's shoes.

3156 | Mr. PASHAYAN. My impression is it is much earlier than
3157 | these other events you have made reference to, but I might
3158 | be wrong on that.

3159 | Ms. HUTCHINS-TAYLOR. I can't answer for him on that.

3160 | The CHAIRMAN. Mr. Rose, I think at least one Member over
3161 | here has expressed a question. I will allow equal time for

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3162 counsel on this side to rebut anything that may be said.

3163 Mr. Gaydos.

3164 Mr. GAYDOS. Mr. Rose, would you very briefly explain the
3165 newspaper account as to what you had said regarding loans
3166 and things like that regarding this matter?

3167 Mr. ROSE. In the heat of the campaign in 1986, Mr.
3168 Gaydos, I was very firmly under the impression that all of
3169 the things that we have testified to as having transpired
3170 between me and my father as having happened, had happened.
3171 I knew that we had loaned money, that I had assumed the
3172 loaning of money to the campaign when my father would let me
3173 have it, and we would put it in the campaign, and I knew
3174 that I was entitled to be reimbursed. But I knew that I was
3175 having to deal with what was sitting there on the public
3176 record and that my accountant didn't know about the filings
3177 that were in Raleigh or the filings that were in Washington.

3178 We found those filings and--the committee found those
3179 filings, reconsidered its position, and in fact now
3180 indicates that it owes me \$50,000.

3181 It was statements in the heat of the campaign, in an
3182 effort to explain what to me then and is now a very logical
3183 situation. But in January, the committee, my committee
3184 looked at the evidence anew, made another conclusion and
3185 then in fact filed new reports with the FEC.

3186 Mr. GAYDOS. Let me ask you the last question. When did

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3187 | you step into the shoes or the Moccasins of your father?
3188 | Mr. ROSE. My deal, my understanding with my father was
3189 | that in '72 and at the times that he put money into the
3190 | campaign, that was my obligation. I have testified earlier
3191 | that whatever personal credit or money I had went out the
3192 | window in my unsuccessful attempt to run against an
3193 | incumbent in 1970. So in 1972, when father, when daddy
3194 | would loan me the money or we would go to the bank and he
3195 | would borrow the money, it was my obligation. That was our
3196 | understanding.

3197 | Mr. PASHAYAN. Will the gentleman yield?
3198 | Mr. GAYDOS. Sure, I yield.

3199 | Mr. PASHAYAN. I have one or two questions.
3200 | Mr. GAYDOS. I yield.

3201 | Mr. PASHAYAN. When was the last time a transaction
3202 | occurred that you felt you stepped into your father's shoes?
3203 | Mr. ROSE. It would have been in '72.
3204 | Mr. PASHAYAN. It would have been in '72?
3205 | Mr. ROSE. Yes, sir.

3206 | Mr. PASHAYAN. At that time when you stepped into your
3207 | father's shoes, did you intend that your campaign repay you?
3208 | Mr. ROSE. Yes, sir.

3209 | Mr. PASHAYAN. Thank you.

3210 | The CHAIRMAN. Any further questions of Mr. Rose?
3211 | Ms. Taylor, you have three minutes.

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3212 Ms. HUTCHINS-TAYLOR. I have no further comments to make,
3213 Mr. Chairman. Thank you.

3214 The CHAIRMAN. I would like to thank both counsel for the
3215 Respondent and for the staff for their candor and the
3216 forthcoming of Congressman Rose. We will take this matter
3217 under submission.

3218 I understand, counsel, that if the committee decides to
3219 move forward on any of the counts, that you would like to
3220 argue immediately as it relates to sanction with the
3221 understanding that we would make our best effort. Assuming
3222 that a count was sustained and that a disciplinary action
3223 was recommended, that we would make all efforts to get it to
3224 the Floor before the end of the week or when we get out of
3225 here.

3226 Mr. OLDAKER. That is correct, Mr. Chairman.

3227 The CHAIRMAN. Fine.

3228 I want to thank both counsel for the Respondent and staff
3229 attorney for an excellent job.

3230 Gentlemen, Mr. Murphy is on the way down to the committee.

3231 I would ask the committee to indulge me for two or three
3232 minutes until he gets here.

NAME: HSO350000

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3233 RPTS STEIN

3234 DCMN DANIELS

3235 The CHAIRMAN. The Committee will come to order.

3236 Ms. Taylor, before the recess, I indicated you have 27
3237 minutes left. I was in error. You have 22 minutes left and
3238 you may proceed.

3239 Ms. HUTCHINS-TAYLOR. I have a couple more remarks to make
3240 about the Laventhal-Horwath report, that they looked at
3241 different information it appears than what was looked at by
3242 Coopers & Lybrand.

3243 The Coopers & Lybrand draft report that was submitted by
3244 respondent's counsel focused on reconciling the FEC reports
3245 and the Clerk of the House reports from 1972 and the North
3246 Carolina State filings.

3247 They have relied on that evidence as showing that \$45,900
3248 went into the campaign as loans. If they now want to assert
3249 that those reports were fraught with errors and they can't
3250 tell you anything, that is fine.

3251 We have not relied on those documents and that is what the
3252 Coopers & Lybrand report seems to say, that those documents
3253 can't be reconciled, there are a lot of mistakes in them and
3254 you can't tell anything from them.

3255 If that is what they want to put before this Committee,
3256 that is fine with us. We are not relying on those documents
3257 to substantiate that he is entitled to \$50,000. I thought

3258 | it was their argument that they were.

3259 | The next point that I want to raise is that Mr. Oldaker
3260 | has submitted that it is not important how Congressman Rose
3261 | repaid his father if, in fact, he did.

3262 | The only thing important is that both men have given sworn
3263 | testimony that he did.

3264 | I submit that it is important how that repayment occurred
3265 | because it bears critically on how much credence to give to
3266 | the testimony.

3267 | It goes to how well the men remember the transaction,
3268 | period, yet upon close questioning about the transaction,
3269 | they can't give you any details, and certainly every witness
3270 | who testifies it is the duty of this body to weigh the
3271 | credibility of that witness and to determine what credence
3272 | and how much weight should be applied to that testimony, so
3273 | I think it is important that they don't remember when
3274 | questioned exactly how it occurred, they only remember that
3275 | it did.

3276 | I also call attention to some items that were mentioned
3277 | about Mr. Buck, that Mr. Buck amended the FEC reports in
3278 | 1987, so he must have felt that there was reason to do so.

3279 | Let's look at the three items that they say that Mr. Buck
3280 | saw that Mr. Buck saw that made him feel he could change his
3281 | mind and amend those reports.

3282 | He looked at the North Carolina filings which have been on

NAME: HSO350000

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3283 | record since 1972, so why he never looked at them before
3284 | when he was the campaign treasurer, I don't know.

3285 | He says he looked at that now to determine it was all
3286 | right to amend.

3287 | In 1987, he amended based on the fact that the North
3288 | Carolina filings show that money was received in the
3289 | campaign for Mr. Rose and his father.

3290 | That certainly doesn't substantiate that the money was
3291 | loaned.

3292 | We have already discussed that it just raises the
3293 | possibility. It also raises the possibility that the money
3294 | wasn't loaned.

3295 | That alone doesn't give grounds to amend.

3296 | the second thing that he relied on was an affidavit
3297 | presented to him from a Mr. I.B. Julian, a retired gentleman
3298 | from the bank there who testified that he recalled that the
3299 | Congressman's father came to the bank back in 1973 and
3300 | borrowed \$50,000 and stated it was for his son's campaign.

3301 | [Whereupon, at at 5:28 p.m., the Committee adjourned, to
3302 | reconvene pursuant to other business.]

MCLEAN, STACY, HENRY & MCLEAN

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 W. A. MCLEAN 1928-1971
 A. W. MALEAN 1975-1986
 DICKSON MCLEAN 1988-1992
 HORACE E. STACY 1997-1998

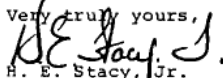
12 December 1987

Ms. Elneita Hutchins-Taylor
 Committee on Standards of Official Conduct
 U.S. House of Representatives
 Suite ET-2, The Capitol
 Washington, D.C. 20515

Dear Ms. Hutchins-Taylor:

I have been requested to make additional comments on my letter of November 11, 1987, to Mr. Vince Nelson of Southern National Bank of North Carolina concerning the assignment of a certificate of deposit to secure a loan made by the bank to Charles G. Rose, III.

At the time of my letter I had seen the letter written by Alton G. Buck to the bank under date of March 22, 1985. My interpretation was that Mr. Buck considered it permissible for the Committee's certificate of deposit to be used as collateral for a personal loan to Mr. Rose. I did not, however, consider the Buck letter as legal authority for passing on the method of assigning the certificate nor did I view the letter as authorization by the depositor, the committee, for Mr. Rose to execute an assignment of the certificate to the bank. The contract between the depositor and the bank shown that the depositor was a committee, not Mr. Buck. Consequently, my opinion was focused on the matters set forth in my letter of November 11, 1987.

Very truly yours,

 H. E. Stacy, Jr.

hesjr/s

cc: Ms. Heidi Pender

RESPONDENT'S EXHIBIT 1
 (12/16/87 MEETING)



Congressional Research Service
The Library of Congress

December 16, 1987

Washington, D.C. 20540

TO : Hon. Charles Rose
Attention: Heidi Pender

~~Confidential~~

FROM : American Law Division

SUBJECT : Assignment of Certificate of Deposit under North Carolina Law

This responds to your request for a brief statement on the law of North Carolina regarding the assignment of a certificate of deposit as collateral for a loan.

"Collateral is security given by a borrower to a lender as a pledge for payment of a loan. Such lenders thus become secured creditors; in the event of default, such creditors are entitled to proceed against the collateral, and in the event of its insufficiency in coverage, are entitled to treatment as unsecured creditors to the extent of deficiency judgment obtained on the note evidencing debt obligation of the borrower" Encyclopedia of Banking and Finance 195 (1973).

Under the North Carolina enactment of Article IX, dealing with secured transactions, of the Uniform Commercial Code, N.C. Stat. § 25-9-503, a secured creditor has the right to take possession of the collateral after default:

Unless otherwise agreed a secured party has on default the right to take possession of the collateral. In taking possession a secured party may proceed without judicial process if this can be done without breach of the peace or may proceed by action....

You have forwarded to us several documents: a signature card governing transactions of an individual and committee account at the Southern National

~~Confidential~~

CRS-2

Bank of North Carolina for account no. 045-007887. The account is in the name of Committee for Congressman Charles G. Rose, III; the signature card shows only Alton G. Buck as authorized to make transactions regarding the account.

Another document issued August 27, 1987, shows Alton G. Buck's signature as renewing a \$75,000 certificate of deposit for the account.

You have also forwarded a March 26, 1985, document signed by Charles G. Rose, III, assigning this certificate of deposit as collateral for a \$56,277.77 loan. This document is signed by the institution's Savings Teller after a statement to the effect that "the Signature[s] as shown above compare correctly with our files." There is also a copy of a November 11, 1987, memorandum to Mr. Vince Nelson, Vice President, Southern National Bank of North Carolina, from H.E. Stacy, Jr., of McLean, Stacy, Henry & McLean, Attorneys and Counselors at Law. The memorandum concludes that "[s]ince Mr. Buck's signature was not on the assignment of the certificate of assignment, in my opinion, the assignment was not a valid assignment of the certificate."

There is much support for such a conclusion. The purpose of N.C.Stat. § 25-9-503, according to Rea v. Universal C.I.T. Credit Corp., 257 N.C. 639, 127 S.E.2d 225 (1962), is to give the secured party the right to possession upon default. If the debtor does not surrender the collateral, the secured party must proceed against the debtor in court. In the situation involving the assignment of this certificate of deposit, the court would be required to test the authority of Mr. Rose to yield possession of the certificate. Mr. Rose's signature on the instrument would be ineffective to transfer it since the signature card reflects a contract between the bank and the depositor that the funds will not be transferred without Mr. Buck's signature.

You have also furnished a document dated March 22, 1985, signed by Mr.

CRS-3

Buck, stating:

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. 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.

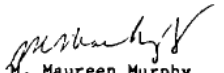
That statement is not an assignment of the certificate of deposit as security for the loan. Mr. Buck may have written it assuming that if Mr. Rose chose to make use of the campaign funds in such a way and if he were prepared to pay taxes on such use, he would have to contact Mr. Buck to sign any actual assignment of the certificate as collateral. If the institution wishes to use it as evidence of Mr. Buck's authorization for the assignment, it would have to introduce outside evidence to supplement the actual document signed by Mr. Rose, which contains no other signature but that of Mr. Rose, which signature does not appear as an authorized signature for the certificate of deposit.

We could find no precise caselaw or statutory law directly on all fours with this situation. There is, however, dicta in cases involving joint tenancies in certificates of deposit that speak of the signature card as a contract governing the disposition of the amount represented by the certificate. Threatte v. Threatte, 59 N.C. App. 292, 296 S.E.2d 521 (1982), cert. withdrawn as improvidently granted, 308 N.C. 384, 302 S.E.2d 226 (1983); Myers v. Myers, ___ N.C. App. ___, 314 S.E.2d 809 (1984). This would suggest that Mr. Rose was without authority to assign the certificate. Since Mr. Buck was authorized to transact business with respect to the account, the better way of assuring that the collateral was adequately assigned would have been to have had him sign along with the debtor, Mr. Rose.

CRS-4

In preparing this memorandum, we confined our analysis to your specific question, namely, whether the signature was sufficient under North Carolina law to make an assignment of the certificate of deposit. We emphasize that this analysis is based solely on the documents that you provided us and was prepared under time constraints. Further delving into North Carolina practice and regulations, or further elaboration of the actual factual context might alter the analysis.

We hope this information is helpful to you.



M. Maureen Murphy
Legislative Attorney

~~Confidential~~

MCLEAN, STACY, HENRY & MCLEAN

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WILLIAM S. MCLEANW. S. MCLEAN 1000-1010
H. E. STACY 1000-1011
D. MCLEAN 1000-1002
DICKSON MCLEAN 1000-1001
HORACE E. STACY 1007-1000

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.

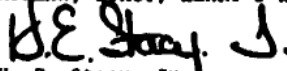
The purported assignment of Southern National's certificate of deposit # 904828 for account # 045-007887, dated March 26, 1985, was signed only by Charles G. Rose, III, as assignor. The bank's certificate of deposit # 904828 was issued on February 27, 1985, to Committee for Congressman Charlie G. Rose, 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.

HRBjr/s

MCLEAN, STACY, HENRY & MCLEAN

PROFESSIONAL ASSOCIATION

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H. A. MCLEAN 1980-1981
A. W. MCLEAN 1970-1988
DICKSON MCLEAN 1980-1983
HORACE E. STACY 1987-1988

12 December 1987

Ms. Elneita Hutchins-Taylor
Committee on Standards of Official Conduct
U.S. House of Representatives
Suite ET-2, The Capitol
Washington, D.C. 20515

Dear Ms. Hutchins-Taylor:

I have been requested to make additional comments on my letter of November 11, 1987, to Mr. Vince Nelson of Southern National Bank of North Carolina concerning the assignment of a certificate of deposit to secure a loan made by the bank to Charles G. Rose, III.

At the time of my letter I had seen the letter written by Alton G. Buck to the bank under date of March 22, 1985. My interpretation was that Mr. Buck considered it permissible for the Committee's certificate of deposit to be used as collateral for a personal loan to Mr. Rose. I did not, however, consider the Buck letter as legal authority for passing on the method of assigning the certificate nor did I view the letter as authorization by the depositor, the committee, for Mr. Rose to execute an assignment of the certificate to the bank. The contract between the depositor and the bank shown that the depositor was a committee, not Mr. Buck. Consequently, my opinion was focused on the matters set forth in my letter of November 11, 1987.

Very truly yours,
H. E. Stacy, Jr.
H. E. Stacy, Jr.

hesjr/s

cc: Ms. Heidi Pender

STACY LETTER re: BUCK letter.

December 11, 1987

Mr. William C. Oldaker
Manatt, Phelps Rothenberg & Evans
1200 New Hampshire Avenue, N. W.
Washington, D.C. 20036

Dear Mr. Oldaker:

This report is in response to your request for Coopers & Lybrand to perform certain procedures in connection with the 1972 Federal and State campaign reports for Congressman Charles G. Rose, III.

Background

Reports prepared in connection with Congressman Rose's 1972 Campaign (the Campaign) were filed periodically with the Secretary of State for the State of North Carolina (the "State reports") and the Clerk of the House of Representatives under the Federal Election Campaign Act (the "FEC reports"). We understand that the regulations governing the State and FEC reports differed with respect to both the reporting period and required content of each filing.

We understand that certain amounts transferred to the 1972 Campaign were considered by Congressman Rose to be loans from himself and his father, Charles G. Rose, Jr. You requested us to review the State and FEC reports to determine:

1. If the receipts and disbursements reported in the respective State and FEC reports could be reconciled, and
2. If there were any evidence in these reports contrary to the assertion that the amounts transferred from Congressman Rose and his father to the Campaign were loans.

D. Observations Based on Procedures

1. Preparation of Reports

It appears that there was not a clear understanding of how the reports were to be prepared and there apparently were difficulties in preparing them accurately. These problems are evidenced by the such matters as the following:

- Ending cumulative balances carried-forward from reports for one period do not always agree with beginning balances reported in the next period;
- Mathematical errors are reflected in some of the reports;
- The same contributions are sometimes reported on the FEC reports and on the State reports in different periods.
- Some contributions reported on the State Reports do not appear to be listed on the FEC Reports.

2. Receipts from Congressman Rose and Mr. Charles C. Rose, Jr.

Certain receipts from Congressman Rose and from Mr. Charles C. Rose, Jr. were listed on the State Reports but were not listed on the FEC Reports , as shown below:

<u>Date of Receipt</u>	<u>Reported on FEC Report</u>	<u>Reported on State Report</u>
April 7, 1972	\$ -	\$ 8,750
April 20, 1972	-	7,500
May 5, 1972	5,150	5,150
June 2, 1972	-	8,500
June 2, 1972	<u> </u>	<u>2,000</u>
	<u>\$5,150</u>	<u>\$25,900</u>

Because original documentation (such as cancelled checks or bank statements) are apparently no longer extant, we were unable to validate these receipts in accordance with generally accepted auditing standards. Receipts aggregating \$25,900 are reported on the State reports as "Contributions" in schedules entitled "Statement of Contributions and Expenditures". Only the receipt dated May 5, 1972 for \$5,150 from Charles Rose, Jr. is reported on the FEC report (in the schedule entitled "Itemized Receipts - Contributions, Listed Purchases, Loans and Transfers"). It is not clear why the remaining \$20,750 was not reported on the FEC report.

DRAFT

~~OUR~~
OTHER PROCEDURES

The procedures we performed were as follows:

FEC Reports

1. We reviewed the FEC reports for the following periods:
 - April 7, 1972 - April 14, 1972
 - April 15, 1972 - April 24, 1972
 - April 25, 1972 - May 12, 1972
 - May 12, 1972 - May 22, 1972
 - May 23, 1972 - May 31, 1972
 - June 1, 1972 - September 9, 1972
 - September 10, 1972 - October 16, 1972
 - October 17, 1972 - October 26, 1972
 - October 27, 1972 - December 31, 1972
2. From the FEC Reports referred to above, we prepared a summary of all listed receipts (those over \$200) and a summary of unlisted contributions.
3. From the FEC Reports referred to above, we prepared a summary of aggregate campaign expenditures in each expense category.

State Reports

1. We reviewed the state reports covering the following periods:
 - January 25, 1972 - April 21, 1972
 - April 26, 1972 - May 2, 1972
 - April 26, 1972 - May 16, 1972
 - May 23, 1972 - June 6, 1972
 - June 6, 1972 - October 3, 1972
 - November 6, 1972 - November 9, 1972
2. From the State Reports referred to above, we prepared a summary of all listed contributions (all contributions are required to be detailed regardless of amount).
3. From the State Reports referred to above, we prepared a summary of aggregate campaign expenditures.

DRAFTRESULTS OF OUR PROCEDURESA. FEC Reports

1. Receipts reflected in the FEC Reports were as follows:

Receipts from Charles G. Rose, Jr. (May 5, 1972)	\$ 5,150
Itemized Contributions	37,075
Unitemized Contributions	2,725
Fund raising dinner	11,020
Transfers	900
SubTotal	<u>56,870</u>
Loan (May 23, 1972) From First Citizens	<u>20,000</u>
Total Receipts	<u>\$76,870</u>

2. A receipt from Charles G. Rose, Jr. reported on the FEC Reports was as follows:

<u>Date</u>	<u>Individual</u>	<u>Amount</u>
May 5, 1972	Charles G. Rose, Jr.	\$ 5,150

3. Expenses reported in the FEC Report referred to above were as follows:

Communications Media Expenses	\$42,359
Personal Services, Salaries, & Reimb. Expenses	11,584
Other Expenditures	28,394
Transfers Out	<u>4,595</u>
	<u>\$86,933</u>

B. State Reports

1. Receipts reported in the State Report referred to above were as follows:

Receipts from Congressman Rose and Mr. Charles G. Rose, Jr. (see below)	\$20,750
Other Individually Listed Contributions	<u>56,109</u>
	76,859
Loans (none indicated)	<u>-</u>
Total Receipts	<u>\$76,859</u>

DRAFT

2. Receipts from Congressman and Mr. Charles G. Rose, Jr. reported on the State Reports were as follows:

<u>Date</u>	<u>Individual</u>	<u>Amount</u>
April 7, 1972	Charles G. Rose, Jr.	8,750
April 20, 1972	Charles G. Rose, III	7,500
June 2, 1972	Charles G. Rose, Jr.	2,500
June 2, 1972	Charles G. Rose, III	<u>2,000</u>
		<u>\$20,750</u>

C. Comparison of FEC and State Reports

From the foregoing analysis, we performed a comparison of the FEC and State Reports, with results as follows:

	<u>FEC Reports</u>	<u>State Reports</u>
Beginning Cash Balance	<u>\$ 14,428</u>	Not Reported
Receipts:		
Rose Family Receipts	5,150	\$25,900
Contributions	51,720	50,959
Loans	<u>20,000</u>	<u>-</u>
Total Receipts	76,870	76,859
Expenditures	<u>(86,933)</u>	<u>(88,867)</u>
Net	<u>(10,063)</u>	<u>\$(12,008)</u>
Ending Cash Balance	<u>\$ 4,365.00</u>	Not Reported

Although the differences between the reported contributions (\$51,720 vs. \$50,959) are reported expenditures (\$86,933 vs. \$88,867) as shown above are relatively small, in some cases the reported amounts pertain to different reported time periods. Accordingly, the differences for the same time periods may be larger.

In the absence of additional information or audit evidence, we do not believe that the aggregate receipts and disbursements shown in the respective reports can be fully reconciled.

DRAFT

Mr. Oldaker provided us with a copy of the Manual of Regulations and Accounting Instructions relating to disclosure of Federal Campaign Funds dated March 1972. Page 4 of those instructions contains a section entitled, "Manner of Reporting Debts and Contracts, Agreements, and Promises to Make Contributions or Expenditures," which states:

Every contribution and expenditure in the nature of a 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 until such debts, contracts, agreements or promises are paid, liquidated, cancelled, forgiven or otherwise extinguished. Such debts, contracts, agreements and promises shall not be considered as part of the totals of receipts or expenditures until actual payment is made.

These instructions appear to indicate that debts of the Campaign which are in writing are to be reported on the FEC Report. If there were a verbal understanding that the receipts from Congressman Rose and his father were loans, in light of the foregoing instructions it is reasonable to us that the preparer of the report may have excluded these items for the FEC Report because they were not in writing.

It is also reasonable to us that certain of the receipts from Congressman Rose and his father were of sufficiently different character from the other contributions reported in the FEC Report that there may have been confusion on the part of the preparer as to whether or not to include them on the FEC Report.

There is no extant evidence which can be used to definitively characterize these receipts. They may have been perceived as contributions by those preparing the reports; Congressman Rose is apparently asserting that the items were loans. The fact that they were not reported on both State and FEC forms (when virtually all other large contributions were reported on both forms) may indicate that there was at least some doubt as to whether these were contributions or not. In any event, there appears to be no extant evidence which can be examined to reach a definitive conclusion about the nature of these items in accordance with generally accepted auditing standards.

DRAFT

C. Loan from First Citizens Bank and Trust Company of Fayetteville, North Carolina (First Citizens)

As shown from the analysis on pages one and two, above, the \$20,000 loan from First Citizens was reported on the FEC Report but not on the State Report. The omission appears to have resulted from the absence in the State Forms of a specified place to report loans. Evidence for the existence of the loan, in addition to its being listed on the FEC Report, is a copy of First Citizens ledger card for the account of Charles E. Rose, Jr. which reports a \$20,000 debit to the account on May 15, 1972. The assertion that Mr. Rose received a loan from First Citizens on May 15, 1972, and then loaned the proceeds to the Campaign on May 23, 1972 is reasonable to us given to proximate dates of these transactions.

D. Other Observations:

- . Nothing came to our attention in reviewing these reports which appeared to be intentionally misleading. Also, we observed no suspicious entries on either the FEC or State Reports. Although the scope of our review was not designed to detect fraud on illegal acts, nothing came to our attention in our review of these reports which would indicate that the errors and oversights in the reports were intentional.
- . It is not possible to perform an examination of the reports or the transactions included therein in accordance with generally accepted auditing standards because there is not sufficient competent evidential matter available to perform the tests required under generally accepted auditing standards.
- . It is not possible to reach definitive conclusions about the character of the transactions between Congressman Rose, Mr. Rose and the Campaign because audit evidence is not available to validate the nature of these transactions. In our view, there is no audit evidence available either to confirm or to refute the characterization of the transactions as loans.

* * * *

Because the aforementioned procedures do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items mentioned above.

DRAFT

Had we performed additional procedures, or had we made an examination in accordance with generally accepted auditing standards, additional matters may have come to our attention which would have been reported to you. This report relates only to the items specified above and does not extend to any financial statement of Congressman Rose or his Campaign. We make no representations regarding the sufficiency of the foregoing for your purposes.

Very truly yours,

APPENDIX N

SEVENTY-NINTH CONGRESS
 JAMES C. BEHR, CALIFORNIA, CHAIRMAN
 ED JENNERS, GEORGIA
 VIC FALDO, CALIFORNIA
 WILLIAM J. EDYNE, PENNSYLVANIA
 BERNARD J. DUFFY, NEW JERSEY
 ALAN S. WOLGAST, WEST VIRGINIA

FLOYD B. SPENCE, SOUTH CAROLINA
 JOHN F. STYERS, MISSISSIPPI
 JAMES H. HANSEN, UTAH
 S. WILLIAM WHITENBURY, VIRGINIA
 CARL B. FARRIS, INDIANA
 GEORGE C. WOOTLEY, NEW YORK
 RALPH L. LUTER, CHIEF COUNSEL

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
 OFFICIAL CONDUCT

SUITE MT-2, U.S. CAPITOL

Washington, DC 20515

TO: All Members, Officers, and Employees of the U.S. House of Representatives

FROM: Committee on Standards of Official Conduct

SUBJECT: Revised Policy Regarding Amendments to Financial Disclosure Statements

DATE: April 23, 1986

The purpose of this letter is to inform all Members, officers, and employees who are required to file Financial Disclosure (FD) Statements pursuant to the Ethics in Government Act (EIGA) of 1978, 2 U.S.C. §701, et seq., whose filings are under the jurisdiction of this Committee, of a revision to this Committee's policy regarding the submission of amendments to earlier filed disclosure statements. The new policy, discussed below, will be implemented immediately and all future statements as well as the amendments thereto will be handled in accordance therewith.

To date, it has been the general policy of this Committee to accept amended FD Statements from all filers and consider such amendments to have been timely filed without regard to the duration of time between the date of the original filing and the amendment submitted thereto. Over time, this practice has resulted in the Committee having received a significant number of amendments to disclosure statements under circumstances not necessarily reflecting adequate justification or explanation that the amendment was necessary to clarify previously disclosed information or that a disclosure was omitted due either to unavailability of information or inadvertence. Moreover, and particularly in the case of an individual whose conduct (having EIGA implications) is under review, the Committee has been faced with the somewhat inconsistent tasks of identifying deficiencies in earlier FD Statements while simultaneously accepting amendments to such statements that may well have been intended to have a mitigating or even exculpatory effect. Quite clearly, both time and experience have established the need to make some adjustments to the financial disclosure process in order to

FD Revision Policy
Page 2

alleviate such perceived problems and create a more logical and predictable environment for filers to meet their statutory obligation under EIGA and the parallel responsibility of this Committee to implement that law. It is in this context that a new policy for accepting and considering amended disclosure statements is being implemented.

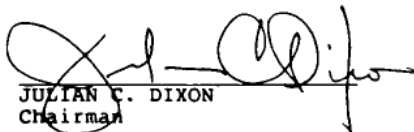
To begin, effective immediately, an amendment to an earlier FD Statement will be considered timely filed if it is submitted by no later than the close of the year in which the original filing so affected was proffered. There will be, however, a further caveat to this "close-of-year" approach. Specifically, an amendment will not be considered to be timely if the submission thereof is clearly intended to "paper over" an earlier mis/non filing or there is no showing that such amendment was occasioned by either the prior unavailability of information or the inadvertent omission thereof. Thus, for example, so long as a filer wishes to amend within the appropriate period of prescribed "timeliness" and such amendments are not submitted as a result of, or in connection with, action by this Committee that may have the effect of discrediting the quality of the initial filing(s), then such amendments will be deemed to be presumptively good faith revisions to the filings. In essence, the amendment, per se, should be submitted only as a result of the need to either clarify an earlier filing or to disclose information not known (or inadvertently omitted) at the time the original FD was submitted. In sum, the Committee will adopt a two-pronged test for determining whether an amendment is considered to be filed with a presumption of good faith: First, whether it is submitted within the appropriate amendment period (close-of-year); and second, a "circumstance" test addressing why the amendment is justified. In this latter regard, filers will be expected to submit with the amendment a brief statement on why the earlier FD is being revised. Thus, amendments meeting the two-pronged test will be accorded a rebuttable presumption of good faith and this Committee will have the burden to overcome such a presumption. Conversely, any amendment not satisfying both of the above-stated criteria will not be accorded the rebuttable presumption of good faith. In such a case, the burden will be on the filer to establish such a presumption.

FD Revision Policy
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The Committee is well aware that disclosure statements filed in years past may be in need of revision. To this end, the Committee has determined that a grace period ending at the close of calendar year 1986 will be granted during which time all filers may amend any previously submitted FD Statements. Again, while an amendment may be timely from the standpoint of when it is submitted--i.e., within the current year--information regarding the need for and, hence, appropriateness of the amendment will also be considered vis-a-vis the rebuttable presumption of good faith.

In sum, the effect of the new policy is to establish a practice of receiving and anticipating that FD Statements and amendments thereto will be submitted within the same calendar year and that departures based on either timeliness or circumstances can be readily identified for scrutiny and possible Committee action. As noted, implementation of the new policy will effect not only statements filed this year but also all statements filed in prior years in light of the grace period being adopted.

Should you have a question regarding this matter, please feel free to contact the Committee staff at 225-7103.



JULIAN C. DIXON
Chairman



FLOYD D. SPENCE
Ranking Minority Member

ONE HUNDRETH CONGRESS
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APPENDIX O

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U.S. House of Representatives
Committee on Standards of Official Conduct
 Suite 702-2, U.S. Capitol
 Washington, DC 20515

March 23, 1988

The Honorable Charles G. Rose, III
 United States House of Representatives
 2230 Rayburn House Office Building
 Washington, D. C. 20515

Dear Representative Rose:

On June 17, 1987, this Committee initiated a Preliminary Inquiry focusing on your alleged misuse of campaign funds and financial disclosure violations. Following this investigatory phase, the Committee found reason to believe that violations of House rules had occurred and, therefore, on October 28, 1987, issued a four-count Statement of Alleged Violations.

After considering the evidence presented in written and oral responses by your counsel and counsel to the Committee, the Committee determined that all four counts had been proved by clear and convincing evidence. The Committee concluded that you violated House Rule XLIII, clause 6, on eight separate occasions by borrowing funds from your campaign (count one), and that you failed to report these borrowings as liabilities on your Financial Disclosure Statements as required by House Rule XLIV, clause 2 (count three). The Committee also concluded that you violated House Rule XLIII, clause 6, by pledging a certificate of deposit from your campaign as collateral on a personal loan (count two). Finally, the Committee concluded that you violated House Rule XLIV, clause 2, by failing to report various liabilities to financial institutions on your Financial Disclosure Statements (count four).

Two of the violations, which the Committee held to have been proved, involved misuse of campaign funds. The House of Representatives adopted House Rule XLIII, the Code of Official Conduct, on April 3, 1968. Clause 6, which restricts the use of campaign funds to bona fide campaign purposes, has been a part of the Code since that time. The Committee feels this rule is crucial to maintaining public confidence in the fundraising system governing House Members. The use of your campaign funds, as alleged and proved in counts one and two of the Statement of Alleged Violations, is entirely inconsistent with this principle.

The Honorable Charles G. Rose, III
March 23, 1988
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The Committee holds you responsible for being familiar with rules governing this area. Your mishandling of campaign funds, and concurrent violations of House rules in such matters, are deserving of reproach. We find that the personal benefit you received in each instance of borrowing, and the lower interest rate received from use of the campaign certificate of deposit, are the kinds of abuses the rule was designed to protect against. For this reason, the Committee instructs that you refrain from any future campaign borrowings and/or use of campaign assets as collateral.

The Committee recognizes and takes into consideration the fact that all funds borrowed were replaced in full without the insistence of this Committee, and that this action was taken by you prior to this Committee beginning a Preliminary Inquiry. Furthermore, the Committee recognizes that the campaign certificate of deposit in question is no longer encumbered, due to restrictions placed on it in connection with your personal financial dealings. While these actions could be viewed as mitigating factors or as evidence of a lack of any improper intent, the Committee emphasizes, nevertheless, the violations did occur. Although the Committee does not feel this conduct warrants a recommendation of sanction to the full House of Representatives, it is still a cause of concern.

Failure to disclose campaign borrowings on your Financial Disclosure Statements (count three) must also be viewed in light of maintaining public trust. As Members of the House, we are bound by law and House rules to publicly disclose various aspects of our financial status. The initial disclosure of the campaign borrowings in Federal Election Commission reports, which are publicly available documents, is a mitigating factor. However, this does not negate the fact that you violated House Rule XLIV, clause 2. These liabilities should have been disclosed on your Financial Disclosure Statements.

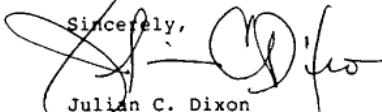
As for the liabilities to financial institutions in count four of the Statement of Alleged Violations, your failure to disclose, again, causes concern on the part of the Committee. Once informed of these deficiencies, however, you have, at your own initiative, amended your Financial Disclosure Statements to reflect the omitted information. The Committee respects your forthrightness in this area.

This Committee has spent much time and effort digesting and deliberating about the matters presented by this Preliminary

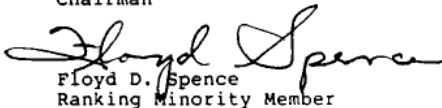
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Inquiry. The violations cause this Committee formally and publicly to reprove you for failing to adhere to House Rule XLIII, clause 6, and House Rule XLIV, clause 2, as described in the Statement of Alleged Violations.

Sincerely,



Julian C. Dixon
Chairman



Floyd D. Spence
Ranking Minority Member

JS:EHT

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