

-14-

Coalition For Freedom, Inc.

A formal complaint and motion was filed for a preliminary injunction on September 17, 1984 by the following Plaintiffs: David Flaherty - who was the chairman of the North Carolina Republican party, Ben Horne - an agent of Jesse Helms and the NCC and Tom Hannon - another agent of Jesse Helms and the NCC. The name of the suit was referred to as the Hunt Helms Airplane Suit. The records indicate that the SLDF incurred legal expenses from the law firm Harrell and Titus on August 31, 1984. The Jim Hunt Committee made final restitution to the State of North Carolina on September 21, 1984 with a payment of \$168,988.87. As a result of the state audit, the total restitution, including the previous payment, was \$212,964.95. On September 26, 1984, SLDF's articles of incorporation were notarized, signed, and filed with the Secretary of State's office in Raleigh, North Carolina. On September 28, 1984, the following individuals were issued subpoenas for their depositories and their production of records: Jesse Helms, Thomas F. Ellis, R.E. Carter Wrenn, Mark Stephens, Douglas Davidson, and Shirley Katherine Hardison Waldrop. This indicates that the suit had been in process for a period of time in order for the subpoenas to be issued two days after SLDF was incorporated.

In addition, CFF paid for legal research during the year 1984 to determine if a PAC could donate funds to a 501(c)(3) organization. Also, correspondence indicated that the attorneys for Maupin, Taylor, and Ellis were considering three organizations to contribute funds to SLDF. The three organizations were JMI, CFF and the Helms for Senate Committee (HFS). The notes indicated that they would prefer HFS to make the contribution, however, since the legal fees would have been incurred prior to the election, it could have had an adverse effect on NCC and the HFS.

The attorneys indicated that the contributions should be from either JMI or CFF. This would inhibit Jim Hunt from challenging payment of fees by HFS. CFF made all of the contributions. SLDF used almost all of the contributions to pay for the legal fees in connection with the suit. \$25,000 in fees were paid to the law firm, Harrell and Titus. CFF contributed only enough to pay the bills of SLDF. On October 3, 1984, the Defendant, James B. Hunt, Jr., filed a motion to dismiss the action on the ground that the court lacks jurisdiction of the subject matter presented by the complaint. On July 6, 1987, the Plaintiffs complaint was dismissed with prejudice and the costs of this action shall be taxed against the Plaintiffs.

The technical advice request will consider whether the contributions to SLDF served a private interest to Jesse Helms, HFS, and NCC.