



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
SECRETARIAT

2002 NOV 27 P 3 50

November 27, 2002

**MEMORANDUM**

TO: THE COMMISSIONERS

THROUGH: JAMES A. PEHRKON  
STAFF DIRECTOR

ROBERT J. COSTA  
DEPUTY STAFF DIRECTOR

FROM: JOSEPH F. STOLTZ  
ASSISTANT STAFF DIRECTOR  
AUDIT DIVISION

RUSS BRUNER  
AUDIT MANAGER

ERICA D. LEE  
LEAD AUDITOR

SUBJECT: REPORT OF THE AUDIT DIVISION ON GORE/LIEBERMAN, INC.  
(General Committee) AND GORE/LIEBERMAN GENERAL ELECTION  
LEGAL & ACCOUNTING COMPLIANCE FUND (GLCF)

**AGENDA ITEM**  
For Meeting of: ~~12-05-02~~  
12-12-02

Attached for your approval is the Final Audit Report on Gore/Lieberman, Inc. and Gore/Lieberman, Inc. General Election Legal & Accounting Compliance Fund. Also attached is the legal analysis provided by the Office of General Counsel, as well as, a copy of the narrative portion of the General Committee's and the GLCF's response to the Preliminary Audit Report.

The Office of General Counsel's legal analysis suggests 1.) estimating the amount of interest the open certificate of deposit will earn and 2.) including that amount in the repayment determination. The open certificate of deposit (which according the General Committee can not be closed because it secures a committee credit card) earns approximately six dollars a month before taxes. The Audit Division believes this amount is immaterial and therefore, has not included it in the repayment determination. Furthermore, the General Committee has already repaid the United States Treasury the amount recommended in the Preliminary Audit Report pertaining to interest earned.

**Recommendation**

The Audit staff recommends that the report be approved.

The Audit staff recommends that this report be placed on the agenda for the Open Meeting Session of December 5, 2002. Should you have any questions, please contact Erica D. Lee or Russ Bruner at 694-1200.

Attachments:

Report of the Audit Division on Gore/Lieberman Inc. and Gore/Lieberman General Election  
Legal & Accounting Compliance Fund  
Legal Analysis, dated November 13, 2002  
The Gore/Lieberman, Inc. and Gore/Lieberman General Election Legal & Accounting  
Compliance Fund Response to Preliminary Audit Report

Attachment as stated



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

***REPORT OF THE AUDIT DIVISION  
ON  
GORE/LIEBERMAN, INC.  
AND  
GORE/LIEBERMAN GENERAL ELECTION LEGAL &  
ACCOUNTING COMPLIANCE FUND***

**I. BACKGROUND**

**A. AUDIT AUTHORITY**

This report is based on the audits of Gore/Lieberman, Inc. (General Committee) and Gore/Lieberman General Election Legal & Accounting Compliance Fund (GLCF). The audit is mandated by Section 9007(a) of Title 26 of the United States Code. That section states "after each presidential election, the Commission shall conduct a thorough examination and audit of the qualified campaign expenses of the candidates of each political party for President and Vice President." Also, Section 9009(b) of Title 26 of the United States Code states, in part, that the Commission may conduct other examinations and audits as it deems necessary to carry out the functions and duties imposed on it by this chapter.

In addition to examining the receipt and use of Federal funds, the audit seeks to determine if the campaign has materially complied with the limitations, prohibitions, and disclosure requirements of the Federal Election Campaign Act of 1971 (FECA), as amended.

**B. AUDIT COVERAGE**

The audit of the General Committee covered the period from its inception, August 18, 2000, through September 30, 2001. During the audit period, the General Committee reported an opening cash balance of \$-0-, total receipts of \$70,973,854, total disbursements of \$70,637,199 and a closing cash balance of \$336,655. In addition, the Audit staff conducted limited reviews of financial and reported activity through September 30, 2002.

The audit of GLCF covered the period from its inception, January 8, 1999 through September 30, 2001. During this period, the GLCF reported an opening cash balance of \$-0-, total receipts of \$11,723,482, total disbursements of \$4,301,546 and a closing cash balance of \$7,421,936. In addition, the Audit staff conducted limited reviews of financial and reported activity through September 30, 2002.

### **C. CAMPAIGN ORGANIZATION**

The General Committee registered with the Federal Election Commission (the Commission) on August 18, 2000 as the principal campaign committee for then Vice President Al Gore, candidate for the office of the President of the United States. GLCF registered with the Federal Election Commission on January 11, 1999. The Treasurer of both the General Committee and the GLCF during the audit period and currently is Jose Villarreal. Both committees currently maintain their offices in Washington, D.C.

The General Committee maintained depositories in Washington, D.C. To handle its financial activity, the General Committee used three bank accounts and made approximately 19,000 disbursements.

The General Committee received \$67,560,000 in funds from the United States Treasury on August 18, 2000. Additional receipts received by the General Committee through September 30, 2001 included \$491,841 from Press and United States Secret Service (USSS) travel reimbursements; \$1,704,421 from the GLCF and the Gore/Lieberman Recount Committee (Recount Committee) for reimbursement of expenses paid by the General Committee; \$19,081<sup>1</sup> from interest income; \$1,098,816 from vendor refunds and rebates; and \$94,075 in proceeds from the sale of assets.

During the audit period, the GLFC maintained depositories in Washington, D.C.; Charlotte, North Carolina; Atlanta, Georgia; and Nashville, Tennessee. To handle its financial activity, GLFC used four bank accounts. From these accounts, GLCF made approximately 600 disbursements. Approximately 90,000 contributions were received from individuals. These contributions totaled approximately \$11,420,000.

### **D. AUDIT SCOPE AND PROCEDURES**

In addition to a review of expenditures made by the General Committee to determine if they were qualified or non-qualified campaign expenses, the audit covered the following general categories:

1. The receipt of contributions or loans in excess of the statutory limitations;
2. the receipt of contributions from prohibited sources, such as those from corporations or labor organizations;

---

<sup>1</sup> The General Committee received interest of \$1,445 that should have been deposited by the Gore 2000, Inc. (the Primary Committee).

3. proper disclosure of contributions from individuals, political committees and other entities, to include the itemization of contributions when required, as well as, the completeness and accuracy of the information disclosed (see Finding II.);
4. proper disclosure of disbursements including the itemization of disbursements when required, as well as, the completeness and accuracy of the information disclosed (see Finding II.);
5. proper disclosure of campaign debts and obligations;
6. the accuracy of total reported receipts, disbursements and cash balances as compared to campaign bank records;
7. adequate recordkeeping for campaign transactions;
8. accuracy of the Statement of Net Outstanding Qualified Campaign Expenses filed by the General Committee to disclose its financial condition (see Finding III.D.);
9. compliance with spending limitations; and,
10. other audit procedures that were deemed necessary in the situation (see Findings III.A., III.B., and III.C.).

On November 14, 2000, the Recount Committee registered with the Internal Revenue Service. The Audit staff reviewed expenditures made by the Recount Committee, through June 30, 2001, to ensure disbursements were made only for the purpose of supporting the recount effort.

The Audit staff did not analyze issue ads paid for by the national or state party committees or review payments made to media vendors by the national or state party committees

## **II. AUDIT FINDING AND RECOMMENDATION – NON-REPAYMENT MATTER**

### **DISCLOSURE OF AIR CHARTER ACTIVITY**

Section 9004.6(e) of Title 11 of the Code of Federal Regulations requires that the total amount paid by an authorized committee for the cost of transportation, ground services or facilities (including air travel, ground transportation, housing, meals, telephone service, typewriters and computers) provided to media personnel and Secret Service personnel, plus the administrative costs incurred by the committee in providing

these services and facilities and seeking reimbursement for them, shall be reported as expenditures in accordance with CFR §104.3(b)(2)(i). Any reimbursement received by such committee shall be reported in accordance with 11 CFR 104.3(a)(3)(ix).

Sections 104.3(a)(3) and (b)(2) of the Title 11 of the Code of Federal Regulations, require an authorized committee of a candidate for Federal office to report the total amount of activity within several categories of receipts, including offsets to operating expenditures, and within several categories of disbursements, including operating expenditures.

Section 434(b)(3)(F) of Title 2 of the United States Code states, in relevant part, that each report shall disclose the identification of each person who provides an offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of \$200 within the calendar year, together with the date and amount of such receipt. Subsection (5)(A) of this section also requires the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made together with the date, amount and purpose of such expenditure. In addition, 2 U.S.C. 431(13) defines "identification" for other than an individual, as the full name and address of such person.

The General Committee contracted with Flighttime Inc. (Flighttime) to arrange aircraft for Senator Joseph Lieberman, Mary Gore and other campaign staff; to prepare airline and operator schedules; to order and setup catering, ground handling and crew transportation; to track the hours of operation and associated expenses; to bill the Press, the USSS and the Office of Vice President (OVP); to receive reimbursements from these entities and provide a full accounting of the program. According to the contract, the General Committee was responsible for paying all costs associated with the charters. A payment schedule was setup by Flighttime to cover the total anticipated costs of the charter program. As the USSS, the OVP and the Press were invoiced their pro-rata share by Flighttime the payments were applied as a credit to the General Committee's account balance.

Flighttime was paid a total of \$3,747,185 for these goods and services. The General Committee paid \$3,147,775, the USSS and the OVP paid \$274,792 and the Press paid \$324,618, directly to Flighttime. The total cost of the charter programs was \$3,365,753. As stated above, payments made by the USSS, the OVP and the Press were credited against the General Committee's account balance. The payments totaled \$599,410<sup>2</sup>. Therefore, the final cost to the General Committee was \$2,766,343(\$3,365,753 - \$599,410). Since the General Committee paid Flighttime \$3,147,775, it received a refund of \$381,432 (\$3,147,775 - \$2,766,343). The General Committee reported this amount as a refund received from Flighttime.

---

<sup>2</sup> This amount is the total paid to Flighttime by the USSS, the OVP and the Press (\$274,792+\$324,618).

According to 11 CFR §9004.6(e) the total amount of cost incurred to administer the program shall be reported as an expenditure and the reimbursements from the above noted entities shall be reported as offsets as described in 11 CFR 104.3(a)(3)(ix). The General Committee failed to report \$217,978 (\$3,365,753-\$3,147,775) of the cost of charter programs, as well as, \$217,978 (\$599,410-\$381,432) of the amount received from the USSS, the OVP and the Press. Additionally, the General Committee failed to correctly disclose all facets of the charter program, specifically the payments made directly to Flighttime by the Press, the USSS and the OVP. The General Committee should have disclosed the amounts received totaling \$599,410.

At the exit conference, the General Committee was provided with a schedule detailing the issues discussed above. The General Committee had no comment.

In the Preliminary audit report, the Audit staff recommended that the General Committee either provide documentation demonstrating that the amounts noted above should not be reported and itemized or file a schedule itemizing the payments from the USSS, the OVP and the Press totaling \$599,410 as memo entries, as well as, the memo disbursement to Flighttime totaling \$217,978.

Although the General Committee did not "concede" that the above amounts should have been reported, they did file the requested schedule.

### **III. AUDIT FINDINGS AND RECOMMENDATIONS - AMOUNTS DUE TO THE UNITED STATES TREASURY**

#### **A. INTEREST EARNED**

Section 9004.5 of Title 11 of the Code of Federal Regulations states, in relevant part, that investment of public funds or any use of public funds that results in income is permissible, provided that an amount equal to all net income derived from such use, less Federal, State and local taxes paid on such income, shall be paid to the Secretary.

Section 9007.2(b)(4) of Title 11 of the Code of Federal Regulations states that if the Commission determines that a candidate received any income as a result of an investment or other use of payments from the fund pursuant to 11 CFR 9004.5, it shall so notify the candidate, and such candidate shall pay to the United States Treasury an amount equal to the amount determined to be income, less any Federal, State or local taxes on such income.

The General Committee received interest totaling \$14,793<sup>3</sup> from certificates of deposits. Additional interest of \$5,487 was earned from certain vendor deposits. The General Committee paid \$6,332 in federal taxes and \$1,935 in Washington, D.C. taxes. Therefore, it appears a repayment to the United States Treasury in the amount of \$12,013 ( $\$14,793 + \$5,487 - \$6,332 - \$1,935$ ) is warranted.

At the exit conference, the Audit staff provided General Committee representatives with a schedule of the interest income. Representatives had no comment on this matter.

In the Preliminary audit report, the Audit staff recommended that the General Committee either provide documentation to demonstrate that the amounts noted above should not be considered income or that additional income tax has been paid on the income. Absent such a demonstration, \$12,013 would be repayable to the United States Treasury.

In response, the General Committee submitted adequate documentation to demonstrate that the amount of interest income should be \$11,625, as well as, a check for the same amount.

#### **B. STALE-DATED CHECKS**

Section 9007.6 of Title 11 of the Code of Federal Regulations states that if the committee has checks outstanding to creditors or contributors that have not been cashed, the committee shall notify the Commission. The committee shall inform the Commission of its efforts to locate the payees, if such efforts have been necessary, and its efforts to encourage the payees to cash the outstanding checks. The committee shall also submit a check for the total amount of such outstanding checks, repayable to the United States Treasury.

The Audit staff identified six stale-dated checks totaling \$14,314 issued by the General Committee. Nine stale-dated checks totaling \$3,738 issued by the GLCF for refunds of excessive contributions were also identified.

This matter was discussed at the exit conference and representatives were provided with a detailed schedule of stale-dated checks. Representatives of the General Committee and the GLCF stated they were trying to resolve this issue.

One General Committee check for \$2,755 and two GLCF checks for \$1,000 cleared the bank after the response period, thus reducing the stale-dated check totals to \$11,559 and \$2,738, respectively.

---

<sup>3</sup> All but one of the certificates of deposits have been redeemed. As interest is received on the remaining certificate of deposit, the amount due to the United States Treasury will be adjusted accordingly.



In the Preliminary audit report, the Audit staff recommended that the General Committee and the GLCF either provide evidence that the checks are not outstanding or that they are voided and no obligation exists or repay the United States Treasury \$11,559 from the General Committee funds and \$2,738 the GLCF funds.

In response to the Preliminary audit report, the General Committee and the GLCF submitted documentation demonstrating that the remaining amount of stale-dated checks for the General Committee and the GLCF should be \$1,042 and \$2,220, respectively.

#### **Recommendation #1**

The Audit staff recommends that the Commission determine that the General Committee and the GLCF pay the United States Treasury \$1,042 and \$2,220, respectively to cover the total outstanding stale-dated checks.

#### **C. APPARENT NON-QUALIFIED CAMPAIGN EXPENSES**

Section 9002.11(a)(1) of Title 11 of the Code of Federal Regulations states that *qualified campaign expense* means any expenditure, including a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value incurred to further a candidate's campaign for election to the office of President or Vice President of the United States.

Section 9003.5(a) of Title 11 of the Code of Federal Regulations states that each candidate shall have the burden of proving that disbursements made by the candidate or his authorized committee(s) or persons authorized to make expenditures on behalf of the candidate or authorized committee(s) are qualified campaign expenses as defined in 11 CFR 9002.11. The candidate and his or her authorized committee(s) shall obtain and furnish to the Commission on request any evidence regarding qualified campaign expenses made by the candidate, his or her authorized committees or agents or persons authorized to make expenditures on behalf of the candidate or committee.

Section 9007(b)(4) of Title 26 of the United States Code states, in part, that if the Commission determines that any amount of any payment to an eligible candidate from the Fund was used for purposes other than to defray qualified campaign expenses, it will notify the candidate of the amount so used, and such candidate shall pay to the Secretary of the Treasury an amount equal to such amount.

During the review of disbursements, the Audit staff identified three payments to Clearwing Production Services, Inc. that appeared to be duplicate payments for the goods and services rendered. These payments totaled \$89,735. General Committee representatives were made aware of these payments during fieldwork. As a result, they stated they were seeking a refund from Clearwing Production Services, Inc. and disclosed the outstanding receivable on the Year End disclosure report for 2001.

This matter was discussed at the exit conference. General Committee representatives acknowledged the overpayment and stated that they were still seeking a refund from the vendor.

During the response period allowed after the exit conference, the General Committee submitted a copy of a refund check from Clearwing Production Services, Inc in the amount of \$22,900.

Subsequent to this response period, the General Committee received additional refund checks totaling \$66,835. As a result of receiving these refunds, the overpayment has been refunded.

In the Preliminary audit report, the Audit staff recommended no further action. The General Committee did not comment on this finding.

**D. DETERMINATION OF NET OUTSTANDING QUALIFIED CAMPAIGN EXPENSES**

Section 9004.9(b) of Title 11 of the Code of Federal Regulations, requires that within 30 calendar days after the end of the expenditure reporting period, the candidate shall submit a statement of net outstanding qualified campaign expenses. The statement shall contain all outstanding obligations for qualified campaign expenses as the date of the election, an estimate of the winding down costs and any campaign expenses that will be incurred by the end of the expenditure report period.

The statement of net outstanding qualified campaign expenses is dated as of December 7, 2000, which is the end of the expenditure report period. While preparing the Statement of Net Outstanding Qualified Campaign Expenses that appears on the following page, the Audit staff reviewed the General Committee's financial activity through September 30, 2002.

**Gore/Lieberman, Inc.**  
**Statement of Net Outstanding Qualified Campaign Expenses**  
**As of December 7, 2000**  
**As Determined at September 30, 2002**

**Assets**

Cash In Bank <sup>1</sup>	\$1,699,646	
Accounts Receivable-REALIZED	4,276,857	
Accounts Receivable-OUTSTANDING <sup>2</sup>	328,772	
Due from the Primary Committee		
For Winding Down Expenses <sup>3</sup>	429,712	
For Primary Expenses Paid before 12/7/00	103,560	
Capital Assets	<u>19,978</u>	
<b>TOTAL ASSETS</b>		<b>\$6,858,525</b>

**Obligations**

Accounts Payable		
Actual thru 09/30/02	5,104,557	
Due to the Primary Committee <sup>4</sup>	904,502	
Winding down cost;		
Actual thru 09/30/02	848,424	
Stale-Dated Checks	<u>1,042</u>	
<b>TOTAL LIABILITIES</b>		<b><u>6,858,525</u></b>
Net Outstanding Qualified Campaign Expenses		<b><u>\$ -0-</u></b>

**FOOTNOTES TO THE NOCQE**

- 1 Cash in Bank was increased to reflect stale-dated checks.
- 2 This number includes a receivable from Campaign Company of \$621,947(\$300,000 is included in Accounts Receivable-REALIZED), which is 82% of the excess amount of funds in the media account. The media account received money from both the General Committee and the Democratic National Committee (for 2 U.S.C.§441a(d) purposes). The Audit staff allocated the excess funds on the ratio of General Committee and DNC funds deposited into the account. The General Committee allocated the excess funds on a 50/50 ratio.
- 3 The Primary Committee owes the General Committee for a portion of the total winding down costs (\$822,631) paid for by the General Committee but incurred by both.
- 4 The General Committee owes the Primary Committee for its share of winding down costs, which totals \$1,157,519. To avoid exceeding the expenditure limitation, it is assumed the remainder of this wind down \$253,017(\$1,157,519-904,502) will be paid by the GLCF.

The NOQCE Statement presented above reflects a \$0 balance indicating that the General Committee has neither exceeded the expenditure limitation nor has unexpended funds. That conclusion is dependant on, among other things, the assumption that amounts that are due to the Primary Committee for winding down costs will be paid using Federal funds rather than funds of the GLCF. Those winding down costs could be permissibly paid from either source.

**IV. SUMMARY OF AMOUNTS DUE TO THE UNITED STATES TREASURY**

Finding III.A.	Interest Earned	11,625
Finding III.B.	Stale Dated Checks	
	1. General Committee	1,042
	2. GLCF	<u>2,220</u>
	Total Due United States Treasury	<u>\$14,887</u>
	Less:	
	Paid to date	(11,625)
	Amount Due United States Treasury	<u>\$3,262</u>



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
AUDIT DIVISION

2002 NOV 13 A 9:43

November 13, 2002

**MEMORANDUM**

TO: Joseph F. Stoltz  
Assistant Staff Director  
Audit Division

THROUGH: James A. Pehrkon *JAP*  
Staff Director  
Robert J. Costa *RC*  
Deputy Staff Director

FROM: Lawrence H. Norton *LHN*  
General Counsel  
Gregory R. Baker *GRB*  
Acting Associate General Counsel  
Peter G. Blumberg *PGB*  
Acting Assistant General Counsel  
Delbert K. Rigsby *DKR*  
Attorney  
Delanie DeWitt Painter *DDP*  
Attorney

SUBJECT: Final Audit Report on Gore/Lieberman, Inc. and the Gore/Lieberman  
General Election Legal and Accounting Compliance Fund (LRA 594)

The Office of General Counsel has reviewed the proposed Final Audit Report on Gore/Lieberman, Inc. (the "General Committee") and the Gore/Lieberman General Election Legal and Accounting Compliance Fund ("GELAC") submitted to this Office on October 8, 2002. This memorandum summarizes our comments on the proposed report.<sup>1</sup> Generally, we concur with any findings not specifically addressed in these comments.

<sup>1</sup> This Office recommends that the Commission consider the proposed Final Audit Report in open session because this document does not include matters exempt from public disclosure. See 11 C.F.R. § 2.4.

This Office acknowledges the Audit staff's opinion in the cover memorandum accompanying the proposed report that changes to shared winding down costs in the Gore 2000 audit report are unlikely to have a "practical effect" on the General Committee. Even if the shared winding down costs are allocated differently, the General Committee would not have a repayment result because the GELAC could reimburse that portion of winding down on the General Committee's behalf. We address the winding down costs allocation in our comments to the proposed report on Gore 2000, Inc., and incorporate those comments herein by reference.

With respect to the disclosure of air charter activity (section II.A.), we note that the General Committee has complied with the preliminary audit report's recommendation that the General Committee report reimbursements totaling \$599,410 received from the United States Secret Service ("USSS"), the Office of Vice President ("OVP") and representatives from press organizations for expenses on charter flights operated by Flighttime, Inc.. Additionally, pursuant to the preliminary audit report, the General Committee reported its previously undisclosed disbursements to Flighttime, Inc. totaling \$217,637. The documents disclosing these reimbursements to USSS, OVP and press organizations and disbursements to Flighttime have been designated as miscellaneous reports of the Committee for the year 2002. They are on the public record and available for review.

We agree that the Commission should make a repayment determination that the General Committee repay interest income of \$11,625 (section III.A.). 11 C.F.R. §§ 9004.5 and 9007.2(b)(4). The fact that one certificate of deposit has not been redeemed and may be earning additional interest could require that these funds also be repaid. For closure purposes, it would be preferable if the Commission could include the interest earned on the unredeemed certificate of deposit in the repayment determination contained in the Audit Report. Perhaps, the Committee could be encouraged to redeem the certificate immediately or the Audit Division could estimate the interest the certificate will earn and include the estimate in the repayment determination. The Commission is entitled to make additional repayment determinations through the end of the three-year notification period (11 C.F.R. § 9007.2(f)), and it is likely the Committee would make the repayment informally without an additional repayment determination, but if the Audit Report could close out the issue, that would be preferable.

**RESPONSE  
OF GORE/LIEBERMAN, INC.  
TO THE PRELIMINARY REPORT  
OF THE AUDIT DIVISION**

**I. Introduction and Summary**

This response is filed on behalf of Gore/Lieberman, Inc., (the "Committee"), the principal campaign committee for Al Gore and Joe Lieberman during the general election campaign of the 2000 presidential election cycle. This is the response of the Committee to the Preliminary Audit Report ("PAR") of the Audit Division.

As an initial matter, the Committee wishes to note that the Audit Division found no material non-compliance in numerous categories of receipts and expenditures reviewed. Among those areas where no material non-compliance was detected are: excessive or prohibited contributions; the proper disclosure of contributions, disbursements and debts, as well as the completeness and accuracy of the information disclosed; the accuracy of the reported amounts as compared to the Committee's bank records; the completeness and accuracy of the recordkeeping for Committee transactions; and numerous other specific items reviewed by the Audit Division.

The Committee's response is numbered and set out to correspond to the discussion and proposed findings of the PAR. The Committee has only responded to those specific items raised by the Audit Division in the context of the Preliminary Audit Report.

**II. Disclosure of Air Charter Activity (Non-Repayment Matter)**

The Audit Division has recommended that the Committee submit additional information for the public record in the form of memo entries. Specifically, the Audit Division has requested that the Committee itemize payments made directly by the press, Secret Service and the Office of Vice President to the air charter vendor of the Committee, even though none of these payments were made to or through the Committee itself. The Audit Division has also requested that the Committee submit a memo entry for the disbursement representing the costs of the charter paid directly by these other entities, even though such payments were not made by the Committee.

The Committee does not concede that any of these payments should have originally been disclosed on its reports. However, because the Committee does support the most complete public record of the 2000 campaign and associated activity, and because the Committee has not been asked to amend its original reports, the Committee has submitted, concurrently with this response, a letter accompanied by all of the requested information. The Committee has previously

submitted this information for review by the Audit Division and has been advised that the information contained therein fully complies with the auditors' recommendation. A copy of the information is attached hereto.

### **III. Amounts Due to Treasury**

#### **A. Interest Earned**

The Committee has adjusted the calculation pertaining to interest earned, as reflected in the documentation attached, to correct the error in this calculation by the auditors. The Committee has issued a repayment for the amount of interest earned, and that check is enclosed with this response.

#### **B. Stale-Dated Checks**

Of the \$11,558.89 in stale-dated checks remaining on the Audit Division's schedule of stale-dated checks for the Committee, only one check for \$1,041.86 remains unresolved. The Committee has sent inquiries to the recipient and will update the auditors as additional information is received. A listing of checks that have cleared (\$9,798.32), been reissued and cleared (\$668.71), and been voided (\$50.00), with accompanying documentation, is attached.

Also, of the \$2,737.54 in stale-dated checks remaining on the Audit Division's schedule of stale-dated checks for the Gore/Lieberman General Election Legal and Accounting Compliance Fund ("GELAC"), only two check totaling \$2,000 remain unresolved. The GELAC has sent inquiries to the recipients and will update the auditors as additional information is received. A listing of checks that have been reissued (\$220) and been reissued and cleared (\$517.54), with accompanying documentation, is attached.

#### **C. Net Outstanding Qualified Campaign Expenses**

Because the auditors have presented a Statement of Net Outstanding Qualified Campaign Expenses (NOQUE) that reflects a \$0 balance indicating that the Committee has neither exceeded the expenditure limitation nor has unexpended funds, the Committee has not submitted an adjusted or corrected NOQUE herein. However, by this action, the Committee is not conceding that it agrees with any of the particular line items in the auditors' NOQUE, and reserves the right, pending the Final Audit Report, to present an adjusted NOQUE should there be a change in the auditors' version.

In addition, the Committee expressly disagrees with the auditors' treatment of winding down expenses in the context of the NOQUE presented. For purposes of this response, the Committee fully incorporates the entire discussion of winding down expenses contained in the PAR response of Gore 2000, including the Attachments and back-up documentation provided thereto.



Furthermore, the Committee notes that adoption of the adjusted NOCO for Gore 2000 – including the corrected winding down expenses – will not alter the \$0 balance of the NOQUE presented. In other words, the changes to the NOCO proposed by Gore 2000 will not result in either excess spending or unexpended funds for the Committee. Because of the methodology used by the auditors – and as explained by them to Committee representatives – the Committee will be able to maintain the \$0 balance by using funds of the GELAC, as permitted under FEC regulations.

Accordingly, any revision to the NOQUE as a result of the adjusted NOCO submitted should continue to maintain a \$0 balance under the methodology used by the Audit Division.

September 13, 2002