



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

November 26, 2001

**MEMORANDUM**

TO: RON M. HARRIS  
PRESS OFFICER  
PRESS OFFICE

FROM: ROBERT J. COSTA *RJC*  
DEPUTY STAFF DIRECTOR

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON  
RUNBECK FOR CONGRESS

Attached please find a copy of the final audit report and related documents on Runbeck for Congress that was approved by the Commission on November 9, 2001.

Informational copies of the report have been received by all parties involved and the report may be released to the public on November 26, 2001.

Attachment as stated

cc: Office of General Counsel  
Office of Public Disclosure  
Reports Analysis Division  
FEC Library

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**REPORT OF THE AUDIT DIVISION**  
**ON**  
**RUNBECK FOR CONGRESS**

**Approved November 9, 2001**



**FEDERAL ELECTION COMMISSION**  
**999 E STREET, N.W.**  
**WASHINGTON, D.C.**

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RUNBECK FOR CONGRESS

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**REPORT OF THE AUDIT DIVISION  
ON  
RUNBECK FOR CONGRESS  
EXECUTIVE SUMMARY**

Runbeck for Congress (RFC) registered with the Federal Election Commission on January 22, 1997 as the principal campaign committee for Linda Runbeck, Republican candidate for the U.S. House of Representatives from the state of Minnesota, Sixth District. RFC maintains its headquarters in Circle Pines, MN and its treasurer both currently and during the audit period is Mr. Richard Runbeck.

The audit was conducted pursuant to 2 U.S.C. §438(b), which states that the Commission may conduct audits of any political committee whose reports fail to meet the threshold level of compliance set by the Commission.

The finding of the audit report was presented to the Committee at the completion of fieldwork on October 18, 2001. The following is an overview of the finding contained in the audit report.

**DISCLOSURE OF OCCUPATION/NAME OF EMPLOYER -**

2 U.S.C 434(b)(3)(A) and (13)(A). The audit revealed that a material number of contributions had not been disclosed as required. The Audit staff reviewed amended Schedules A (itemized receipts) filed subsequent to notification of the audit and concluded that RFC had disclosed additional contributor information to materially correct the public record.





***REPORT OF THE AUDIT DIVISION  
ON THE  
RUNBECK FOR CONGRESS***

**I. BACKGROUND**

**A. AUDIT AUTHORITY**

This report is based on an audit of Runbeck for Congress (RFC) undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the provisions of the Federal Election Campaign Act of 1971, as amended (the Act). The audit was conducted pursuant to Section 438(b) of Title 2 of the United States Code that states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this subsection, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

**B. AUDIT COVERAGE**

The audit covered the period from January 1, 1999 through December 31, 2000. RFC reported a beginning cash balance of \$32,975; total receipts of \$913,541; total disbursements of \$905,857; and a closing cash balance of \$45,690.<sup>1</sup>

**C. COMMITTEE ORGANIZATION**

RFC registered with the Commission on January 22, 1997 as the principal campaign committee for Linda Runbeck (the Candidate), Republican candidate for the U.S. House of Representatives from the state of Minnesota, Sixth District. RFC maintains its headquarters in Circle Pines, MN and its treasurer both currently and during the audit period is Mr. Richard Runbeck.

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<sup>1</sup> All figures in this report have been rounded to the nearest dollar. In addition, these figures do not foot as the result of a \$5,058 error carrying forward ending cash on hand from the 2000 July 15<sup>th</sup> Quarterly report to beginning cash on hand of the next report.

To manage its financial activity, RFC maintained four bank accounts. From these accounts, 439 disbursements were made. RFC's reported receipts were comprised of contributions from individuals totaling \$551,002; 193 contributions from political committees, totaling \$303,368; contributions from the Candidate totaling \$11,000; and, a loan from the Candidate in the amount of \$20,000. Accounting and recordkeeping functions were performed by paid campaign staff, which utilized commonly available campaign management and accounting software.

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

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, the scope of this audit was limited to the following: (1) the accuracy of total reported receipts, disbursements and cash balances as compared to bank records; and, (2) the completeness of RFC's disclosure of contributors' occupation and name of employer.

Unless specifically discussed below, no material non-compliance was detected. It should be noted that the Commission may pursue any of the matters discussed in this report in an enforcement action.

## **II. AUDIT FINDING AND RECOMMENDATION**

### **Disclosure of Occupation/Name of Employer**

Section 434(b)(3)(A) of Title 2 of the United States Code requires, in part, a political committee to disclose the identification of each person who makes a contribution during the reporting period to the committee in an aggregate amount or value in excess of \$200 within the calendar year, together with the date and amount of any such contribution.

Section 431(13)(A) of Title 2 of the United States Code defines the term "identification" to mean, in the case of any individual, the name, the mailing address, and the occupation of such individual, as well as the name of his or her employer.

Section 432(i) of Title 2 of the United States Code states, in part, that when the treasurer of a political committee shows that best efforts have been used to obtain, maintain, and submit the information required by this Act for the political committee, any report or any records of such committee shall be considered in compliance with this Act.

Section 104.7(b) of Title 11 of the Code of Federal Regulations states, in relevant part, that the treasurer will only be deemed to have exercised best efforts to obtain, maintain and report the required information if for each contribution received aggregating in excess of \$200 per calendar year which lacks required contributor information, the treasurer makes at least one effort after the receipt of the contribution to obtain the missing information. Such effort shall consist of either a written request sent to the contributor or an oral request to the contributor documented in writing. The

written or oral request must be made no later than thirty days after receipt of the contribution. The written or oral request shall not include material on any other subject or any additional solicitation, except that it may include language solely thanking the contributor for the contribution.

RFC disclosed 866 contributions from individuals on Schedules A. The Audit staff reviewed these reported entries, along with amendments thereto that included additional contributor information, to determine if the RFC had disclosed the contributors' occupation and/or name of employer. We determined that for 234 of the 866 items (27%), the required information was not disclosed.

The Audit staff reviewed amended Schedules A (itemized receipts) filed subsequent to notification of the audit and concluded that RFC had disclosed additional contributor information to materially correct the public record.







FEDERAL ELECTION COMMISSION  
WASHINGTON D.C. 20463

November 14, 2001

Mr. Richard Runbeck, Treasurer  
Runbeck for Congress  
P. O. Box 291  
Circle Pines, MN 55014

Dear Mr. Runbeck:

Attached please find the Final Audit Report on Runbeck for Congress. The Commission approved the report on November 9, 2001.

The Commission approved Final Audit Report will be placed on the public record on November 21, 2001. Should you have any questions regarding the public release of the report, please contact the Commission's Press Office at (202) 694-1220. Any questions you have related to matters covered during the audit or in the report should be directed to Deanne McClintock or Wanda Thomas of the Audit Division at (202) 694-1200 or toll free at (800) 424-9530.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Costa".

Robert J. Costa  
Deputy Staff Director  
for Audit and Review

Attachment as stated



CHRONOLOGY  
RUNBECK FOR CONGRESS

|  |                                 |
|--|---------------------------------|
| Audit Fieldwork                        | August 23 -<br>October 18, 2001 |
| Final Audit Report<br>to the Committee | November 14, 2001               |
| Final Audit Report Approved            | November 9, 2001                |