




FEDERAL ELECTION COMMISSION
Washington, DC 20463

November 18, 2003

MEMORANDUM

TO: RON M. HARRIS
PRESS OFFICER
PRESS OFFICE

FROM: JOSEPH F. STOLTZ 
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE AUDIT REPORT ON
FRIENDS OF MIKE FERGUSON

Attached please find a copy of the audit report and related documents on the Friends of Mike Ferguson, which was approved by the Commission on November 14, 2003.

The report may be released to the public on November 25, 2003.

Attachment as stated

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



Report of the Audit Division on Friends of Mike Ferguson

January 1, 2001 – December 31, 2002

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Committee (p. 2)

Friends of Mike Ferguson is the principal campaign committee for Mike Ferguson, Republican candidate for the U.S. House of Representatives from the state of New Jersey, 7th District, and is headquartered in Union, New Jersey. For more information, see the chart on the Campaign Organization, p.2.

Financial Activity (p. 3)

• Receipts	
○ From Individuals	\$1,224,053
○ From Political Committees	6,679
○ From Other Political Committees	793,771
○ Offsets to Operating Expenditures	499
○ Other Receipts	12,196
○ Transfers From Other Authorized Committees	64,351
○ Total Receipts	\$2,101,549
• Disbursements	
○ Operating & Other Disbursements	\$2,045,051
○ Total Disbursements	\$2,045,051

Findings and Recommendations (p. 3)

Based upon our examination of the reports and statements filed, and the records presented by Friends of Mike Ferguson, no material non-compliance was discovered.

¹ 2 U.S.C. §438(b).

Report of the Audit Division on Friends of Mike Ferguson

January 1, 2001 – December 31, 2002



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Part I

Background

Authority for Audit

This report is based on an audit of Friends of Mike Ferguson, undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must 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. 2 U.S.C. §438(b).

Scope of Audit

Following Commission approved procedures, the Audit staff evaluated various risk factors and as a result this audit examined:

1. The receipt of excessive contributions and loans.
2. The receipt of contributions from prohibited sources.
3. The disclosure of contributions received.
4. The consistency between reported figures and bank records.
5. The completeness of receipt records.
6. Other committee operations necessary to the review.

Changes to the Law

On March 27, 2002, President Bush signed into law the Bipartisan Campaign Reform Act of 2002 (BCRA). The BCRA contains many substantial and technical changes to the federal campaign finance law. Most of the changes became effective November 6, 2002. Except for November 7, 2002 through December 31, 2002, the period covered by this audit pre-dates these changes. Therefore, the statutory and regulatory requirements cited in this report are primarily those that were in effect prior to November 7, 2002.

Part II

Overview of Campaign

Campaign Organization

Important Dates	Friends of Mike Ferguson
• Date of Registration	May 7, 2001
• Audit Coverage	January 1, 2001 – December 31, 2002
Headquarters	Union, New Jersey
Bank Information	
• Bank Depositories	Two
• Bank Accounts	Two Checking Accounts
Treasurers	
• Treasurer When Audit Was Conducted	William J. Morrison
• Treasurer During Period Covered by Audit	William J. Morrison
Management Information	
• Attended FEC Campaign Finance Seminar	No
• Used Commonly Available Campaign Management Software Package	Yes
• Who Handled Accounting, Recordkeeping Tasks and Other Day-to-Day Operations	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2001	\$0
Receipts	
○ From Individuals	\$1,224,053
○ From Political Committees	6,679
○ From Other Political Committees	793,771
○ Offsets to Operating Expenditures	499
○ Other Receipts	12196
○ Transfers From Other Authorized Committees	64,351
○ Total Receipts	\$2,101,549
Disbursements	
○ Operating & Other Disbursements	\$2,045,051
○ Total Disbursements	2,045,051
Cash on hand @ December 31, 2002	\$56,498

Part III

Findings and Recommendations

Based upon our examination of the reports and statements filed, and the records presented by Friends of Mike Ferguson, no material non-compliance was discovered.