



# FEDERAL ELECTION COMMISSION

1325 K STREET N.W.  
WASHINGTON, D.C. 20463

## REPORT OF THE AUDIT DIVISION ON THE CITIZENS COMMITTEE FOR THE DEMOCRATIC NATIONAL CONVENTION, INC.

### I. Background

This report covers the post-convention audit of the Citizens Committee for the Democratic National Convention, Inc., undertaken by the Audit Division of the Federal Election Commission to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended. The audit was conducted pursuant to Section 438(a)(8) of Title 2, United States Code, which directs the Commission to make from time to time audits with respect to reports and statements filed under the provisions of the Act.

The Citizens Committee for the Democratic National Convention, Inc. filed for incorporation on December 15, 1975, for the purpose of planning, organizing and administering various welcoming activities for the delegates, guests, and media representatives to the Democratic National Convention held in New York City in July, 1976. The Committee is a "host committee" as defined in Section 120.2 (h) of the Commission's Rules and Regulations. The principal officers of the Committee were Mr. Preston R. Tisch, President, and Mr. Joseph Andrew Hays, Treasurer. The Committee maintains its headquarters at the Loew's Corporation offices, 666 5th Avenue, New York, New York.

The audit covered the period December 26, 1975 through December 31, 1976. During that period, the Committee reported beginning cash of \$-0-, receipts of \$348,467.56, expenditures of \$343,609.70 and ending cash of \$4,857.86.

This audit report is based on documents and working papers supporting each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in this report and were available to Commissioners and appropriate staff for review.



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## Auditor's Statement and Description of Findings

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented, that, except for the deficiencies noted below, the reports and statements of the Citizens Committee for the Democratic National Convention, Inc. fairly present the financial activities of the Committee for the period covered by the audit. Further, except as noted below, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

### A. Reporting of Contributions-In-Kind

Section 437 of Title 2, United States Code, requires the committee to file with the Commission a full and complete financial statement, in such form and detail as it may prescribe, of the sources from which it derived its funds, and the purpose for which such funds were expended.

In three instances, the Committee's records showed contributions-in-kind which were not disclosed in the report. These totaled \$22,000.00 and in each case required itemization. Of this amount, \$21,300.00 was one invoice for public service announcements provided by a public broadcasting T.V. station. The error appeared to have been caused by an oversight.

We recommended on March 18, 1977, that the Committee file amended August 31, 1976, and September 30, 1976, reports disclosing the omitted contributions-in-kind, together with an adjusted Summary Sheet for the year-end report reflecting the changes in the appropriate totals. On April 7, 1977, the Commission received the Committee's amended reports including the contributions-in-kind.

### B. Itemization of Expenditures

As noted in Part A above, Section 437 of Title 2, United States Code, requires the Committee to disclose the purpose for which its funds were expended. In accordance with the requirements of Commission Form 4, each person to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100.00 should be identified, together with the dates and amounts of such expenditures.

Our review of expenditures disclosed one instance where a series of checks, totaling \$450.58 to the same payee, were reported by the Committee as unitemized expenditures.

We recommended on March 18, 1977, that the Committee add this change to their amended August 31, 1976, report, reclassifying the total expenditures from unitemized to itemized, and also amend the year-end report summary sheet to reflect these adjustments. On April 7, 1977, the Commission received the Committee's amended report reclassifying the expenditures in question as recommended.

### C. Host Committee Contributions

Sections 121.7, 121.8 and 121.9 of the Commission's Regulations (Proposed Regulations during the time the Committee was in operation) set specific guidelines for host committees in the areas of in-kind contributions as well as donations from local businesses and labor organizations.

The contribution and expenditure reviews conducted during the audit included tests to ensure compliance with these provisions of the Regulations. No transfers were made to the Democratic National Committee or the DNC Convention Committee by this Committee.

Our review disclosed that the activity of the Committee was in material compliance with the requirements of the Commission's Rules and Regulations.

#### Recommendation

It is the recommendation of the Audit staff that the Commission accept the findings mentioned above, with no additional action.

It is further recommended that the Committee be furnished a copy of this report and that this report be made available to the public after the Commission accepts the final reports of the party convention committees.

### III. Status of the Committee 1/

At the time of the audit, the Committee had collected all its receivables and had only minimal contingent liabilities outstanding. The Committee anticipated a positive cash residue of several thousand dollars after all liabilities have been met. Committee representatives expressed an interest in retaining the balance of monies for use by the Committee after it has been restructured into a permanent citizens committee for the promotion of convention and trade show affairs for New York City.

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1/ On April 15, 1977, the Commission received the Committee's termination report stating that \$3,408.76 was transferred to a new account for the purposes stated in this section.

FEC  
DOCUMENT  
SEPARATOR