



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

March 20, 1981

MEMORANDUM

TO: FRED EILAND  
PRESS OFFICE

FROM: BOB COSTA *KJC*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT  
REPORT - THE BAKER-CONNALLY COMMITTEE

Attached please find a copy of the final audit report of the Baker-Connally Committee which was approved by the Commission on March 12, 1981.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: FEC Library  
RAD  
Public Record

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## FEDERAL ELECTION COMMISSION

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### FINAL REPORT OF THE AUDIT DIVISION ON THE BAKER-CONNALLY COMMITTEE

#### I. Background

##### A. Overview

This report covers an audit of the Baker-Connally Committee ("the Committee"), to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 9038(a) of Title 26 of the Internal Revenue Code which states, in part, that "after each matching payment period, the Commission shall conduct a thorough examination and audit of the qualified campaign expenses of every candidate and his authorized committees who received payments under Section 9037."

The Committee registered with the Federal Election Commission on May 7, 1980. This Committee is a joint fundraising committee authorized by Senator Howard H. Baker, Jr. on May 2, 1980 and by the Honorable John B. Connally, III on June 20, 1980. The Committee maintains its headquarters in Washington, D.C.

The audit covered the period from inception through October 15, 1980. The Committee reported an opening cash balance of \$-0-, total receipts of \$74,111.94, total expenditures of \$70,638.36, and a closing cash balance of \$3,473.58 during the period.

This 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.

##### B. Key Personnel

The principal officer of the Committee during the period audited was Mr. J. Stanley Huckaby, Treasurer.

C. Scope

The audit included such tests as verification of total reported receipts and expenditures and individual transactions; review of required supporting documentation and analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Prohibited Contribution

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any election to any political office, and it is unlawful for any candidate, political committee, or other person to knowingly accept or receive any such contribution.

Section 441b(b)(2) of Title 2 of the United States Code states, in part, that for purposes of this section and section 791(h) of Title 15, the term "contribution or expenditure" shall include any direct or indirect payment, distribution, loan, advance, deposit or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election to any of the offices referred to in this section.

Our review of Committee records revealed that in April, 1980, a Committee fieldperson contracted with a vendor in Springfield, Tennessee for printing of Committee solicitation materials. Committee officials stated that since the fieldperson was well known as the wife of the President of a corporation, the vendor thought the fieldperson was contracting on behalf of the corporation and not for the Committee. Therefore, instead of billing the Committee for the materials, the vendor billed the corporation for \$1,049.40. The corporation paid the vendor on May 19, 1980. The Committee reimbursed the corporation on May 27, 1980. Thus, the corporation advanced the Committee an amount totalling \$1,049.40 for a period of approximately nine (9) days. Committee officials stated that they were unaware of this situation until they received the bill from the fieldperson via letter dated May 21, 1980. The Committee then reimbursed the corporation within a week.

Recommendation

Because the advance from the corporation was outstanding for only approximately nine (9) days and the Committee paid the invoice promptly upon receipt, the Audit staff recommends no further action with respect to this matter.

B. Recordkeeping and Disclosure of Contribution Information

Section 432(c)(3) of Title 2 of the United States Code states that the treasurer of a political committee shall keep an account of the identification of any person who makes a contribution or contributions aggregating more than \$200.00 during a calendar year, together with the date and amount of any such contribution.

Section 434(b)(3) of Title 2 of the United States Code requires a committee to disclose the identification of each person (other than a political committee) who makes contributions in an aggregate amount exceeding \$200.00 in a 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 "identification", in the case of an individual, as the name, mailing address, occupation, and the name of his or her employer.

Our review of Committee reports revealed contributions for which the required contributor information (occupation and name of employer) was lacking. The Committee failed to disclose the occupation of 73 contributors making contributions totalling \$23,750.00 (37.06% of total items and 37.50% of total dollar value of contributions requiring disclosure of such information). In addition, the name of employer was not disclosed for 75 contributors making contributions totalling \$24,750.00 (38.07% of items and 31.42% of the dollar value of contributions requiring such information). It was noted that Committee records contained the occupation of 13 and the name of employers for 14 of the contributors noted above. For the remaining items noted above, the required contributor information was not maintained in the Committee records. Copies of solicitation materials presented during the audit contained no request for this information.

Committee officials stated that efforts to obtain the required information were made via telephone contact, but that no records of these efforts were maintained.

In the Interim Audit report, the Audit staff recommended that the Committee obtain and submit the required information, or present evidence of their efforts to obtain it within 30 days of receipt of the report. Subsequently, on February 23, 1981 the Committee submitted documentation in the form of letters to contributors requesting the required information. Of the deficient items noted above, the Committee obtained and submitted the required contributor information for 31 contributors and demonstrated their best efforts to obtain the required information for 36 additional contributors. Therefore, the Committee has either obtained, or demonstrated best efforts to obtain, the required information for 98% of items originally noted as deficient. As requested by the Committee, the required contributor information was placed on the public record to amend the Committee's disclosure report.

Recommendation

Based on the above, the Audit staff recommends no further action with respect to this matter.

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