




FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 8, 2003

MEMORANDUM

TO: RON M. HARRIS
PRESS OFFICER
PRESS OFFICE

FROM: JOSEPH F. STOLTZ 
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

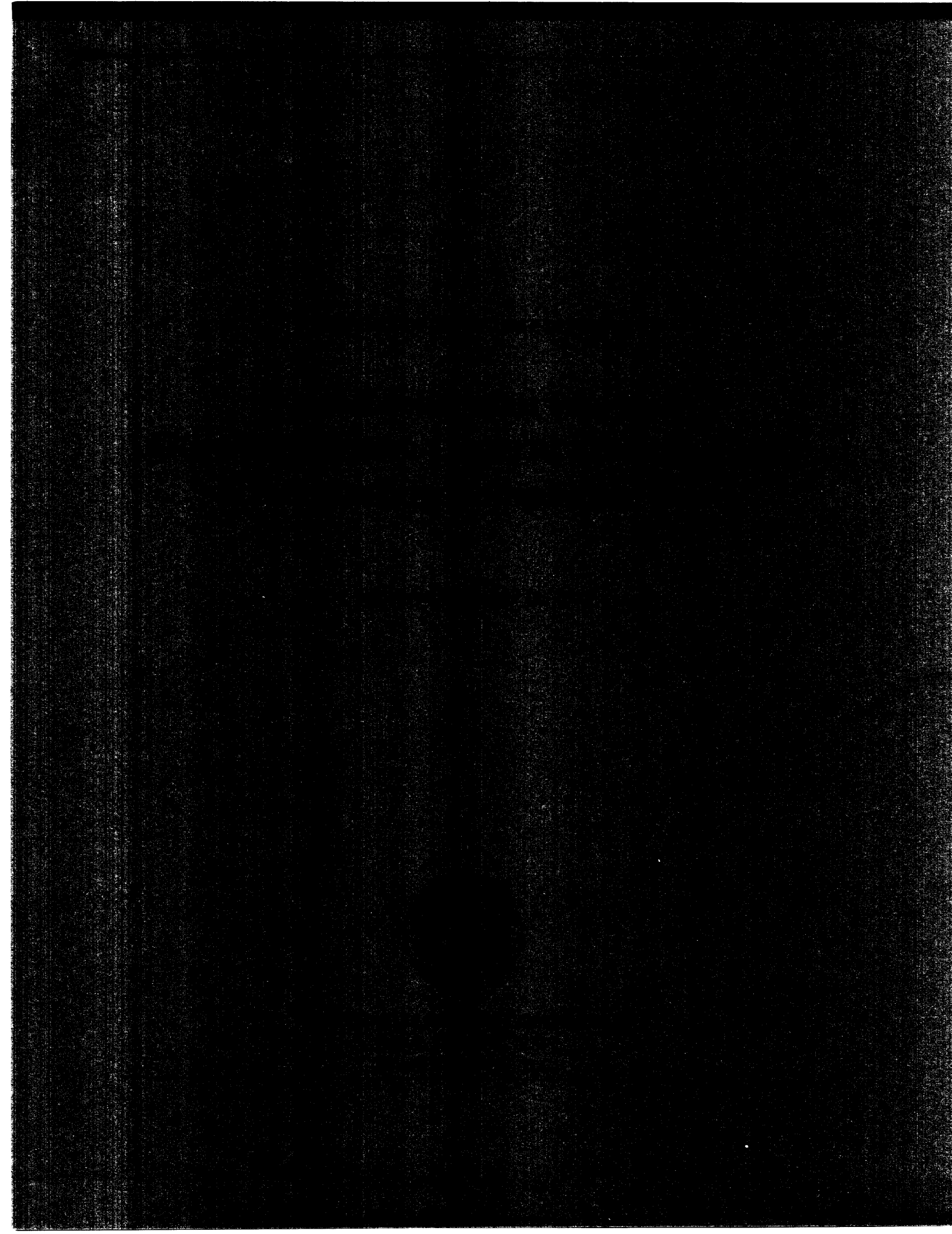
SUBJECT: PUBLIC ISSUANCE OF THE AUDIT REPORT ON
GORE/LIEBERMAN, INC. AND GORE/LIEBERMAN GENERAL
ELECTION LEGAL & ACCOUNTING COMPLIANCE FUND

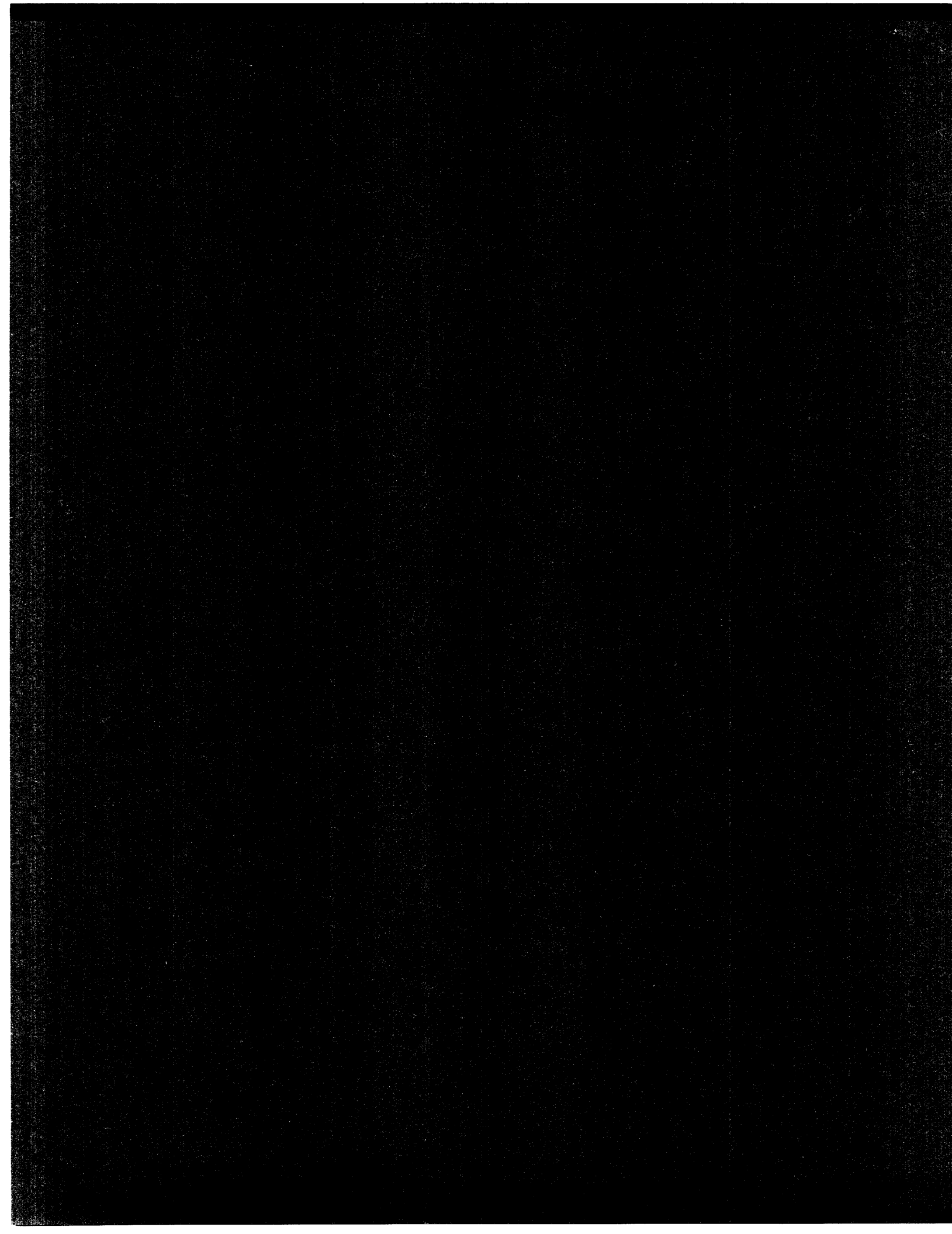
Attached please find a copy of the audit report on Gore/Lieberman, Inc. and Gore/Lieberman General Election Legal & Election Compliance Fund, which was approved by the Commission on December 12, 2002.

All parties involved have received informational copies of the report and the report may be released to the public.

Attachment as stated

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





REPORT OF THE AUDIT DIVISION
ON
Gore/Lieberman Inc. and
Gore/Lieberman General Election Legal
& Accounting Compliance Fund

Approved December 12, 2002



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

TABLE OF CONTENTS

GORE/LIEBERMAN, INC. AND GORE/LIEBERMAN GENERAL ELECTION LEGAL & ACCOUNTING COMPLIANCE FUND

	Page
Executive Summary	1
Final Audit Report	3
Background	5
Findings	5
Legal Analysis	13
Transmittal to Candidate	15
Chronology	17



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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

EXECUTIVE SUMMARY

Gore/Lieberman, Inc. (General Committee) registered with the Federal Election Commission (the Commission) on August 18, 2000 as the principal campaign committee for Vice President Al Gore, candidate for the office of the President of the United States and Senator Joseph Lieberman for the office of the Vice President of the United States. The Gore/Lieberman General Election Legal and Accounting Compliance Fund (GLCF) registered with the Federal Election Commission on January 11, 1999.

The audit was conducted pursuant to Section 9007(a) of Title 26 of the United States Code, requiring that after each presidential election, the Commission conduct a thorough examination and audit of the qualified campaign expenses of the candidates of each political party for President and Vice President. The General Committee received federal funds totaling \$67,560,000 from the United States Treasury on August 18, 2000.

The findings of the audit were presented to the General Committee and the GLCF at an exit conference held on March 4, 2002 and in the Preliminary Audit Report. The Committees' responses to those findings are contained in the audit report.

The following is an overview of the findings contained in the audit report.

DISCLOSURE OF AIR CHARTER ACTIVITY — 11 CFR §9004.6(e); 11 CFR §104(a)(3) and (b)(2); 2 U.S.C. §434(b)(3)(F). The General Committee failed to disclose payments from the United States Secret Service, the Press and the Office of the Vice President totaling \$599,410, as well as disbursements to Flighttime, Inc. for \$217,978.

In response to the preliminary audit report, the General Committee filed the requested schedules.

INTEREST INCOME RECEIVED — 11 CFR §9004.5; 11 CFR §9007.2(b)(4). The General Committee received after tax interest totaling \$11,625 from certificates of deposits and certain vendor deposits. Absent documentation of additional taxes paid, \$11,625, was payable to the United States Treasury.

In response to the preliminary audit report, the General Committee delivered to the Audit Division a check payable to the United States Treasury in the amount of \$11,625.

STALE DATED CHECKS — 11 CFR §9007.6. The Audit staff identified stale-dated checks totaling \$1,042 for the General Committee and \$2,220 for the GLCF.

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

The Commission approved the Staff recommendation.

APPARENT NON-QUALIFIED EXPENSES — 11 CFR § 9002.11(a)(1); 11 CFR § 9003.5(a); 26 U.S.C. §9007(b)(4). The General Committee made duplicate payments to Clearwing Production Services, Inc. totaling \$89,735. Prior to the preliminary audit report, the General Committee received checks from Clearwing Production Services, Inc. refunding this amount in total.

NET OUTSTANDING QUALIFIED CAMPAIGN EXPENSES — 11 CFR § 9004.9(b). The Statement of Net Outstanding Qualified Campaign Expenses shows the General Committee had neither a federal funds surplus nor had exceeded the spending limitation.



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; \$19,081¹ 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;

¹ 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 11 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 \$599,410². 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.

² 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 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.

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 ¹	\$1,699,646	
Accounts Receivable-REALIZED	4,276,857	
Accounts Receivable-OUTSTANDING ²	328,772	
Due from the Primary Committee		
For Winding Down Expenses ³	521,828	
For Primary Expenses Paid before 12/7/00	103,560	
Capital Assets	<u>19,978</u>	
TOTAL ASSETS		\$6,950,641

Obligations

Accounts Payable		
Actual thru 09/30/02	5,104,557	
Due to the Primary Committee	902,865	
Winding down cost;		
Actual thru 09/30/02	848,423	
Estimated thru 12/31/03 ⁴	93,754	
Stale-Dated Checks	<u>1,042</u>	
TOTAL LIABILITIES		<u>6,950,641</u>
Net Outstanding Qualified Campaign Expenses		\$ <u>-0-</u>

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 (\$902,865) paid for by the General Committee but incurred by both.
- 4 The General Committee's share of estimated winding down cost totals \$605,224. To avoid exceeding the expenditure limitation, it is assumed the remainder of this estimated wind down \$511,470 (\$605,224-93,754) would 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. 20461

November 13, 2002

MEMORANDUM

TO: Joseph F. Stoltz
Assistant Staff Director
Audit Division

THROUGH: James A. Pehrkon *JAP*
Staff Director

Robert J. Costa *RJ*
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. Generally, we concur with any findings not specifically addressed in these comments.

¹ 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. § 24

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.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 3, 2003

The Honorable Albert J. Gore, Jr.
c/o Mr. Eric Kleinfeld
Ryan, Phillips, Utrecht & MacKinnon
1133 Connecticut Avenue, N.W.
Suite #300
Washington, D.C. 20036

Dear Mr. Gore:

Attached please find the Report of the Audit Division on Gore/Lieberman, Inc. and Gore/Lieberman, Inc. General Election Legal & Accounting Compliance Fund. The Commission approved the report on December 12, 2002. As noted in the report, the Commission may pursue any of the matters discussed in an enforcement action.

In accordance with 11 CFR §§9007.2(c)(1) and (d)(1), the Commission has made a determination that a repayment to the Secretary of the Treasury in the amount of \$3,262 is required within 90 calendar days after service of this report (April 7, 2003).

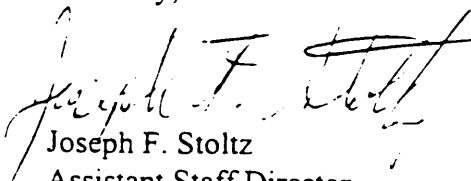
Should the Candidate dispute the Commission's determination that a repayment is required, Commission regulations at 11 CFR §9007.2(c)(2)(i) provide the Candidate with an opportunity to submit in writing, within 60 calendar days after service of the Commission's notice (March 7, 2003), legal and factual materials to demonstrate that no repayment, or a lesser repayment, is required. Further, 11 CFR §9007.2(c)(2)(ii) permits a Candidate who has submitted written materials to request an opportunity to address the Commission in open session based on the legal and factual materials submitted.

The Commission will consider any written legal and factual materials submitted within the 60 day period when deciding whether to revise the repayment determination. Such materials may be submitted by counsel if the Candidate so elects. If the Candidate decides to file a response to the repayment determination, please contact Greg Baker of the Office of General Counsel at (202) 694-1650 or toll free at (800) 424-9530. If the Candidate does not dispute this determination within the 60 day period provided, it will be considered final.

The Commission approved report will be placed on the public record on January 7, 2003. 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 Erica D. Lee or Russ Bruner of the Audit Division at (202) 694-1200 or toll free at (800) 424-9530.

Sincerely,



Joseph F. Stoltz
Assistant Staff Director
Audit Division

Attachment as stated

CHRONOLOGY

**GORE/LIEBERMAN, INC. AND GORE/LIEBERMAN GENERAL
ELECTION LEGAL AND ACCOUNTING COMPLIANCE FUND.**

Audit Fieldwork	February 21, 2001 - March 1, 2002
Preliminary Audit Report to the Committee	June 27, 2002
Response Received to the Preliminary Audit Report	September 13, 2002
Final Audit Report Approved	December 12, 2002

