



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

January 11, 1980

MEMORANDUM

TO: FRED EILAND  
PRESS OFFICE

THROUGH: JUDY HAWKINS

FROM: BOB COSTA *RJC*

SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -  
EVANS FOR CONGRESS CAMPAIGN FUND AND  
THE HONORABLE BILLY L. EVANS (GA/8)

Attached please find a copy of the final audit report of the Evans for Congress Campaign Fund and the Honorable Billy L. Evans (GS/8) which was approved by the Commission on December 31, 1979.

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

With this release the 8th District of Georgia is now complete.

Attachment as stated

cc: FEC Library  
RAD  
Public Record

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION  
ON  
THE EVANS FOR CONGRESS CAMPAIGN FUND  
AND  
THE HONORABLE BILLY L. EVANS

I. Background

A. Overview

This report is based on an audit of the Evans For Congress Campaign Fund ("the Committee") and the Honorable Billy L. Evans, undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy 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 438(a)(8) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Federal Election Commission on July 1, 1976 in support of Billy Lee Evans candidate for the Office of U.S. Representative from the 8th Congressional District of Georgia. The Committee maintains its headquarters in Macon, Georgia.

The Audit covered the period from May 5, 1976, the inception date of Committee activity through September 30, 1977 the final coverage date of the latest report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance of -0-, total receipts for the period of \$250,285.44, total expenditures for the period of \$249,017.27 and a closing cash balance of \$1,268.17. The Candidate reported a beginning cash balance of -0-, total receipts for the period of \$11,624.00, total expenditures for the period of \$11,558.55 and a closing cash balance of \$65.45.

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

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B. Key Personnel

The principal officers of the committee during the period covered by the audit were as follows:

Mr. Frank C. Pinkston, Chairman, 7/1/76 - 5/30/77

Mr. Cecil Passmore, Chairman, 5/31/77 - 9/30/77

Mr. Dennis Beall, Treasurer, 7/1/76 - 1/31/77

Mr. John E. James, Treasurer, 1/31/77 - 9/30/77

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.

COMMITTEE

Findings and Recommendations

A. Excessive Contributions

Section 441a(a)(1)(A) of Title 2, United States Code, prohibits a person from making a contribution to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceeds \$1,000.00.

Section 441a(f) of Title 2, United States Code, in part, states that no candidate or political committee shall knowingly accept any contribution in violation of the provisions of this section.

Committee records show the receipt of three (3) loans totaling \$30,000.00. Comprising this total is one (1) loan of \$15,000.00 from a bank secured by collateral from an individual, one (1) loan of \$10,000.00 from an individual, and one (1) loan of \$5,000.00 from two (2) individuals.

This matter was referred to the Commission's Office of General Counsel on March 9, 1978, where Matter Under Review (MUR) 551(78) was initiated. On July 14, 1978, the Commission found reasonable cause to believe that the above violations had occurred and directed the Office of General Counsel to initiate

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conciliation efforts. On July 11, 1979, the Commission found probable cause to believe that three (3) individuals 1/ had violated 2 U.S.C. 441a(a) (1) (A) by making excessive contributions and that the Committee and the Candidate had violated 2 U.S.C. 441a(f) by accepting excessive contributions.

Subsequent additional efforts at conciliation resulted in a conciliation agreement approved by the Commission and signed by the Committee 2/ on October 10, 1979. The Committee also paid a civil penalty of \$400.00. On November 14, 1979, the Commission voted to close the file.

B. Prohibited Contributions

Section 441b(a) of Title 2, United States Code, in part, prohibits any national bank or any corporation from making a contribution in connection with any Federal Election and prohibits any candidate or political committee from accepting any contribution from any national bank or any corporation.

During our examination of Committee records, we found the Committee accepted contributions from eight (8) business entities which were subsequently verified as incorporated with the Secretary of State.

The matter was referred to the Commission's Office of General Counsel on March 9, 1978, where Matter Under Review (MUR) 551(78) was initiated. Subsequent investigation by the Office of General Counsel determined that only three (3) of the contributions totaling \$400.00, were received from one (1) bank and two (2) corporations.

On April 13, 1978, the Commission found reason to believe that the committee violated 2 U.S.C. 441b(a) by accepting these contributions. During the Committee's preparation of its response to the Commission's finding (4/13/78), the Committee discovered and voluntarily admitted receipt of an additional \$500.00 contribution from a corporate account.

On July 19, 1978 the Commission voted to include the Committee's acceptance of these contributions in the proposed conciliation agreement to be sent to the Committee.

This matter was included in the conciliation agreement signed by the Committee on October 10, 1979 which also provided for a civil penalty of \$400.00. On November 14, 1979, the Commission voted to close the file.

1/ On July 11, 1979, the Commission voted to take no further action with regard to the violation of 2 U.S.C. 441a(a) (1) (A) by the one individual providing collateral for the bank loan of \$15,000.00.

2/ The Commission voted to take no further action with respect to the Candidate in this matter.

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C. Retention of Receipted Bills

Section 432(d) of Title 2, United States Code, requires the Treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee in excess of \$100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100. Section 102.9(c)(4) of Title II, Code of Federal Regulations, provides that when a receipted bill is not available, the treasurer may keep the cancelled check(s) showing payment(s) of the bill; and the bill, invoice or other contemporaneous memorandum of the transaction.

Committee records showed it made 281 expenditures totaling \$232,478.35 which required supporting documentation. We found the Committee had not obtained or kept a receipted bill or other contemporaneous memorandum in support of 150 or 53% of those expenditures totaling \$190,803.24 (82% of total monies requiring support). However, all but 11 expenditures totaling \$3,802.56 were supported with a cancelled check. The Committee maintained no other record of its expenditures, although it did record the purpose of expenditure on 139 of its checks. As a result, we were unable to determine the purpose of expenditure for those items which were not supported by a cancelled check.

One hundred and nineteen of the inadequately supported expenditures were made in amounts in excess of \$100 and included 34 expenditures totalling \$85,976.86 made to purchase advertising. The remaining 31 expenditures were made in amounts of \$100 or less, but total expenditures to each of the payees aggregated in excess of \$100 during the calendar year.

Committee officials stated that, although they were aware of a few undocumented expenditures, they did not realize such a large number of expenditures had been insufficiently documented. We recommended that the Committee obtain and submit the required documentation, or evidence of their efforts to obtain it.

Subsequent to the close of fieldwork, the Committee submitted copies of the required supporting documentation for 107 expenditures totaling \$145,947.55. Although 43 expenditures (15% of total expenditures) totaling \$44,855.69 (19% of total monies expended) remain insufficiently documented, the Committee submitted evidence of its best efforts in the form of certified letters sent to vendors requesting the required documentation to support expenditures made to them.

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Recommendation

We recommend no further action with respect to this matter.

D. Itemization of Transfers from Political Committees

Section 434(b)(4) of Title 2, United States Code, requires that each report filed under this section shall disclose the name and address of each political committee or candidate from which the reporting committee or the candidate received, or to which that committee or candidate made, any transfer of funds, together with the amounts and dates of all transfers.

Committee records showed the receipt of 95 transfers from political committees totalling \$47,750.00. The Committee failed to itemize 31 (or 33?) of these transfers totaling \$3,950.00 (8% of the dollar value of total transfers received). Twenty-eight of the 31 unitemized transfers were in amounts of \$100 or less. Committee officials stated that they were unaware all transfers, regardless of amount, require itemization.

In addition, the Committee disclosed transfers received with individual contributions on Line 15 of its Summary Sheets rather than on Line 18 as required by the instructions in FEC Form 3. We recommended the Committee file a comprehensive amendment itemizing the transfers as required and correcting the Committee's year-to-date totals.

Subsequent to the close of fieldwork, the Committee submitted comprehensive amendments to its disclosure reports itemizing the 31 transfers as required. The comprehensive amendment also showed these transfers disclosed on Line 18 of its Summary Sheets as required.

Recommendation

We recommend no further action with respect to this matter.

E. Itemization of Contributions

Section 434(b)(2) of Title 2, United States Code, requires that each report under this section shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee or candidate within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions.

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Committee records showed the Committee received 148 contributions totalling \$36,882.56 from individuals which required itemization. We found the Committee failed to itemize 41 contributions totaling \$5,205.00. The Committee offered no explanation as to why this information was not itemized as required. We recommended the Committee file a comprehensive amendment itemizing the individual contributions as required.

Subsequent to the close of fieldwork, the Committee filed a comprehensive amendment to its disclosure reports itemizing the 41 contributions as required.

Recommendation

We recommend no further action be taken with respect to this matter.

F. Fundraising Events

Section 102.9(d) of Title II, Code of Federal Regulations states it shall be the duty of the treasurer of a political committee or an agent authorized by the treasurer to receive contributions and or make expenditures, to keep full and complete records of proceeds from the sale of tickets and mass collections at each dinner, luncheon, rally, and other fundraising events, including the date, location, and nature of each event.

The Committee reports showed that nine (9) fundraising events were held, generating proceeds of \$74,624.50. The Committee failed to retain a detailed and exact account of two (2) fundraising events, totaling \$6,128.00 (8% of total proceeds). One (1) event with proceeds of \$3,550.00 was held on February 12, 1977. The other event with proceeds of \$2,578.00 was held on April 30, 1977. We recommended the Committee obtain and submit a detailed and exact account of two (2) fundraising events as required.

Subsequent to the close of fieldwork, the Committee submitted full and complete records of the proceeds from the two (2) fundraising events noted above. The records show the date, location, and nature of each of the two (2) events as well as various vouchers and receipted bills from vendors as required.

Recommendation

We recommend no further action be taken with respect to this matter.

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G. Itemization of Committee Loans

Section 434(b) (5) of Title 2, United States Code, requires that reports filed under this section shall disclose each loan to or from any person within the calendar year in an aggregate amount or value in excess of \$100, together with the full names and mailing addresses (occupations and the principal places of business, if any) of the lender, endorsers and guarantors, if any, the date and amount of such loans.

The Committee received 11 loans totaling \$94,000.00. We found that the Committee failed to itemize one (1) loan totaling \$3,000.00 as required. The loan was obtained on September 15, 1976 and was repaid on April 15, 1977. Although the loan remained outstanding for a period of seven (7) months, it was never itemized in Committee reports as a receipt. However, repayment of the loan was itemized as required. We recommended the Committee file comprehensive amendments amending its disclosure reports to itemize the loan as required.

Subsequent to the close of fieldwork, the Committee submitted an amended report itemizing the \$3,000.00 loan as required.

Recommendation

We recommend no further action be taken with respect to this matter.

H. Expenditures from other than Designated Campaign Depository

Section 437 b(a) (1) of Title 2, United States Code requires the principal campaign committee of a candidate to deposit any contributions received by such committee into the designated campaign depository and that no expenditures may be made by any such committee on behalf of a candidate or to influence his election except by check drawn on such account.

Section 433(b) (9) of Title 2, United States Code requires each political committee's statement of organization to include a listing of all banks, safety deposit boxes or other repositories used.

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Documentation submitted by the Committee with respect to two (2) fundraising events held on behalf of the Candidate (as noted in Finding E) show that two (2) depositories were used in conjunction with these two (2) events held on April 30, 1977 and February 12, 1977. Copies of bank statements, cancelled checks and receipted bills show that 15 expenditures totaling \$2,468.74 were made directly from proceeds of these fundraising events. These expenditures were made by checks drawn on banks other than those shown on the Committee's registration statement as campaign depositories. Committee officials stated that net proceeds (i.e. gross proceeds less expenses) were transferred to the Committee from fieldworkers who were unaware of the statutory requirements. Further, Committee officials stated that the events were held by persons who were independent of the Committee. Committee personnel had requested those persons to hold the events but had no control over the activities involved in collecting proceeds and making expenditures relating to them. The Committee reported total proceeds from these fundraising events and reported the expenses paid from proceeds, even though the monies were neither deposited to nor expended from a designated Committee campaign depository. We recommended the Committee's statement of organization be amended to disclose the accounts as Committee depositories.

Subsequent to the close of fieldwork, the Committee submitted an amendment to the Statement of Organization disclosing the two (2) depositories mentioned above as campaign depositories.

Recommendation

We recommend no further action be taken with respect to this matter.

Other Matters

Presented below is a matter for which the Audit staff recommends no further action.

The Committee registered with the Federal Election Commission by letter on July 1, 1976. However, the Committee reports show it received and expended approximately \$19,000.00 prior to July 1, 1976. Hence, the Committee did not file a Statement of Organization in a timely manner, as required by Section 433(a) of Title 2, United States Code.

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CANDIDATE

Findings and Recommendations

A. Expenditure of Funds from Other than Designated Account

Section 437b(a)(1) of Title 2, United States Code, states that each candidate shall designate one or more national or State banks as his campaign depositories.

Section 103.3(a) of Title 11, Code of Federal Regulations, states that all contributions received by a candidate shall be deposited in a checking account in the appropriate campaign depository and that expenditures may be made by a candidate only by check drawn on an account in a designated campaign depository, except for expenditures of \$100 or less made from a petty cash fund maintained pursuant to Section 102.10.

During our review of the Candidates campaign records, we found that a total of \$11,974.00 in receipts were deposited and a total of \$11,989.00 in expenditures had been made from a bank account which had not been designated a campaign depository. The records show that the account is entitled the "Billy L. Evans Campaign Fund." We recommended that an amended Statement of Candidacy be filed on FEC Form 2 or by letter designating the above mentioned account as a campaign depository.

Subsequent to the close of fieldwork, the Committee submitted an amendment to the original Statement of Organization designating the above mentioned account as a campaign depository.

Recommendation

We recommend no further action with respect to this matter.

B. Retention of Receipted Bills

Section 102.9(c) of Title 11, Code of Federal Regulations states it shall be the duty of a candidate (not having received a waiver under Section 101.3) to obtain and keep a receipted bill for every expenditure made by or on behalf of the candidate in excess of \$100, or if in a lesser amount, if the aggregate amount of expenditures during a calendar year to the same person exceeds \$100. The receipted bill shall contain the identification of the person to whom the expenditure is made; the date, amount, and particulars of the expenditure. When a receipted bill is not available, the cancelled check showing payment(s) of the bill and the bill, invoice or other contemporaneous memorandum of the transaction containing the same information as mentioned above may be kept.

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During the period April 30, 1976 through September 1, 1976, the Candidate's reports contained 18 itemized expenditures totaling \$11,332.93. At the time of the audit, six (6) expenditures totaling \$7,674.97 (68% of the total dollar value of itemized expenditures) lacked any supporting documentation. The remaining 12 expenditures totaling \$3,658.00 were supported by cancelled check only. We recommended that the Candidate obtain and submit copies of the six (6) cancelled checks not available in addition to supporting documentation (i.e., bills, invoices, or contemporaneous memoranda) for the entire 18 expenditures or present evidence of an effort to do so.

Subsequent to the close of fieldwork, the Candidate submitted copies of the required supporting documentaton for 15 expenditures totaling \$10,832.93. Although, three (3) expenditures totaling \$500.00 remain insufficiently documented, the Candidate has submitted evidence of his best efforts in the form of certified letters to vendors requesting the required documentation to support expenditures made to them.

Recommendation

We recommend no further action with respect to this matter.

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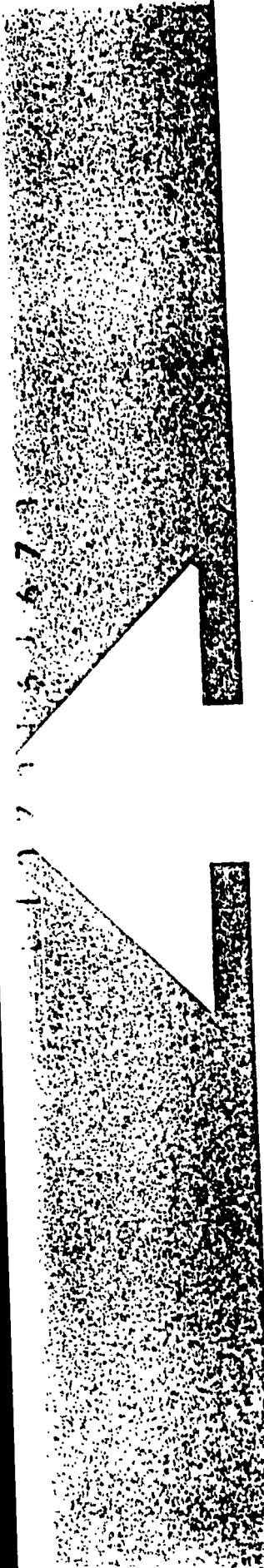
FEDERAL ELECTION COMMISSION

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ADDITIONAL INFORMATION REGARDING THIS ORGANIZATION  
MAY BE LOCATED IN A COMPLETED COMPLIANCE ACTION  
FILE RELEASED BY THE COMMISSION AND MADE PUBLIC IN  
THE PUBLIC RECORDS OFFICE. FOR THIS PARTICULAR  
ORGANIZATION'S COMPLETED COMPLIANCE ACTION FILE  
SIMPLY ASK FOR THE PRESS SUMMARY OF MUR # 551.  
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF  
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.

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