



B. Key Personnel

The principal officers of the Committee during the period audited were Mr. John W. Kelley, Chairman and Mr. W. Gary Blackburn, Treasurer from February 23, 1976 through August 11, 1977; and Mr. Vincent Wehby, Treasurer from August 15, 1977 through December 31, 1977.

C. Scope

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

II. 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 Sasser for Senate Committee 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. Receipt of Corporate Contributions

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 Federal election to political office, and unlawful for any candidate, political committee, or other person to knowingly accept or receive any such contributions from a corporation.

A review of the contribution records, including copies of contributor checks and verification with the appropriate Secretaries of State, indicated that 21 corporations made 27 contributions, totaling \$7,197, to the Sasser for Senate Committee. The treasurer was advised of this matter on April 20, 1978.

During the audit, we were advised by the bookkeeper that the Committee attempted to verify the corporate or non-corporate status of contributions received from business entities by telephone contact with the appropriate Secretaries of State.

Recommendation

Based upon the recommendation of the Audit staff, the Treasurer of the Sasser For Senate Committee refunded five (5) of the contributions totaling \$500.00 and provided documentation which demonstrated that the remaining 22 contributions totaling \$6,697.00 were not funded from corporate sources.

In accordance with Commission policy, this matter was referred to the Office of General Counsel on October 6, 1978 where Matter Under Review 765 was initiated. On December 7, 1978, the Commission found reason to believe that the Sasser For Senate Committee and three (3) of the contributors may have violated Section 441b(a) of Title 2 of the United States Code, which prohibits the use of corporate funds in connection with Federal elections.

On March 9, 1979, the General Counsel's report noted that the information gathered from respondents' statements revealed that the Committee made no knowing acceptance of corporate contributions. As the corporate monies were refunded, the General Counsel recommended that no further action be taken against the respondents and to close the file.

Based upon the recommendation, the Commission determined on March 14, 1979 to take no further action against the Sasser For Senate Committee and the contributors with respect to this matter.

B. Preservation of Expenditures Documentation

Section 432(d) of Title 2 of the United States Code states, in part, that it shall be the duty of 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.

Further, Section 102.9(c)(4) of the Commission's Regulations states, in part, that instead of a receipted bill, the treasurer may keep the cancelled check showing payment of the bill; and the bill, invoice, or other contemporaneous memorandum.

Our review of the expenditure records disclosed that 339 expenditures, each aggregating in excess of \$100 and totaling \$183,249.25, were not supported by bills, invoices or other contemporaneous memoranda. However, cancelled checks were presented for each of the 339 expenditures. This represents 21.31% of the number and 20.00% of the dollar amount of the operating expenditures requiring supporting documentation.

We were informed by officials of the Committee that several items were paid for in advance, but receipts were not obtained from the vendors (specifically, radio and television stations). In addition, the vendors did not provide any documentation, unless a specific request was made for it. The officials stated that they will attempt to obtain the required documentation.

#### Recommendation

Based upon the Audit staff's recommendation, the Committee obtained documentation in support of 287 expenditures totaling \$167,621.04 and submitted copies for the Audit staff's review. This reduced the number of insufficiently documented expenditures to 52 totaling \$15,628.21 which represents 3.27% of the number and 1.70% of the total dollar amount of all expenditures requiring such documentation. In addition, the Committee submitted evidence of its best efforts to obtain documentation in support of 34 expenditures totaling \$9,159.11.

Based upon the Committee's efforts outlined above, the Audit staff recommends that the Commission determine that the Committee has demonstrated its best efforts to comply with Section 432(d) of Title 2 of the United States Code and that no further action be taken on this matter.

#### C. Disclosure of Expenditures

Section 434(b)(9), Title 2, United States Code, states, in part, that each report shall contain the identification of each person to whom expenditures have been made by such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure.

We determined that the Committee did not itemize 90 expenditures, each aggregating in excess of \$100, totaling \$9,890.50. This represents 5.65% of the number and 1.03% of the dollar amount of the expenditures itemized and required to be itemized by the Committee.

The officials of the Committee informed us that the expenditure aggregation system was inadvertently maintained by reporting period rather than by calendar year, because the format of disclosure schedules for expenditures does not include spaces for aggregate year to date totals. The officials agreed to file an amended report itemizing the expenditures.

#### Recommendation

Based upon the Audit staff's recommendation, the Committee filed an amended report on July 18, 1978 itemizing the expenditures. Therefore, no further action is recommended on the matter.

#### D. Disclosure of Changes in Statement of Organization

Section 433(b)(2), Title 2, United States Code, states that the statement of organization shall include the names, addresses, and relationships of affiliated or connected organizations. In addition, Section 433(c), Title 2, United States Code, states that any change in information in a statement of organization shall be reported to the Commission within a 10-day period following the change.

It was determined that the Committee did not amend its statement of organization to disclose two (2) affiliated committees.

The bookkeeper was unaware that the statement of organization amendment was not on file, and expressed a willingness to file the amendment disclosing the committees.

#### Recommendation

Based upon the Audit staff's recommendation, the Committee filed an amended statement of organization on July 19, 1978 disclosing the required information. Therefore, no further action is recommended on the matter.

**E. Contributions in Excess of Limitation**

Section 441a(a)(1)(A) and (2)(A) of Title 2, United States Code, states, in part, that no person shall make 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, and no multicandidate political committee shall make such contributions which, in the aggregate, exceed \$5,000. In addition, Section 441a(f) of Title 2 of the United States Code, states, in part, that no candidate or political committee shall knowingly accept such contributions.

Section 110.1(a)(2)(ii) of the Commission's Regulations states, in part, that "with respect to any election" means in the case of a contribution not designated in writing for a particular election, for a primary election, if made on or before the date of the election, or for a general election, if made after the date of the primary election.

An analysis of contribution records, including copies of contributor checks, indicated that nine (9) contributions and two (2) transfers were received after the date of the primary election and were applied to the retirement of the primary debt without written designation from the contributor and/or transferor. The nine (9) contributions totaled \$4,875.00 and the two (2) transfers totaled \$3,500.00. In each instance the amount applied to the primary debt would have exceeded the applicable limitations for the general election, if applied to the general election.

Although, the officials of the Committee informed us that the designations were entered on the contributors' checks, our review of copies of the checks disclosed no designation for these contributions and transfers.

**Recommendation**

Based upon the Audit staff's recommendation, the Committee provided documentation on July 18, 1978 that demonstrates that the contributions and transfers were designated for primary debts. Therefore, no further action is recommended on the matter.



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 # 765.  
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF  
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



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