

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Robert L. Livingston

State: Louisiana

District: First

Location: New Orleans

Political Party Affiliation: Republican

Major Opponent(s): 1976 -- Richard Tonry (D)
1977 Special -- Ron Faucheax (D), Sanford Krasnoff (I)

Other Candidates Audited: Richard Tonry (D), John Rarick (I)
Ron Faucheax (D), Sanford Krasnoff (I)

Votes Cast: 1976 General Election
Richard Tonry (D).61,652 (47.2%)
Robert Livingston (R). . . .56,679 (43.1%)
John Rarick (I).12,227 (9.4%)

1976 Primary Election -- Unopposed

1977 Special General Election
Robert Livingston (R). . . .54,292 (49.6%)
Ron Faucheax (D).40,921 (37.4%)
Sanford Krasnoff (I)14,297 (13.1%)

1977 Special Primary Election
Robert Livingston (R). . . . 5,607
James Moreau 1,037

Total Receipts For Period: \$706,099.09

Total Expenditures For Period: \$690,267.27

First Elected (if applicable): 1977

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FEDERAL ELECTION COMMISSION

1155 K STREET, N.W.
WASHINGTON, D.C. 20461

REPORT OF THE AUDIT DIVISION ON THE LIVINGSTON FOR CONGRESS COMMITTEE

I. Background

A. Overview

This report is based upon an audit of the Livingston for Congress Committee ("the Committee") 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)(3) of Title 2, 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 12, 1976, in support of Robert L. Livingston, candidate for the Office of United States Representative from the 1st Congressional District of Louisiana. The Committee maintains its headquarters in New Orleans, Louisiana.

The audit, which encompassed Mr. Livingston's candidacy during the primary and general elections in 1976 and 1977 (special election), covered the period June 19, 1976, the inception date of the Committee, 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 at June 19, 1976, of \$-0-, receipts for the period of \$706,000.00, total expenditures for the period of \$690,267.27 and a closing cash balance at September 30, 1977, of \$15,831.00.

This audit report is based on documents and working papers submitted by each of its Federal 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.



The Treasurer of the Committee stated that they accepted corporate contributions up to October 1, 1976, because of a misunderstanding of the Act's prohibition on accepting such contributions. The Treasurer stated that the acceptance of any corporate contribution after October 1, 1976 was due to the Committee's inability to review the large number of contribution checks received.

We recommended that the Committee contact each of the apparent corporate contributors and refund any contributions verified to be from corporate sources. The Committee provided additional information verifying that all contributions from corporations had been refunded by February 27, 1978.

The matter was referred to the Office of General Counsel on March 1, 1978 where Matter Under Review 543 was initiated. Further information obtained from the contributors indicated that three (3) of the contributions totaling \$550, refunded by the Committee prior to the audit, were not from corporations. Another contribution of \$100 was from a sole proprietorship that has the name of a corporation in Louisiana.

Based on the Committee's prompt action in refunding the monies, the Commission voted on June 23, 1978 to close the file on the matter with no further action.

B. Total Receipts and Expenditures

Section 434(B)(1), (3), and (11) of Title 2, United States Code, in part, requires a committee to report the amount of cash on hand at the beginning of the reporting period, and the total amount of all receipts and expenditures by or for such committee or affiliate during the reporting period.

Our review of the Committee's records disclosed that for a period of July 2, 1976 to December 31, 1976 the Committee understated total receipts by \$223, overstated expenditures by \$102, and understated ending cash on hand by \$470. The understatement of receipts was due to not including two (2) in-kind contributions from the Air Force, etc. The understatement of expenditures was due to not including the previously mentioned in-kind contributions and two (2) other items totaling \$470 that were included in the Committee's disclosure reports, but were later voided.

B. Key Personnel

The principal officers of the Committee were Mr. Theodore W. Ross, Chairman and Mr. Wensles Parra, Treasurer during the period of audit.

C. Scope

The audit included such tests as verification of 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 Livingston for Congress 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. Corporate Contributions

Section 441b(a) of Title 2, United States Code, in part, prohibits any corporation from making a contribution or expenditure in connection with any election for Federal office, and prohibits any committee or political committee from accepting any contribution from a corporation.

Our review of the contribution records disclosed that the Committee accepted 75 contributions totaling \$4,155 which were on business accounts. The Committee acknowledged that 10 of these businesses were corporations and had made 11 contributions totaling \$1,115. We were able to determine that the Committee had refunded 10 of these contributions totaling \$915 prior to beginning the audit.

We contacted various Secretaries of State, to determine if the remaining 65 contributions were from corporations. The results of our inquiry disclosed an additional 16 apparent corporate contributions totaling \$666.00.

Our review also disclosed that for a period from January 1, 1977, to September 30, 1977, the Committee overstated total receipts by \$7,137.13, understated total expenditures by \$5,093.94, and overstated ending cash-on-hand by \$11,781.07 (including the \$450 understatement of cash-on-hand on December 31, 1976), based on the Committee's amended report for the period ending September 30, 1977.

The overstating of receipts was caused by the following reporting errors:

<u>Item</u>	<u>Receipts</u> <u>Increase</u> <u>(Decrease)</u>
Bank deposits not included in reported receipts	\$ 6,391.77
Interbank transfers included in reported receipts	(12,813.90)
In-kind Contributions reported for service never provided	(715.00)
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Net overstatement of receipts for 1977	(\$ 7,137.13)
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<u>Item</u>	<u>Expenditures</u> <u>Increase</u> <u>(Decrease)</u>
In-kind contribution mentioned in receipts above	(\$ 715.00)
Two expenditures not reported	5,774.50
Increase in outstanding checks as of 9/30/77 from the reported amount	204.44
Check voided but included in report	(200.00)
Net understatement of expenditures for 1977	\$ 5,093.94

We requested that the Committee file amended reports for 1976 and 1977 disclosing the adjustments previously mentioned so as to accurately reflect cash-on-hand as of September 30, 1977. On March 13, 1978, the Committee filed comprehensive amendments disclosing the correct information.

Recommendation

We recommend the Commission take no further action on this matter.

C. Identification of Contributor Information

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

1) Our examination of the Committee's contribution records revealed that 30 contributions out of a total of 1,135 itemized contributions (including transfers from other Committees), or 2.64%, were not disclosed in the disclosure reports. The contributions represented \$12,853 or 1.17% of the \$1,095,924.71 in itemized contributions.

2) Of the 30 itemized contributions requiring occupation and principal place of business, the contributor's occupation was not disclosed for 220 contributions (23.79%), and the contributor's principal place of business was not disclosed for 202 contributions (23.00%).

According to the Treasurer, solicitation cards were used to obtain contributors' occupation and principal place of business. When this information was not supplied to the Committee, a follow-up letter was sent to the contributor requesting the information. If still no contribution responses were received after the disclosure reports were filed.

3) It was further determined that 61 (5.38%) of 1,043 itemized contributions requiring identification did not include the contributor's name for the year-end total on the disclosure reports.

We requested the Committee to file comprehensive amendments itemizing the 92 contributions, correcting the aggregate year-to-date totals of the other 61 contributions, and disclosing the occupation and principal place of business of the 220 and 202 contributions that the Committee had in their records.

On March 13, 1978, we received amendments from the Committee substantially complying with our request. Of the itemized contributions lacking contributors' occupation or principal place of business, 148 (17.35%) are still lacking occupations and 120 (14.07%) are still lacking principal place of business.

Recommendation

In our opinion, the Committee has made their best efforts to obtain additional information regarding the matter noted in 2) above, and have complied with the matters noted in 1) and 3) above. We recommend the Commission take no further action on these matters.

D. Itemization of Expenditures

Section 424(b)(9) of Title 2, United States Code, in part, requires the committee to disclose the name and address of each person to whom expenditures have been made by such committee which in the aggregate exceed \$100 within a calendar year, together with the purpose, amount and date of the expenditure.

Our examination of the Committee's expenditure records revealed that 26 expenditures out of a total of 1,293 itemizable expenditures or 2.0% were not itemized in the disclosure reports. The expenditures totaled \$1,950.51 or 1.33% of \$147,474.06 in itemizable expenditures. Two (2) of the 26 expenditures totaling \$5,774.50 were not reported (see Finding B).

We requested the Committee to file amended reports for 1976 and 1977 itemizing the expenditures.

On March 13, 1978, the Committee sent us comprehensive amendments itemizing all of the expenditures that were previously unitemized.

Recommendation

We recommend that the Commission take no further action on this matter.

B. Supporting Documentation

Section 432(d) of Title 2, United States Code, in part, 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, or expenditures aggregating in excess of \$100, to the same person within a calendar year.

Our examination of the Committee's expenditure records revealed that there were no bills, invoices, or contemporaneous memoranda to record 352 expenditures (27.12%) out of a total of 1,293 expenditures comprising supporting documentation. The expenditures totaled \$160,122.75 (23.27%) of \$687,474.06 in expenditures comprising supporting documentation. The Treasurer of the Committee advised that the volume of financial activity was the main reason the Committee had no supporting documented expenditures.

We stated that the Committee was in the position to obtain the additional supporting documentation for these expenditures, and we requested that the Committee do so. The Committee advised that it would do so in the future.

The Committee's total reported expenditures for the period mentioned above, comprising 100 (10.71%) of 933 expenditures totaling \$20,927.17 (3.04%).

The attached report of this matter to the Office of General Counsel was on February 1, 1977. Under Section 710 of the Act, on October 11, 1977, the Commission found that the Committee had not provided the supporting documentation for the expenditures mentioned above. The Commission advised that the Committee should provide the supporting documentation for these expenditures by October 11, 1977. The Commission advised that the Committee should provide the supporting documentation for these expenditures by October 11, 1977. The Commission advised that the Committee should provide the supporting documentation for these expenditures by October 11, 1977.



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