



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

11 AUG 24 1976 PG: 04

REPORT OF THE AUDIT DIVISION

ON

THE PRO-LIFE ACTION COMMITTEE -- MCCORMACK

I. Background

This report covers an audit of the Pro-Life Action Committee, undertaken by the Audit Division to determine whether there has been compliance with the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of the Act, which directs the Commission to give priority to auditing of the verification for, and the receipt and use of, any payments received by a candidate under Chapters 95 or 96 of the Internal Revenue Code of 1954, and by authority of Section 9038(a) which directs the Commission after each matching payment period to conduct a thorough examination and audit of the qualified campaign expenses of every candidate and his authorized committees that received payments under Section 9037.

The Pro-Life Action Committee was established as the principal campaign committee of Mrs. Ellen McCormack, and registered with the Federal Election Commission on July 15, 1975. The principal officers of the Committee at the time of the audit were Ms. Frances Watson, Chairman, Ms. Ellen McCormack, Vice Chairman and Secretary, and Ms. Mary Jane Tobin, Treasurer. The Committee maintains its headquarters in Merrick, New York.

The audit covered the period January 1, 1975 through September 30, 1976. During that period, the Committee reported receipts of \$532,890.59 and expenditures of \$532,847.76.

This audit 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 was available to Commissioners and appropriate staff for review.



II. Findings and Conclusions

A. Disclosure 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 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 \$100.00, together with the amount and date of such contributions.

All receipts, other than those from individuals were tested, and no discrepancies were found, except as noted in Section B of this audit report. In addition, all matching fund submissions, which represented 94% of total individual contributions, were reviewed; out of 271 contributors whose contributions were in excess of \$100.00, 34 were not itemized on the disclosure reports. The Committee was informed of the problem and during June and July of 1977 filed the appropriate amended reports.

Recommendation

It is our recommendation that no further action be taken by the Commission.

B. Limitation on Contributions

Section 441a(a)(1)(A) of Title 2, United States Code prohibits any person from making contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000.

Our review disclosed that two individuals' contributions exceeded the \$1,000 limitation. The excessive contributions were loans made to the Committee. Both contributors had made contributions to the Committee prior to making the loans. One individual had made contributions totaling \$225.00 and the other had made a contribution of \$250.00. One loan was made on June 23, 1976, in the amount of \$1,000 and the other loan was made on June 30, 1976, in the amount of \$2,000. The Committee's disclosure reports and records substantiate that the loans were repaid by the Committee on July 25, 1976 and were outstanding for approximately one month.

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Recommendation

We recommend that the Committee be informed that the contributors (under 2 U.S.C. Section 441a(a)(1)(A) and the Committee (under 2 U.S.C. Section 441a(f)) were in apparent violation of the Act, and, absent prompt repayment, the Commission would have treated the apparent violations as compliance matters. We further recommend that the persons who made the excessive contributions be similarly notified of the apparent violations and the Commission's disposition of them.

C. Repayments

Part 134.3(c)(2) of the Commission's Regulations provides that if, on the last day of candidate eligibility, there are net outstanding campaign obligations, any matching payments received may be retained for a period not exceeding six months after the end of the matching payment period in order to liquidate those obligations. Any amounts paid which are not used to liquidate the net outstanding campaign obligations within six months shall be repaid to the Treasury.

Section 9038(b)(2) of the Act provides that "if the Commission determines that any portion or amount of any payment made to a candidate from the matching payment account was used for any purpose other than:

(1) to defray the qualified campaign expenses with respect to which such payment was made; or

(2) to repay loans, the proceeds of which were used, or otherwise to restore funds (other than contributions received and expended to defray qualified campaign expenses) which were used to defray qualified campaign expenses.

it shall notify such candidate of the amount so used, and the candidate shall pay to the Secretary or his delegate an amount equal to such amount."

During the course of the audit, all expenditure records of the Committee were reviewed. Based on this review, no expenditures for other than qualified campaign expenses were identified. On May 19, 1977, the Commission certified \$3,094.97 in matching funds to the Committee. The Committee was able to eliminate their outstanding debts and filed a termination report on 6/14/77.

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Recommendation

Since the campaign was in a deficit position on the date of ineligibility and no non-qualified campaign expenditures were identified, no repayment is required.

III. Auditor's Statement

Except for the matters specifically noted in this report, the audit disclosed that the Committee conducted their activities in conformity with the Federal Election Campaign Act of 1971, as amended, and in conformity with Chapter 96 of Title 26, U.S.C., in all material aspects.

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SEPARATOR