



## FEDERAL ELECTION COMMISSION

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

### REPORT OF THE AUDIT DIVISION ON THE ADAMS FOR CONGRESS COMMITTEE

#### I. Background

##### A. Overview

This report is based on an audit of the Adams 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)(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 April 12, 1976 as the principal campaign committee designated by J. W. Adams, III, candidate for the office of United States Representative from the 8th Congressional District of Georgia. The Committee maintains its headquarters in Macon, Georgia.

The audit covered the period from March 19, 1976 through September 30, 1977. 1/ The Committee reported a beginning cash balance on March 19, 1976 of \$-0-, total receipts for the period of \$203,386.29, total expenditures for the period of \$202,529.71 and a closing cash balance on March 31, 1977 of \$486.57. 2/

1/ The Committee was exempt from filing disclosure reports for the quarters ending June 30, 1977 and September 30, 1977. A FEC Form 3a was filed for each quarter.

2/ The bank reconciliations disclosed receipts were understated \$150.38, expenditures understated \$565.01, and ending cash overstated \$44.62, resulting in a net difference of \$370.01.



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.

B. Key Personnel

The principal officers of the Committee at the time of the audit were G. Paul Jones, Jr., Chairman, and Timothy K. Adams, Treasurer.

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.

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 Adams 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 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 Committee's contributor records revealed 35 contributions were received from 31 business entities. Records maintained by the Secretary of State in the states involved indicated that seven (7) of the entities, accounting for seven (7) of the contributions, totaling \$675.00, were incorporated at the time contributions were made. The Committee was informed on January 3, 1978 by the Audit staff of the apparent corporate status of the entities. The matter was referred to the Commission's Office of General Counsel on January 9, 1978, where Matter Under Review 495(78) was initiated.

Subsequent to the referral, the Committee Treasurer submitted materials which the Office of General Counsel considered to adequately document the sources of four (4) of the contributions as non-corporate funds.

On February 22, 1978, the Commission, based upon the recommendation of the Office of General Counsel, found reason to believe that three (3) remaining business entities violated Section 441b(a) of Title 2 of the United States Code by making corporate contributions to the Committee. It was determined that the three (3) remaining contributions were refunded by the Committee to the contributors subsequent to the initiation of the MUR. The General Counsel, therefore, recommended that the Commission take no further action on the matter.

Based on these facts, the Commission voted on April 13, 1978 to close the file on the matter with no further action.

B. Preservation of Receipts

Section 432(d) of Title 2, 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.

In addition, 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 Committee's expenditure records disclosed 51 expenditures, each aggregating in excess of \$100 and totaling \$60,306.91, were not supported by receipted bills or other supporting documentation. However, cancelled checks were presented for each of the 51 expenditures. This represents approximately 11% of the number and 36% of the dollar amount requiring supporting documentation.

The treasurer stated that this resulted from an apparent oversight by the Committee.

Recommendation

The Committee officials presented the required documentation for 49 of the 51 expenditures to the Audit staff for review. In addition, they presented evidence of their efforts to obtain the documentation for the remaining two (2) items. It is our opinion that the Committee has demonstrated its best efforts to obtain and submit the required documentation pursuant to 102.9(c) of the Commission's Regulations. Therefore, we recommend no further action on this matter.

C. Disclosure of Expenditures

Section 434(b)(9) of 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 the committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure.

Our review of the Committee's expenditure records disclosed that the Committee did not itemize 40 expenditures, each aggregating in excess of \$100 and totaling \$3,852.20. This represents approximately 9% of the number and 2% of the dollar amount of itemizable expenditures.

The treasurer stated that these expenditures were not itemized because the Committee's aggregation system was maintained on a quarterly, rather than a yearly, basis.

Recommendation

The Committee filed an amended report on March 21, 1978, disclosing the necessary itemizations. Therefore, we recommend no further action on this matter.

D. Disclosure of Transfers

Section 434(b)(4) of Title 2, United States Code, states, in part, that each report shall contain the name and address of each political committee from which the reporting committee received any transfer of funds, together with the amounts and dates of all transfers.

During the audit, it was determined that the Committee did not itemize five (5) transfers from political committees, totaling \$3,548, representing approximately 13% of the number and 8% of the dollar amount of all transfers.

The treasurer of the Committee stated that because of an apparent oversight, combined with his misinterpretation of the Act, these transfers were reported as unitemized receipts.

Recommendation

The Committee filed an amended report on March 21, 1978, itemizing the transfers. Therefore, we recommend no further action on this matter.

E. Disclosure of Proceeds From Fundraising Events

Section 434(b)(6) of Title 2, United States Code, states, in part, that each report shall disclose the total amount of proceeds from each fundraising event.

We determined that proceeds from fundraising events had not been disclosed on the required Schedules D.

We were informed by the treasurer that the Committee held two (2) fundraising events. He indicated that approximately \$15,000 was received in individual contributions of \$100 to \$150 from the first event and approximately \$2,000 was received in individual contributions of \$25.00 from the second event. These items were disclosed as individual contributions on the Committee's reports, however, because of his unfamiliarity with the required format, the treasurer stated that no Schedules D were filed.

Recommendation

We received the Schedules D on March 21, 1978, disclosing the fundraising proceeds. Therefore, we recommend no further action on this matter.

F. Disclosure of Total Receipts,  
Expenditures and Ending Cash

Section 434(b)(8), (11), and (14) of Title 2, United States Code, states, in part, that each report shall disclose the total sum of all receipts and expenditures, and such other information as shall be required by the Commission.

Our review of the Committee's records disclosed that, because of minor bookkeeping errors, total receipts were understated a net amount of \$150.38, expenditures were understated a net amount of \$565.01, and ending cash was overstated a net amount of \$44.62.

The treasurer acknowledged the bookkeeping errors.

Recommendation

The Committee filed an amended report on March 21, 1978 disclosing these corrections. Therefore, we recommend no further action on this matter.

G. Other Matters

Presented below are other matters noted during the audit for which the Audit staff feels no action is warranted. The Committee has been advised of these discrepancies and informed of the respective requirements of the Act.

1. Five (5) contributions, aggregating in excess of \$100 and totaling \$400, were not itemized.

2. Two (2) refunds, exceeding \$100 and totaling \$370.76 were not itemized.

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CONGRESSIONAL AUDIT REPORT

Candidate/Committee: J. W. Adams / Adams for Congress Committee

State: Georgia

District: 8

Location: Macon

Political Party Affiliation: Republican

Major Opponent(s): Billy Lee Evans

Other Candidates Audited: Evans

Votes Cast: General Election - Evans 91,351 Adams 39,623

Primary Election - None

Total Receipts for Period: \$203,386.29

Total Expenditures for Period: \$202,529.71

First Elected (if applicable): N/A

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FEDERAL ELECTION COMMISSION

1325 K STREET NW  
WASHINGTON, DC 20463

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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 # 495.  
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF  
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.





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