

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: James J. Delaney

State: New York

District: 9th

Location: Western Queens, Long Island City, Maspeth, Glendale

Political Party Affiliation: Democrat

Major Opponent(s): Alan Kluger (L)

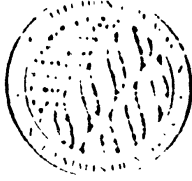
Other Candidates Audited:

Votes Cast:	General Election -	James J. Delaney (D.R.C.)	- 109,552	95.1
		Alan Kluger (L)	- 5,643	4.9
	Primary Election -	Republican Primary		
		James J. Delaney	- 3,455	65.9
		James E. Eagan	- 1,735	34.1

Total Receipts for Period: \$57,311.60

Total Expenditures for Period: \$53,500.00

First Elected (if applicable): 1944



FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON THE DELANEY COMMITTEE FOR CONGRESS

I. Background

A. Overview

This report is based on an audit of the Delaney Committee for Congress ("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 Clerk of the United States House of Representatives on April 17, 1972, in support of the Honorable James J. Delaney, candidate for election to the Office of Representative from the Ninth (9th) Congressional District of New York. On March 24, 1976, the Committee was designated by the Candidate as his principal campaign committee for the 1976 elections. The Committee maintains its headquarters in Maspeth, New York.

The audit covered the period January 1, 1975, the effective date of the Act, as amended, through June 30, 1977, the final coverage date of the latest report filed by the Committee at the time of the audit. During the period the Committee reported beginning cash-on-hand of \$1,332.58, total receipts of \$57,811.60, total expenditures of \$53,508.30 and ending cash of \$5,635.88.^{1/}

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 the report and were available to Commissioners and appropriate staff for review.



^{1/} The total receipt and expenditure figures are as of 12/31/76. The Committee filed the FEC Form 3a for the first two (2) calendar quarters of 1977.

B. Key Personnel

The principal officers of the Committee at the time of the audit were Mr. Irving Brody, Chairman, and Mr. Arthur Rosenblatt, Treasurer.

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 Delaney Committee for Congress 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. Expenditures for which Detailed Records
Were not kept

Section 432(a) of Title 2, United States Code, states, in part, that the treasurer shall 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 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 102.2(e)(4) of Title 11 of the Code of Federal Regulations states that when a receipted bill is not available, the treasurer may keep the cancelled check showing payment of the bill; and the bill, invoice or other contemporaneous memorandum of the transaction containing the identification of the person to whom the expenditure is made, the amount of the expenditure, the particulars of the expenditure and the date the expenditure was made.

Section 434(b)(9) and (10) of Title 2, United States Code, states, in part, each report shall disclose the identification of each person to whom expenditures have been made by such committee within the calendar year in an aggregate amount in excess of \$100, the amount, date, and purpose of each such expenditure; the identification of each person to whom an expenditure for personal services, salaries, and reimbursed expenses in excess of \$100, and which is not otherwise reported, including the amount, date, and purpose of such expenditure.

Section 437b(b) of Title 2, United States Code, states, in part, that a political committee may maintain a petty cash fund out of which it may make expenditures not in excess of \$100. Section 102.10 of Title 11, Code of Federal Regulations, states, in part, that if a petty cash fund is maintained, it shall be the duty of the treasurer of the committee to keep and maintain a written journal of all disbursements, including the particulars of each disbursement from the fund.

Our examination revealed that of 99 expenditures in excess of or aggregating in excess of \$100, 15 checks or 15.15% were signed by the Treasurer, Arthur Rosenblatt, and made payable to him in dollar amounts ranging from \$100 to \$2,700. These 15 checks totaled \$15,225.00 and represented 29.54% of the total amount required to be itemized. (This \$15,225.00 in expenditures is exclusive of the \$16,871.51 mentioned in Finding B.)

Mr. Rosenblatt for example, cashed the checks and disbursed the funds to campaign workers. Funds were given to sixteen individuals working telephones for six (6) days at \$20 a day. Funds totaling \$400 were also given to other unknown vendors for expenses such as soda, beer and sandwiches for approximately 300 people for the election night at the Richmond Hill Republican Club. These expenditures were reported with Mr. Rosenblatt as the payee. The purpose listed for each expenditure was a description of the actual expense.

Mr. Rosenblatt maintained a journal containing the check number, date and amount of 12 of the 15 checks written to himself and a general explanation of how he spent the money. However, his journal neither identified to whom the expenditure was made, the amount of the expenditure, nor the date the expenditure was made.

We discussed the recordkeeping and reporting requirements of the Act with the Treasurer. He responded that he could not get the workers to sign or initial any document stating they had received the monies and indicated that any additional information was unobtainable.

This matter was referred to the Commission's Office of General Counsel on November 7, 1977, where Matter Under Review 467-77 was initiated. The review conducted by the Office of General Counsel resulted in the Committee supplying adequate documentation and filing the appropriate amendments to disclosure reports.

The Commission voted on October 12, 1978 to close the file on the matters with no further action.

B. Preservation of Receipted Bills

Section 432(d) of Title 2, United States Code, states, in part, that the treasurer shall 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 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(e)(3) of Title 11 of the Code of Federal Regulations states that when a receipted bill is not available, the treasurer may keep the cancelled check showing payment of the bill; and the bill, invoice or other contemporaneous memorandum of the transaction containing the identification of the person to whom the expenditure is made, the amount of the expenditure; the particulars of the expenditure and the date the expenditure was made.

Our examination of the Committee's records revealed that of 19 expenditures requiring supporting documentation the Committee did not obtain and keep such documentation for 19 or 100% of these expenditures. These 19 expenditures totaled \$16,771.01 or 32.7% of the dollar amount of the expenditures requiring documentation. (These 19 expenditures are exclusive of the expenditures in Finding A). The Committee submitted the required documentation on December 16 and 19, 1977, March 18, 1978 and April 4, 1978.

Recommendation

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

C. Reporting a Contribution In-Kind

Section 434(b)(4) of Title 2, United States Code, requires that a report shall disclose 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.

The Empire Medical Political Action Committee ("EMPAC") held a fundraiser for the Delaney Committee for Congress. The total cost of the event was \$3,341.07, of which the Delaney Committee for Congress reimbursed EMPAC for \$341.07. The Committee did not report the remaining \$3,000 as a contribution in-kind from EMPAC, although EMPAC did disclose the expenditure on behalf of the Committee on its reports. The Committee filed an amended report disclosing the contribution in-kind on March 8, 1978.

Recommendation

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

Other Matters

The following matter for which the Audit staff feels no further action is warranted, was discussed with the Committee at the conclusion of the audit.

Our examination of the Committee's campaign literature revealed that the Committee had not included the required authorization statement per 2 U.S.C. Section 441d(1). The Committee treasurer stated that he was not aware of the requirement. However, he agreed to include the authorization statement on any future campaign literature.



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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 # 461.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



