

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Rarick, John - 3/7/79

State: Louisiana

District: 1st

Location: New Orleans

Political Party Affiliation: Independent

Major Opponent(s): Robert Livingston (R)  
Richard Tonry (D)

Other Candidates Audited: Richard Tonry (D)  
Robert Livingston (R)

Votes Cast:	General Election -	Robert Livingston (R)	56,679 - 43.4%
		Richard Tonry (D)	61,652 - 47.2%
		John Rarick (Ind.)	12,227 - 9.4%
	Primary Election -	N/A	

Total Receipts for Period: \$57,711.47

Total Expenditures for Period: \$57,689.01

First Elected (if applicable):



## FEDERAL ELECTION COMMISSION

1325 K STREET NW  
WASHINGTON, DC 20463

### REPORT OF THE AUDIT DIVISION ON THE JOHN R. RARICK CONGRESSIONAL CAMPAIGN COMMITTEE

#### I. Background

##### A. Overview

This report is based upon an audit of the John R. Rarick Congressional Campaign 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, 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 August 12, 1976, in support of John P. Rarick, Candidate for the Office of U.S. Representative from the 1st Congressional District of Louisiana. The Committee maintained its headquarters in Slidell, Louisiana.

The audit covered the period July 1, 1976, the beginning coverage date of the Committee's initial report, through December 31, 1976, the final coverage date of the termination report filed by the Committee. The Committee reported a beginning cash balance at July 1, 1976 of \$-0-, total receipts for the period of \$57,711.47, total expenditures for the period of \$57,689.01 and a closing cash balance at December 31, 1976 of \$-0-. 1/

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1/ The difference in ending cash is the result of a Committee error.



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 were available to Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee were Mr. Sam Fuller, Chairman and Mr. Ed Brandt, Treasurer during the period of audit.

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 John R. Rarick Congressional Campaign Committee fairly present the financial activities for 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. Contributions in Excess of Limitations

Section 441a(a)(1)(A) of Title 2, United States Code, prohibits a 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. Section 431(e)(1) in part defines a contribution as a gift, loan or anything of value made for the purpose of influencing the nomination for election, or election, of any person to Federal office and Section 431(e)(5)(g)(ii) defines the endorser of the loan as a contributor.

Section 434(b)(2) of Title 2, United States Code, in part, 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. Loan Endorsements

The Committee reported receiving a \$20,000.00 loan on October 20, 1976 from one (1) individual. On November 10, 1976, the Commission sent a letter to the Committee requesting additional information concerning this apparent excessive contribution. The Committee's response, received on December 2, 1976, stated that the above loan was in fact from eight (8) individuals and an unsecured loan. It further stated that the Committee had refunded \$13,000.00 of this loan by November 5, 1976, which left a total loan of \$7,000.00 to the Committee from these eight (8) individuals.

Committee records include a copy of a "counter letter" which was co-signed by eight (8) individuals, including the candidate, for the purpose of having the loan secured for the Committee. The loan was made in the name of one (1) individual in order to expedite its processing. The eight (8) individuals also understood that each one would assume responsibility for their pro-rata share (\$2,500.00) of the loan if the Committee's contributions were insufficient to liquidate it.

The Committee's disclosure reports showed the repayments of the loan over the period October 27, 1976 through December 22, 1976 to the one (1) individual. However, the Committee's disclosure reports did not show the eight (8) co-signers of the loan as contributors for their pro-rata share of the loan. At our request, the Committee filed amended reports on April 5, 1978 and May 1, 1978 itemizing the eight (8) co-signers and their pro-rata shares of the loan.

2. Contributions-in-kind

The Committee reported receiving a \$1,000.00 contribution on August 13, 1976 from an individual. Our review of Committee records disclosed that in addition to this contribution the same individual also made three (3) contributions-in-kind on November 1, 1976 totaling \$274.00 for political announcements.

The contributions-in-kind were not reported. At our request, the Committee filed an amended report on April 5, 1978 disclosing the contributions-in-kind as receipts and expenditures. Further, the Committee reimbursed the individual for the contributions-in-kind on December 5, 1977, and on May 8, 1978 submitted a copy of both sides of the cancelled check to the Audit staff.

Since contribution limitations were exceeded, the matters in A(1) and A(2) were referred to the Office of General Counsel on February 28, 1978 and became part of Matter Under Review 597(78).

On October 23, 1978, the Commission found reasonable cause to believe that seven (7) individuals violated 2 U.S.C. Section 441a(a)(1)(A) by making excessive contributions to the Committee, and that the Committee violated 2 U.S.C. Section 441a(f) by accepting such excessive contributions. Letters of notification and conciliation agreements were sent to all respondents on October 26, 1978. The agreements included civil penalties totaling \$2,570.00 for all respondents. All respondents signed their respective agreements and returned them together with checks totaling \$2,570.00.

Based on Commission policy and the recommendation of the Office of General Counsel, the Commission voted on January 22, 1979 to close the file and take no further action on these matters.

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, and for any such expenditure in a lesser amount if the aggregate amount of such expenditures to the same person during the calendar year exceeds \$100.

Our examination of the Committee's expenditure records revealed that of 70 expenditures requiring supporting documentation, 13 expenditures (18.57%) lacked adequate supporting documentation. These 13 expenditures, each exceeding \$100.00 in amount, totaled \$8,660.40 and represented 15.64% of the total expenditures requiring such documentation.

At our request, on April 5, 1978 the Committee provided the Audit staff with sufficient documentation for all of the above mentioned expenditures.

Recommendation

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

C. Itemization of Expenditures

Section 434(b)(9) of Title 2, United States Code, in part, requires a committee to disclose the name and address of each person, with the purpose, amount, and the date of the expenditure, to whom expenditures have been made by such committee or candidate which in the aggregate exceed \$100 during a calendar year.

Our examination of the Committee's expenditure records revealed that of 70 expenditures requiring itemization, 14 expenditures (20.0%) were not itemized. These 14 expenditures totaled \$564.10 and represent 1.02% of the total amount requiring itemization.

At our request, on April 5, 1978 the Committee filed an amended report itemizing the 14 expenditures.

Recommendation

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



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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 # 597 .  
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF  
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



