



FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON RUPPE FOR CONGRESS COMMITTEE

I. Background

A. Overview

This report is based on the audit of the Ruppe 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 originally registered with the Clerk of the United States House of Representatives on April 17, 1972, as a political committee supporting the Honorable Philip E. Ruppe, candidate from the 11th Congressional District of Michigan. On March 16, 1976, the Candidate designated the Ruppe for Congress Committee as his principal campaign committee. The Committee maintains its headquarters in Lake Linden, Michigan.

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 that period the Committee reported beginning cash-on-hand of \$721.38, total receipts of \$169,930.10, total expenditures of \$168,505.94, and ending cash-on-hand of \$2,145.54.

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 decision 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 during the audit period were Thomas F. Hruby, Chairman, and Chester J. Rheault, Treasurer.

C. Scope

The audit included such tests as verification of 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 Ruppe 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. Apparent Corporate Contributions

Section 441b(a) of Title 2, United States Code, states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any election to any political office and unlawful for any candidate, political committee, or other person to knowingly accept or receive any contribution from a corporation.

A review of the Committee's contribution records revealed that 13 contributions, totaling \$800.00, were received from 12 apparent corporate entities. The Committee was informed on September 27, 1977, by the Audit staff of the apparent corporate status of the contributors and agreed to refund any contributions from a corporate entity.

The matter was referred to the Commission's Office of General Counsel on November 2, 1977, where Matter Under Review 475(77) was initiated. The review conducted by the Office of General Counsel indicated the following:

1) The Committee refunded eight (8) corporate contributions totaling \$575.00;

2) The Committee returned the contribution check of one (1) corporation in the amount of \$25.00;

3) The Committee attempted to refund one (1) corporate contribution totaling \$50.00; however, the Committee's refund check was never cashed and further attempts at contacting the corporation have not been successful;

4) The Committee refunded one (1) apparent corporate contribution totaling \$25.00, which later was found not to be incorporated; and

5) The Committee did not refund the remaining two (2) corporate contributions, although these were drawn on an account of an incorporated entity. No further action by the Committee was deemed necessary, since the drawing account of the executive of the corporation to which the expense was charged was reimbursed by him for the amount of the contributions (\$125.00) 1/.

RECAP:	<u>Item #</u>	<u>\$ Value</u>	<u># of Contributions</u>
	(1)	\$575.00	8
	(2)	25.00	1
	(3)	50.00	1
	(4)	25.00	1
	(5)	125.00	2
		<hr/>	<hr/>
TOTAL		\$800.00	13

Based on these facts and the Committee's prompt action in refunding the monies, the Commission voted on May 18, 1978, to close the matter with no further action.

1/ In addition to the contribution from a drawing account noted above in item (5), included in item (1) are two (2) contributions (\$100.00 each) from drawing accounts which were later reimbursed, but were also refunded by the Committee.

B. Incoming Transfers

Section 434(b)(4) of Title 2, United States Code, requires that a reporting committee disclose the name and address of all political committees from which transfers are received, together with the amounts and dates of all transfers.

Our examination of Committee receipt records revealed 46 transfers-in from political committees (28.22% of all transfers-in) which were not itemized on Committee reports. The unitemized transfers total \$7,350.00 or 9.34% of the dollar value of transfers received. Forty (40) of the unitemized transfers-in were in amounts of \$100.00 or less. In addition, all itemized transfers were listed on line 15a rather than line 18b of FEC Form 3. The Treasurer stated that he had been of the opinion that the Committee was required to itemize only those transfers aggregating in excess of \$100.00. He attributed the other problems to clerical error.

We recommended that the Committee file comprehensive amended reports to include the additions and corrections mentioned above. On February 22, 1978, the Commission received the Committee's comprehensive amended reports, as requested.

Recommendation

Since the Committee has filed the amended reports, as requested, no additional action is recommended.

C. Itemization of Individual and In-Kind Contributions

Section 434(b)(2) of Title 2, United States Code, requires that a committee disclose the full name, mailing address, occupation and principal place of business of each person whose contributions aggregate in excess of \$100.00 within a calendar year, together with the amount and date of the contributions.

Our examination of the Committee's receipt records revealed that 17 contributions requiring itemization (24.29% of all contributions requiring itemization) from 17 contributors did not appear on Committee reports. These contributions total \$3,162.50 or 16.01% of the dollar value of all contributions requiring itemization. In addition, one (1) in-kind contribution of \$254.75 was not reported as required. The Committee Treasurer concluded that these items were inadvertently omitted.

We recommended that the Committee file comprehensive amended reports to include these items. On February 22, 1978, the Commission received the Committee's comprehensive amended reports, as requested.

Recommendation

Since the Committee has filed the amended reports, as requested, no additional action is recommended.

D. Itemization of Expenditures

Section 434(b)(9) of Title 2, United States Code, requires that a committee disclose the identity of each person to whom expenditures have been made which aggregate in excess of \$100.00 within a calendar year, together with the amount, date, and purpose of each expenditure.

Our examination of Committee expenditure records revealed that 37 of 318 expenditures aggregating in excess of \$100.00 (11.64% of the total itemizable expenditures), were not itemized as required. These expenditures total \$2,060.11 or 1.27% of the total dollar value of the funds requiring itemization.

We recommended that the Committee file a comprehensive amended report to include the required itemizations. On February 22, 1978, the Commission received the Committee's comprehensive amended report, as requested.

Recommendation

Since the Committee has filed the amended report, no additional action is recommended.

E. Other Matters

1. The Committee reported a transfer-in of \$1,000.00 from the National Education Association Political Action Committee on October 5, 1976. Due to pending FEC matters regarding NEAPAC, the Ruppe for Congress Committee placed the funds in a separate escrow account, reporting an expenditure for that purpose on November 19, 1976, thereby reducing the reported cash-on-hand.

The Committee was advised that it should include these funds as cash-on-hand in its next report, together with an explanatory note.

2. Ten itemized contributions lacked adequate principal place of business on reports. Due to the relatively small number of items, no amending action was requested. However, the Committee was advised of the necessity for detailed contributor information.

3. In at least 11 cases, the Committee did not deposit all contributions from fundraising events within 10 days of receipt of funds as required by Section 103.3(a) of Title 11, Code of Federal Regulations. The Committee was advised to promptly deposit future receipts.

4. During 1975, the Committee reported fundraisers on the appropriate schedules of the reporting forms. However, due to a change in Committee personnel in 1976, the fundraising events were not listed on Schedule D of FEC Form 3, as required.

The Treasurer agreed to submit comprehensive amended reports to include the receipts from the fundraising events on appropriate schedules. On February 22, 1978, the Committee submitted a comprehensive amended report properly showing the receipts from fundraising events.

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Philip E. Ruppe - 6/13/78

State: Michigan

District: 11

Location: Upper Peninsula

Political Party Affiliation: Republican

Major Opponent(s): Francis Brouillette (D)

Other Candidates Audited: Francis Brouillette (D) - 5/24/78

Votes Cast:	General Election -	Ruppe (R)	118,871	-	54.8%
		Brouillette (D)	97,325	-	44.8%
	Primary Election -	Malcolm W. Dale (R)	-	7,863	
		Ruppe (R)	-	36,409	

Total Receipts for Period: \$169,505.94 \$169,930.10

Total Expenditures for Period: 1966 \$168,505.94

First Elected (if applicable): 1966



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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 # 475.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



