



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE ANDERSON-SHACKELFORD CAMPAIGN COMMITTEE

I. Background

A. Overview

This report is based upon an audit of the Anderson-Shackelford 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 July 12, 1976, in support of Tom Anderson, candidate for the Office of President and Rufus Shackelford, candidate for the Office of Vice President. The Committee was designated by Mr. Anderson as his principal campaign committee on June 2, 1977. The Committee maintained its headquarters in Pigeon Forge, Tennessee.

The audit covered the period July 1, 1976, the inception date of the Committee, 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 \$160,783.21, total expenditures for the period of \$160,783.21 and a closing cash balance at December 31, 1976 of \$-0-. 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 this report and were available to Commissioners and appropriate staff for review.



B. Key Personnel

The principal officers of the Committee during the period of the audit were Mr. George Melton, Campaign Director, 2/ Mrs. Margaret Woodhead, Treasurer and Mr. J. Milton Lent, Comptroller.

C. Scope

The audit included such tests as verification of 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 Anderson-Shackelford Campaign 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. Transfers in Excess of Limit

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 441a(a)(2) of Title 2, United States Code, states that no multicandidate political committee shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$5,000. Section 441a(a)(4) of Title 2, United States Code, defines the term "multicandidate political committee" as a political committee which has been registered under Section 433 of Title 2 of the United States Code for a period of not less than 6 months, which has received contributions from more than 50 persons, and, except for any State political party organizations, has made contributions to 5 or more candidates for Federal office. All other political committees would represent "persons" limited to contributing \$1,000 per election under the provisions of 2 U.S.C. 441a(a)(1)(A).

Our review disclosed that the Committee received eight (8) transfers totalling \$2,585.94 from the American Party of Mississippi, an unregistered state party committee. The Committee received the transfers during the period September 28, 1976 (after the Candidate was nominated) through November 3, 1976. However, the American Party of Mississippi was not qualified to contribute in excess of \$1,000 to the Committee under the provisions of Section 441a(a)(1). The Committee only itemized one (1) of these transfers for \$318.03, which was received on October 4, 1976 in the disclosure reports it initially filed.

On April 7, 1978, the Committee was advised by the Audit staff to return the excessive portion of the contribution and to file an amendment properly itemizing the transfers as received originally, as well as the refund. On May 18, 1978, the Committee filed the amendments itemizing the transfers originally received from the American Party of Mississippi and it advised the Commission that \$1,585.94 had been refunded to the American Party of Mississippi.

Recommendation

Since the Committee has properly disclosed the original receipt of the transfers, and the excessive portion of the transfers has been refunded to the American Party of Mississippi, the Audit staff recommends no further action on this matter.

B. Itemization of Transfers

Section 434(b)(4) of Title 2, United States Code, in part, requires a political committee to report the identification of each political committee from which the reporting committee received a transfer of funds in any amount along with the date and amount of the transfer.

Our review of the Committee's receipt records revealed that 25 transfers (71.43%) out of a total of 35 transfers requiring itemization were not itemized in the disclosure reports. The transfers totalled \$6,944.57 (69.74% of \$9,957.60 in total transfers received) and included seven (7) of the eight (8) transfers from the American Party of Mississippi noted in (A) above.

On April 7, 1978, the Committee was requested to file a comprehensive amendment itemizing the transfers. The Committee filed the requested amendment on May 18, 1978.

Recommendation

Since the Committee has filed a comprehensive amendment itemizing the transfers described above, the Audit staff recommends no further action on this matter.

C. Unreported Receipts and Expenditures and Unitemized Receipt

Sections 434(b)(2), (3), (8), (9), and (11) of Title 2, United States Code, in part, require the Committee to file reports disclosing: (i) identification of every contributor making a contribution in excess of \$100 or aggregating in excess of \$100 during a calendar year along with date and amount, and occupation and principal place of business, if any, (ii) total sum of individual contributions, (iii) total sum of all receipts, (iv) identification of every person to whom expenditures have been made in excess of \$100 or aggregating in excess of \$100 in a calendar year along with the amount, date and purpose of the expenditures, and (v) the total sum of all expenditures.

Our review of the Committee's records revealed the following:

1. Receipts

The Committee did not report (2) contributions at all, each in the amount of \$1,000, and did not itemize a third contribution in the amount of \$1,000.

2. Expenditures

The Committee did not report three (3) expenditures for contribution refunds, each in the amount of \$1,000.

On April 7, 1978, the Audit staff requested that the Committee file a comprehensive amendment to disclose the unreported receipts and expenditures. The amendment was filed as requested on May 18, 1978.

Recommendation

Since the Committee filed a comprehensive amendment to disclose the items described in 1 and 2 above, the Audit staff recommends no further action on this matter.

D. Consolidated Reporting

Section 104.2(c) of Title 11, Code of Federal Regulations, in part, requires the principal campaign committee to consolidate in its report the reports submitted to it by any authorized committee and its own report. The consolidation shall be made on a "Worksheet for Consolidation of Receipts and Expenditures by a Principal Campaign Committee" (FEC Form 3b) and submitted with the reports of the principal campaign committee and the reports or applicable portions of the reports of the committees shown on the consolidation. Section 104.1(c)(4) requires all of the candidate's authorized committees to file reports with the principal campaign committee when the financial activity of all the authorized committees, including the principal campaign committee, attain the prescribed threshold for quarterly reports.

Section 100.14(b)(1) of Title 11, Code of Federal Regulations, defines "authorized committee" as a political committee which is empowered in writing by a candidate to solicit or receive contributions or make expenditures on behalf of the candidate, or has not been disavowed pursuant to Section 100.2(c) of the Regulations.

Section 441a(a)(7)(C) of Title 2, United States Code, in part, states that contributions made to or for the benefit of any candidate for election to the Office of Vice President shall be considered to be contributions made to or for the benefit of the candidate for election to the Office of President.

The following Committees either registered with the Federal Election Commission and/or reported receiving contributions and making expenditures on behalf of the Candidate:

<u>COMMITTEE</u>	<u>REPORTED</u>	
	<u>RECEIPTS</u>	<u>EXPENDITURES</u>
Committee to Elect Anderson & Shackelford, Lakeland, Florida	\$63,390.99	\$63,390.99
Georgians for Anderson Atlanta, Georgia	4,699.15	4,709.15
Tom Anderson Campaign, Beaumont, Texas	1,799.50	2,351.09
Anderson-Shackelford Campaign in Mississippi, Jackson, Mississippi	<u>952.06</u>	<u>952.06</u>
	<u>\$70,841.70</u>	<u>\$71,403.29</u>

The candidate did not disavow any of the committees until July 12, 1977. On this date, the candidate stated in a letter to the Commission that the committees were unauthorized and "I was unaware of their existence until well into the campaign." Further, the Committee did not file consolidated reports with the Commission for the four (4) committees listed above.

However, our review of the Committee's activity revealed the following situations which would indicate knowledge of, and affiliation by the Committee with the other registered political committees supporting the candidacy of Anderson-Shackelford for President and Vice-President which are not authorized by the Presidential Candidate on FEC Form 2a (Candidate Authorization of a Political Committee other than a Principal Campaign Committee) or by letter.

1. Expenditures

The Committee paid an invoice dated October 19, 1976, for a video tape reproduction that was forwarded by the vendor to Odell Stanley (Chairman and Treasurer of the Tom Anderson Campaign 3/). Also, the Committee paid a second invoice dated October 31, 1976, for voter lists and labels that were forwarded by the vendor to Paul Wesolowski (Campaign Manager and Primary Treasurer of the Committee to Elect Anderson & Shackelford). Discussing the relationship between the Committee and the apparent affiliated organizations with the Treasurer, she stated that, although the Committee was aware that the individuals identified in their records were associated with the state organizations of the American Party, the Committee was not aware that the individuals were associated with the separate reporting committees supporting the Anderson-Shackelford campaign.

2. Designation of Campaign Depository

On February 7, 1977, in a Statement of Candidacy, the Candidate for Vice President designated a depository to be used by the Committee to Elect Anderson and Shackelford, Lakeland, Florida.

3. Committee Comptroller

The Committee Comptroller stated that several state organizations were affiliated with the Committee, although their level of activity was not significant. The comptroller further advised that he was in contact on a day to day basis with several persons at the Commission on the subject of reporting by affiliated committees. He stated that the last communication with the Commission indicated affiliated committees were to file directly with the Commission. Also, in a memorandum to American Party Board Members, the National Convention Committee and others, the comptroller stated "An affidavit from the National Candidates is necessary for local committees to receive contributions and spend money on behalf of these candidates."

On April 7, 1978, the Audit staff recommended that the Committee (1) file an authorization statement (FEC Form 2a), (2) amend its statement of organization (FEC Form 1) and (3) file consolidated reports as required by Section 104.2(c) of the Commission's Regulations for the financial activity of the Committees noted above.

The Committee filed an amended statement of organization on May 18, 1978, to reflect the four (4) committees disclosed above as affiliates, as well as a consolidated report of activity by the Committee and the four (4) affiliates. However, the Committee did not file a statement (FEC Form 2a) signed by the Candidate authorizing the four (4) committees.

Recommendation

Although the Presidential and/or Vice Presidential candidates did not file a written statement with the Commission authorizing the four (4) committees, in our opinion, the candidates had tacitly authorized the committees. However, since the Committee has acknowledged affiliation with the four (4) committees, and filed consolidated reports, the Audit staff recommends no further action on this matter.

- 1/ The audit did not cover four (4) committees that either registered with the Federal Election Commission or reported receiving contributions and making expenditures on behalf of the Candidate (see Finding D).
- 2/ The Committee did not designate a campaign chairman on its statement of organization as required by Section 432(a) of the Act.
- 3/ We note this is an apparent violation of Section 102.7(a) of the Commission's Regulations which requires separate persons to hold such offices.



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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 # 540.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



