



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

A83-16

September 9, 1983

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

FROM: BOB COSTA *BC*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
DON MILLS FOR CONGRESS AND KENTUCKIANS
FOR A DEMOCRATIC CONGRESS

Attached please find a copy of the final audit report of the Don Mills for Congress and Kentuckians for a Democratic Congress which was approved by the Commission on August 31, 1983.

Informational copies of the report were sent to all parties involved on August 31, 1983 and the report may be released to the public.

Attachment as stated

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✓ Public Record



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REPORT OF THE AUDIT DIVISION
ON
DON MILLS FOR CONGRESS
AND
KENTUCKIANS FOR A DEMOCRATIC CONGRESS

I. Background

A. Overview

This report is based on an audit of Don Mills For Congress and Kentuckians For A Democratic Congress ("the Committees"), 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(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this section, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

The Don Mills For Congress committee registered as the candidate's principal campaign committee with the Federal Election Commission on April 12, 1982. The Kentuckians For A Democratic Congress committee registered as an authorized joint fund raising committee of the candidate with the Federal Election Commission on August 30, 1982. Both Committees maintained headquarters in Frankfort, Kentucky.

The audit of the Don Mills For Congress committee covered the period April 1, 1982 through December 31, 1982. The Committee reported an opening cash on hand balance on April 1, 1982 of \$-0-; total receipts for the period of \$110,962.70; total disbursements for the period of \$105,003.77; and a closing cash balance on December 31, 1982 of \$867.25. ^{1/}

^{1/} Based on reported receipts and expenditures, reported ending cash is misstated by \$5,091.68.

In the interim audit report, the Audit staff recommended that the Committee file a comprehensive amendment for 1982 to correct these misstatements. On August 19, 1983 the Committee filed the amendment which materially complied with the recommendation.

Recommendation

No further action is necessary.

2. Itemization of Contributions

Section 104.3(a)(4)(i) of Title 11, Code of Federal Regulations states that the identification of each contributor and the aggregate year-to-date total for such contributor shall be reported for each person, other than any committee, who makes a contribution(s) which aggregates in excess of \$200 per calendar year, together with the date of receipt and amount of any such contribution.

Section 100.12 of Title 11, Code of Federal Regulations defines identification, in the case of an individual, as the name, the mailing address, and the occupation of such individual as well as the name of his or her employer.

A review of the disclosure reports indicated that the Committee did not disclose the occupation and/or name of employer for 43 of 66 contributions from individuals. This represents 65.15% of the total individual contributions itemized on the Committee's reports. The Committee's bookkeeper explained that the omissions resulted from a misunderstanding of the requirements concerning the disclosure of occupation and name of employer for contributors.

Also, the Committee did not disclose the aggregate year-to-date totals for 44 of the 66 individual contributors itemized on the reports (66.67%), and 17 of 19 contributions from political committees (89.5%).

In the interim audit report, the Audit staff recommended that the Committee file amended receipt schedules to include this requisite information. On August 19, 1983 the Committee filed amended schedules which materially complied with the Audit staff's recommendation.

Recommendation

No further action is necessary.

3. Itemization of Expenditures

Section 434(b)(5) of Title 2, United States Code requires that each report under this section shall disclose the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such expenditure.

A review of disclosure reports and expenditure records indicated that the Committee did not itemize 63 expenditures which required itemization totaling \$9,006.07. This represents 38.41% of the total number and 9.33% of the total dollar value of expenditures requiring itemization. The bookkeeper explained that he misunderstood the requirement to itemize expenditures less than \$200 when the aggregate value of such expenditures exceed \$200.

Also, the Committee did not properly itemize 66 expenditures totaling \$45,375.03 on its reports. This represents 40.24% of the total number and 47.00% of the total dollar value of expenditures requiring itemization. For the most part, the expenditures were itemized without a mailing address shown for the payee.

In the interim audit report, the Audit staff recommended that the Committee file amended expenditure schedules to correctly itemize the above expenditures. On August 19, 1983 the Committee filed amended schedules which materially complied with the Audit staff's recommendation.

Recommendation

No further action is necessary.

4. Continuous Reporting of Debts and Obligations

Section 104.11(a) of Title 11, Code of Federal Regulations states in part that debts and obligations owed by or to a political committee which remain outstanding shall be continuously reported on separate schedules until extinguished.

A review of loan records indicated that the Committee obtained 3 loans totaling \$8,400: one (1) from the candidate for \$2,500; one (1) from the candidate's brother for \$900; and one (1) from a bank for \$5,000 co-signed by both the candidate and his brother. The brother's name was deleted as an endorser on the \$5,000 loan in early September when the treasurer

was advised that the endorsement was considered a contribution to the extent that the loan was outstanding. This resulted in a contribution in excess of the limitation imposed by 2 U.S.C. 441a(a)(1) for a period of 3 1/2 months.

The Committee included the necessary schedules disclosing these loans in the report period during which the loan was obtained. However, the Committee did not file the necessary schedules in subsequent reports disclosing the loans through repayment. These loans represented the only debts and obligations incurred by the Committee.

With respect to the repayment of the loans, the loan of \$5,000 was repaid with interest on November 5, 1982. The loan of \$2,500 was repaid with interest on October 27, 1982. The loan of \$900 remained outstanding. It should be noted that the loan of \$900 from the candidate's brother which was made on May 13, 1982 required a written designation from the brother showing that the loan was designated for the general election because the brother had made an earlier contribution of \$1,000 to the Committee on April 6, 1982. The primary election was held on May 25, 1982.

On August 19, 1983 the Committee complied with the recommendation made by the Audit Division in the interim audit report by providing a written statement from the candidate's brother forgiving the \$900 loan to the Committee as well as designating the forgiveness as a contribution to the general election. In addition, the Committee provided schedules for the other 2 loans disclosing them through repayment.

Recommendation

No further action is necessary.

III. Kentuckians For A Democratic Congress

A. Audit Finding and Recommendation

Based on examination of the reports and statements filed and the records presented by the Committee, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

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