



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

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April 19, 1996

MEMORANDUM

TO: RON M. HARRIS  
PRESS OFFICER  
PRESS OFFICE

FROM: ROBERT J. COSTA *RJC*  
ASSISTANT STAFF DIRECTOR  
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON  
BOB BARR FOR CONGRESS '94

Attached please find a copy of the final audit report and related documents on Bobb Barr for Congress '94, which was approved by the Commission on April 9, 1996.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: Office of General Counsel  
Office of Public Disclosure  
Reports Analysis Division  
FEC Library

*Celebrating the Commission's 20th Anniversary*

YESTERDAY TODAY AND TOMORROW  
DEDICATED TO KEEPING THE PUBLIC INFORMED

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REPORT OF THE AUDIT DIVISION  
ON

# Bob Barr for Congress '94

Approved April 9, 1996



FEDERAL ELECTION COMMISSION  
999 E STREET, N.W.  
WASHINGTON, D.C.

**TABLE OF CONTENTS**  
**BOB BARR FOR CONGRESS '94**

	<b>Page</b>
<b>Executive Summary</b>	<b>1</b>
<b>Final Audit Report</b>	<b>3</b>
<b>Background</b>	<b>3</b>
<b>Findings</b>	<b>5</b>
<b>Transmittal to Committee</b>	<b>17</b>
<b>Chronology</b>	<b>19</b>

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20542

**FINAL AUDIT REPORT  
ON  
BOB BARR FOR CONGRESS '94  
EXECUTIVE SUMMARY**

Bob Barr for Congress '94 (the Committee) registered with the Clerk of the U.S. House of Representatives on August 13, 1993, as the principle campaign committee for Robert L. Barr Jr., Republican candidate for the U.S. House of Representatives from Georgia's Seventh Congressional District.

The audit was conducted pursuant to 2 U.S.C. Section 438(b), which states, that the Commission may conduct audits of any political committee whose reports fail to meet the threshold level of compliance set by the Commission.

The findings of the audit were presented to the Committee at an exit conference held at the completion of field work on June 30, 1995, and later, in an interim audit report. The Committee's responses to those findings are included in the final audit report.

The following is an overview of the findings contained in the final audit report.

Apparent Prohibited Contributions- 2 U.S.C. Section 441b(a); 11 CFR Sections 103.3(b)(2) and 103.3(b)(4). The Committee received twenty contributions from sixteen corporations totaling \$5,570. With the exception of one \$250 contribution, the Committee provided photocopies of the front of refund checks for the prohibited contributions and in some instances evidence of negotiation of the checks. The Committee has stated that it will provide evidence of the remaining refunds once they have cleared the Committee's account.

Apparent Excessive Contributions- 2 U.S.C. Section 441a(a)(1)(A) and (a)(2)(A); 11 CFR Sections; 110.1(b)(5)(i) and (ii), 110.1(k), 110.4(c)(1) and (2), 110.9(a) and 103.4(b). The Committee received sixty-two contributions from forty-seven contributors which exceeded the donor's limitations by \$40,804 and excessive cash contributions from fourteen individuals totaling \$1,705. Also, the Audit staff identified \$37,950 in contributions

970 / 02504 : 3

which were not itemized. Of this amount \$20,100 were contributions which were either wholly or in part excessive. The Audit staff discovered notes on the photocopies of three of the excessive contributions that indicate that the Committee was aware that the contributions were excessive and either did not record them, or recorded them so that they did not appear to be excessive. With the exception of one \$20 cash contribution, the Committee provided photocopies of the front of refund checks for all the excessive contributions and evidence that a portion of the refund checks were negotiated. The Committee has stated that it will provide evidence of the remaining refunds once they have cleared the Committee's account.

Misstatement of Financial Activity- 2 U.S.C. Sections 434(b)(1), (2) and (4). The Audit staff's 1993 bank reconciliation determined that the Committee understated its receipts by \$4,439 and understated its disbursements by \$3,549. As a result, ending cash on hand was understated by \$890. In 1994 the Committee's disbursements were understated by \$14,331. The Committee filed amended disclosure reports for calendar year 1993 but did not materially the errors. The Committee's amended disclosure reports for calendar year 1994 were materially correct.

Omission of Disclosure Information- 2 U.S.C. Section 434(b)(3) and 11 CFR Section 104.7(a) and (b). The audit disclosed that approximately 25% of the Committee's itemized contributions lacked complete information. In addition, with respect to the disclosure of occupation and name of employer, one-third of the contributions itemized after the effective date of the Commission's revised best efforts regulations lacked the required information and evidence of necessary efforts to obtain it. The Committee filed amended Schedules A for a portion of the contributions. However, the amended disclosure reports leave an error rate of 18% for disclosure information. The Committee did not address disclosure of occupation and name of employer.

Reporting of Contributions from Political Committees- 2 U.S.C. Section 434(b)(2)(D) and (b)(3)(B). During the audit period the Committee failed to itemize forty-four contributions from political committees totaling \$27,100. The Committee included twenty-five of the forty-four contributions in their 1995 Mid-Year report. Also the Committee filed amended disclosure reports which itemized most of the remaining items.

970 / 02504 : 4



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20461

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REPORT OF THE AUDIT DIVISION  
ON  
BOB BARR FOR CONGRESS '94

I. Background

A. Audit Authority

This report is based on an audit of Bob Barr for Congress '94 (the Committee), undertaken by the Audit Division of the Federal Election Commission in accordance 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 subsection, 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.

B. Audit Coverage

The audit covered the period from March 3, 1993, the inception of bank activity, through December 31, 1994. The Committee reported a beginning cash balance of \$0; total receipts for the period of \$648,266; total disbursements for the period of \$622,340; and an ending cash balance of \$25,926.1

C. Campaign Organization

The Committee registered with the Clerk of the House of Representatives on August 13, 1993 as the principal campaign committee for Robert L. Barr, Jr., Republican candidate for the U.S. House of Representatives from the State of Georgia for the Seventh District.

1/ All amounts in this report have been rounded to the nearest dollar.

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The Treasurer of the Committee from inception until October 17, 1993 was Robert M. Parsons. Mr. Charles C. Black became the Treasurer on October 18, 1993 and is the current Treasurer.

To handle its financial activity, the campaign used 3 bank accounts at various times. From these accounts the campaign made approximately 900 disbursements. Approximately 2,570 contributions totaling roughly \$533,000 were received from individuals and 120 contributions totaling \$121,900 were received from political committees and other committees.

D. Scope

The audit included testing of the following general categories:

1. The receipt of contributions or loans in excess of the statutory limitations (see Finding II.B.);
2. the receipt of contributions from prohibited sources, such as those from corporations or labor organizations (see Finding II.A.);
3. proper disclosure of contributions from individuals, political committees and other entities, to include the itemization of contributions when required, as well as, the completeness and accuracy of the information disclosed (see Finding II.B, II.D and II.E);
4. proper disclosure of disbursements including the itemization of disbursements when required, as well as, the completeness and accuracy of the information disclosed;
5. proper disclosure of campaign debts and obligations;
6. the accuracy of total reported receipts, disbursements and cash balances as compared to campaign bank records (see Finding II.C.);
7. adequate recordkeeping for campaign transactions;
8. other audit procedures that were deemed necessary in the situation.

Unless specifically discussed below, no material non-compliance was detected. It should be noted that the Commission may pursue any of the matters discussed in this report in an enforcement action. Although in maintaining its records the Committee satisfied the minimum recordkeeping requirements of 11 CFR §102.9, the Audit staff's testing of disbursements by the Committee was limited due to the lack of invoices, receipts, and other third party documentation. In its testing of disbursements

the Audit staff was able to locate invoices for only 11% of the items tested. Therefore, for most disbursements, no documentation from third parties was available for the Audit staff to independently verify items such as vendor addresses, purpose of disbursement and reporting of debts and obligations.

II. Findings and Recommendations

A. Apparent Prohibited Contributions

Section 441b(a) of Title 2 of the United States Code states, in relevant part, that it is unlawful for any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office.

Section 103.3(b)(2) of Title 11 of the Code of Federal Regulations states, in part, that the treasurer shall refund the contribution to the contributor within thirty days of the date on which the illegality is discovered.

Section 103.3(b)(4) of Title 11 of the Code of Federal Regulations states, in part, that any contribution which appears to be illegal and which is deposited into a campaign depository shall not be used for any disbursements by the political committee until the contribution has been determined to be legal. The political committee must either establish a separate account in a campaign depository for such contributions or maintain sufficient funds to make all such refunds.

The Audit staff's review of contributions identified twenty-three apparent prohibited contributions from eighteen entities totaling \$5,570. Included among these contributions were contributions of \$1,000 each from Autumn Lake and Summerlake Properties L.P. and a \$500 contribution from Knight Davidson Rosewood I. All three checks were dated August 19, 1994, signed by the same individual, and were accompanied by a letter on the letterhead of Knight Davidson Companies, Inc. which stated, in part, "Enclosed please find our checks totaling \$2,500.00 for Bob's campaign." The letter also indicated that the three entities were limited partnerships and listed a different individual as the contributor for each entity. It is further noted that the contribution from Knight Davidson Rosewood I was disclosed under the individual listed while the other two contributions were not itemized.

At the exit conference, Committee representatives were provided schedules of the apparent prohibited contributions. Committee representatives responded by questioning whether some of the items were actually prohibited and asking why we had included

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contributions from limited partnerships as prohibited contributions. The Audit staff responded by stating that our inquiries had indicated that the entities were incorporated.

In response to the exit conference, the Committee stated that the three contributions discussed above were checks from limited partnerships with the contributions designated for individuals. The Audit staff conducted additional research and was able to determine that Summerlake Properties and Autumn Lake were limited partnerships. However, the research also indicated that Knight Davidson Companies, Inc. was the general partner<sup>2/</sup> for each of these entities. Our reviews were unable to identify the limited partners for Summerlake Properties or Autumn Lake.

With respect to Knight Davidson Rosewood I, the Audit staff was unable to verify that it is in fact a limited partnership and if it is, the identity of the partners. However, based on the apparent relationship with Summerlake Properties, Autumn Lake, and Knight Davidson Companies Inc., the contribution was included among the apparent prohibited contributions pending the submission of additional information.

As noted previously, in the cover letter from Knight Davidson Companies, Inc., each contribution was apparently attributed to an individual. It was not established that the individuals were partners in their personal capacities. Two of the three individuals are corporate officers of Knight Davidson Companies, Inc. Also, if any of the individuals could be identified as partners in their personal capacities, then documentation would need to be provided to demonstrate that the personal profits or losses of the individual partners were affected and the profits or losses of any corporate partners were not affected.

The Committee further responded that for nine of the entities who made apparent prohibited contributions, eight of the checks did not indicate that they were from a corporation and for four of the nine the Committee had contacted the Georgia Secretary of State who had informed them that the entities were not recorded as corporations. The Audit staff again contracted the Georgia Secretary of State and verified that all nine were registered as corporations in Georgia.

<sup>2/</sup> A limited partnership has both general and limited partners who share the profits of the business. The general partner has a right to manage the business and has unlimited liability whereas a limited partner has no right to manage the business or act as its agent and has liability limited to his capital contribution to the business.

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For the final six entities included in this finding, the Committee did not respond. The interim audit report concluded that absent further documentation, there remained twenty-three apparent prohibited contributions which totaled \$5,570. Finally, it was noted that the Committee did not maintain sufficient funds pursuant to 11 CFR \$103.3(b)(4) to make refunds of the apparent prohibited contributions.

In the interim audit report, the Audit staff recommended that the Committee provide documentation to demonstrate that the contributions in question were not from prohibited sources and absent such a demonstration the Audit staff recommended that the Committee refund the contributions and provide evidence of the refunds (i.e., copies of front and back of negotiated checks).

In response to the interim audit report, the Committee provided documentation for three contributions totaling \$1,125 which indicates the contributions were not from prohibited sources. With the exception of one \$250 item, the Committee provided photocopies of the front of refund checks for the remaining prohibited contributions including those related to the three business discussed above. No action was taken with respect to the remaining \$250 contribution. The refund checks were dated between January 13, 1996 and January 29, 1996. As of February 29, 1996, twelve of the refund checks had cleared the Committee's bank account. The Committee has stated that it will provide evidence of the remaining refunds once they have cleared the Committee's account.

B. Apparent Excessive Contributions

Sections 441a(a)(1)(A) and (a)(2)(A) of Title 2 of the United States Code state, that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000 and 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 110.1(b)(5)(i) and (ii) of Title 11 of the Code of Federal Regulations states, in part, that the treasurer of an authorized political committee may request a written redesignation of a contribution by the contributor for a different election if:

- ° the contribution was designated in writing for a particular election, and the contribution, either on its face or when aggregated with other contributions from the same contributor for the same election, exceeds the limitation on contributions set forth in 11 CFR 110.1(b)(1);

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- ° the contribution was designated in writing for a particular election and the contribution was made after that election and the contribution cannot be accepted under the net debts outstanding provisions of 11 CFR 110.1(b)(3);
- ° the contribution was not designated in writing for a particular election, and the contribution exceeds the limitation on contributions set forth in 11 CFR 110.1(b)(1); or
- ° the contribution was not designated in writing for a particular election, and the contribution was received after the date of an election for which there are net debts outstanding on the date the contribution is received.

Further, a contribution shall be considered to be redesignated for another election if the treasurer of the recipient authorized political committee requests that the contributor provide a written redesignation of the contribution and informs the contributor that the contributor may request the refund of the contribution as an alternative to providing a written redesignation and within sixty days from the date of the treasurer's receipt of the contribution, the contributor provides the treasurer with a written redesignation of the contribution for another election, which is signed by the contributor.

Section 110.1(k) of Title 11 of the Code of Federal Regulations states any contribution made by more than one person, except for a contribution made by a partnership, shall include the signature of each contributor on the check, money order, or other negotiable instrument or in a separate writing and if a contribution made by more than one person does not indicate the amount to be attributed to each contributor, the contribution shall be attributed equally to each contributor.

If a contribution to a candidate or political committee, either on its face or when aggregated with other contributions from the same contributor, exceeds the limitations on contributions set forth in 11 CFR 110.1(b), (c) or (d), as appropriate, the treasurer of the recipient political committee may ask the contributor whether the contribution was intended to be a joint contribution by more than one person. A contribution shall be considered to be reattributed to another contributor if the treasurer of the recipient political committee asks the contributor whether the contribution is intended to be a joint contribution by more than one person, and informs the contributor that he or she may request the return of the excessive portion of the contribution if it is not intended to be a joint contribution, and within sixty days from the date of the treasurer's receipt of

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the contribution, the contributors provide the treasurer with a written reattribution of the contribution, which is signed by each contributor, and which indicates the amount to be attributed to each contributor if equal attribution is not intended.

Section 110.4(c)(1) and (2) of Title 11 of the Code of Federal Regulations states that with respect to any campaign for nomination for election or election to Federal office, no person shall make contributions to a candidate or political committee of currency of the United States, of any foreign country, which in the aggregate exceed \$100 and a candidate or committee receiving a cash contribution in excess of \$100 shall promptly return the amount over \$100 to the contributor.

Section 110.9(a) of Title 11 of the Code of Federal Regulations states that no candidate or political committee shall accept any contribution or make any expenditure in violation of the provisions of part 110. No officer or employee of a political committee shall accept a contribution made for the benefit or use of a candidate, or make any expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures under this part 110.

The Committee provided a computer file to support its contributions received. However, the file contained amounts to support only 70% (\$455,228) of total receipts for the audit period. The Committee also maintained photocopies of contributor checks. However, the copies of checks contained many duplicate copies and were in no identifiable order. As a result, the Audit staff sorted the check copies alphabetically and removed the duplicates so that testing could be performed. The total of the check copies after duplicates were removed was \$617,645 (55% of total receipts).

A review of contributions from individuals was conducted to determine if contributions in excess of the limitations were received. Sixty-two such contributions from forty-seven contributors were identified. The excessive portions of these contributions totaled \$40,804 or approximately 8% of total contributions from individuals.

Among the excessive contributions were eight instances where checks drawn on joint accounts were reported as attributed to account holders who had not signed the contribution check and for which no signed reattributions were presented. Three other excessive contributions were identified as designated on the Committee's disclosure reports to elections other than that indicated by the date of the contribution although no written designations or redesignations were located. Based on the amounts of many of the excessive contributions, it appears that the Committee was internally reattributing and redesignating items without obtaining the written authorizations. However, as noted below, many of the excessive contributions were not itemized and thus the Audit staff could not review the manner in which they

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were reported. According to the Committee treasurer, he did not think the Committee obtained any reattributions or redesignations and would be surprised if any existed.

The Audit staff identified \$37,950 in contributions which were not itemized as required. Of this amount, \$20,100 were contributions which were either wholly or in part excessive. In addition, two of the excessive contributions were itemized in amounts less than the contribution. The reported amounts were not in excess of the contribution limitations. The Audit staff also discovered notes on the photocopies of three of the excessive contributions. These notes indicated that the Committee was aware that the contributions were excessive and either did not record them, or recorded them so that they did not appear to be excessive. The notes stated "Both Paul and Sybil XS (excessive \$1,000) not entered", "Entered \$400 of \$500 CK (check) XS (excessive) contribution", and "Contribution entered under Anne, John has topped out."

Also identified by the Audit staff was an apparent excessive contribution from a political party. The Georgia Republican Party made two contributions after the date of the primary election, each in the amount of \$5,000. The Georgia Republican Party, in response to an inquiry from the Commission's Reports Analysis Division, justified the two contributions by maintaining that there were two separate elections, a primary runoff and a general election and designated the first \$5,000 as a primary contribution. However, no primary runoff election took place.

Further, neither a separate account for potential excessive contributions nor any attempt to monitor amounts required to be held in the Committee's regular accounts pursuant to 11 CFR §103.4(b) were found. None of the excessive contributions had been refunded.

Additionally, a review of the Committee's contribution records revealed excessive cash contributions from fourteen individuals. The excessive portions of these contributions totaled \$1,705. None of the excessive cash contributions had been refunded.

At the exit conference, Committee representatives were provided schedules of the identified excessive contributions. A Committee representative responded by indicating that he could not believe that we (the Federal Election Commission) would not allow reattributions and redesignations at this point and that we would require the Committee to refund the excessive contributions.

The Committee responded to the exit conference by indicating that they received verbal authorization from the contributor to designate the items identified by the Audit staff as excessive. Additionally they indicated that they were currently searching through their files to locate any written

authorizations. However, 11 CFR §110.1(b)(5) and §110.1(k) require redesignations and reattributions to occur in writing within sixty days from the date of the treasurer's receipt of the contribution.

In the interim audit report, the Audit staff recommended that the Committee provide evidence to demonstrate that the contributions noted above were not excessive to include documentation to demonstrate any timely reattributions or redesignations. Also, the Audit staff recommended that the Committee provide the source and purpose of the notes written on copies of the contributor checks mentioned above, and provide evidence to demonstrate that the apparent excessive contributions were not knowingly and willfully retained and misreported.

Absent such a demonstration, the Audit staff recommended that the Committee refund these contributions and provide evidence of the refunds in the form of the front and back of the negotiated refund checks. In addition, the Audit Staff recommended the Committee file amended Schedules A for the excessive contributions that were not itemized on its disclosure reports. If the Committee did not have the funds to make these refunds, the Audit staff recommended that the Committee file amended Schedules D to disclose these items as debts owed by the Committee.

In response to the interim audit report, with the exception of one \$20 excessive cash contribution, the Committee provided photocopies of the front of refund checks for all the excessive contributions from individuals. All refund checks were dated in January, 1996 and as of February 29, 1996, forty-six refunds totaling \$32,478 had cleared the Committee's account. The Committee has stated that it will provide evidence of the remaining refunds once the checks have cleared the bank. With respect to the one excessive contribution from the Georgia Republican Party, the Committee was able to provide documentation which indicated that the first \$5,000 contribution was designated for primary debt and thus no excessive contribution occurred.

Also, the Committee filed amended Schedules A for the Audit period on February 20, 1996. These amendments materially corrected the public record relative to the itemization of these excessive contributions.

The Committee's response to the interim audit report did not address the notes found on copies of some of the contribution checks or provide evidence that these excessive contributions were not knowingly and willfully retained and misreported.

C. Misstatement of Financial Activity

Sections 434(b)(1), (2), and (4) of Title 2 of the United States Code states, in relevant part, that each report shall disclose the amount of cash on hand at the beginning of the

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reporting period, the total amount of all receipts and the total amount of all disbursements for the period and calendar year.

The Audit staff's reconciliation of the Committee's reported activity to amounts reflected in its bank records revealed the following misstatements of financial activity for calendar years 1993 and 1994. The Committee did not maintain records to show the derivation of its reported amounts. Absent such records, the Audit staff could not identify all differences between bank activity and reported activity.

1. 1993 Misstatement

The Audit staff's 1993 bank reconciliation determined that the Committee understated its receipts by \$4,439 and understated its disbursements by \$3,549. As a result, ending cash on hand was understated by \$890.

The receipts misstatement was the result of a \$1,000 NSF contribution reported, unreported receipts totaling \$1,850 from the Bob Barr '94 Exploratory account, in-kind contributions totaling \$401 not reported and a reconciling adjustment of \$3,188.

The disbursements misstatement was the result of two 1994 disbursements totaling \$827 being reported in 1993, unreported disbursements in the Year End 1993 report totaling \$3,882, three in-kind contributions totaling \$401 not reported and two miscellaneous adjustments totaling \$74 and a reconciling adjustment of \$19.

2. 1994 Misstatement

The Audit staff's 1994 bank reconciliation determined that the Committee's beginning cash-on-hand was understated by \$890 as a result of the 1993 misstatement. In addition, disbursements were understated by \$14,331. These items and a small receipts misstatements resulted in ending cash-on-hand being overstated by \$7,341.

The disbursement misstatement was the result of six disbursements totaling \$3,390 which were not reported, a \$1,000 voided check which was reported, one disbursement which was understated by \$9,000, miscellaneous adjustments totaling \$10 and a reconciling adjustment of \$2,951.

At the exit conference, Committee representatives were provided schedules for the differences identified in 1993 and 1994. Committee representatives responded by questioning who was the payee for one disbursement in 1994 and agreed to examine the materials presented and file amended disclosure reports as necessary.

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In the interim audit report, the Audit staff recommended that the Committee file amended Schedules A, B and Summary Pages for both calendar years to correct the public record.

In response to the interim audit report, the Committee made several points regarding its reported receipts and disbursements in addition to filing amended disclosure reports on February 20, 1996 for both 1993 and 1994. The amended disclosure report for 1993 contained the same total reported receipts and disbursements as the original reports filed by the Committee. With respect to the 1993 receipts, the Committee's amended reports removed the reported NSF contribution. The Committee stated that total receipts were not affected because the actual net amount of deposits were originally reported. The Committee also stated that the \$1,850 not reported from the Bob Barr '94 Exploratory account was not a contribution, but a transfer between accounts. For 1993 disbursements, the Committee stated that the two disbursements for 1994 were actually written on December 31, 1993 and thus were correctly reported. For the remaining adjustments, the Committee stated that the amounts were from the bank statements and although some amounts were not itemized, they were reported in unitemized disbursements.

As noted previously the Committee did not provide workpapers detailing how it calculated its reported figures. The Audit staff examined the Committee's bank records and, after making the relevant adjustments for items such as NSF contributions, outstanding checks and in-kind contributions, was able to determine that 1993 reported receipts and disbursements were understated by \$4,439 and \$3,549 respectively.

The \$1,850 item for the Bob Barr '94 Exploratory account was not a transfer between accounts. This amount represents receipts for March, 1993 deposits into that account. There is no evidence that these contributions were reported. The Committee's other accounts were not opened at that time and thus no transfer of funds could have occurred. Even if the Committee insists that this amount and the reported NSF contribution were accounted for in the reported totals, it does not alter the fact that total receipts were understated by \$4,439 and thus the Committee has still not corrected the 1993 receipts misstatement.

With respect to disbursements, the Audit staff accepted the Committee's explanation that the two 1994 disbursements totaling \$827 were actually written in 1993. However, when this amount is added to outstanding checks, the understatement of disbursements is increased to \$4,376. Also, the Audit staff acknowledges that we do not know which disbursements are contained in the Committee's unitemized amount. However, we were able to identify all disbursements which were not itemized and after adjusting for the unitemized amounts, determined that \$3,882 could not have been reported and that \$401 in either in-kind

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contributions or other disbursements were also not reported. Therefore, the Committee could not have reported total disbursements and the public record has still not been corrected for the Committee's 1993 disbursements.

The Committee's amended disclosure reports for calendar year 1994 were materially correct. Thus, the Committee has complied with the Audit staff's recommendation for 1994.

D. Omission of Disclosure Information

Section 434(b)(3) of Title 2 of the United States Code states, in relevant part, that each report under this section shall disclose the identification of each person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year.

Section 431(13) of Title 2 of the United States Code states, when used in this Act: the term "identification" means in the case of any individual, the name, the mailing address, and the occupation of such individual, as well as the name of his or her employer; and in the case of any other person, the full name and address of such person.

Section 104.7(a) and (b) of Title 11 of the Code of Federal Regulations<sup>3/</sup> states, in part, that if best efforts have been used to obtain, maintain and submit the information required by the Act for the political committee, any report of such committee shall be considered in compliance with the Act. The treasurer and the committee will only be deemed to have exercised best efforts if all of the following are present: all written solicitations for contributions include a clear request for the contributor's full name, mailing address, occupation and name of employer, and include the statement that reporting of such information is required by Federal law; the treasurer makes at least one effort, in either a written request or a documented oral request, within thirty days of the receipt of the contribution, to obtain the information; and the treasurer reports all contributor information not provided by the contributor, but in the committee's possession, including information in contributor records, fundraising records and previously filed reports, in the same two year election cycle.

A sample of contributions received by the Committee revealed an error rate of 25% for disclosure of information on reports filed by the Committee. The majority of these errors resulted from differences between the reported aggregate year-to-date amounts versus the actual aggregate year-to-date amounts. Sixty-three percent of these errors occurred in the 1994

<sup>3/</sup> The effective date of this regulation is March 3, 1994.

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October Quarterly and Pre-General Election report periods. The remaining errors included contribution amounts disclosed incorrectly and contributions disclosed under a different account holder's name (see Finding II.B. above).

With respect to disclosure of occupation and name of employer information, the majority of the errors occurred after the effective date of the change to 11 CFR §104.7. Therefore, this finding relates to the contributions received after that date. A sample of contributions received by the Committee also revealed the Committee failed to disclose occupation and/or name of employer information for 33% of the contributions received after March 3, 1994 and requiring such disclosure. Fifty-nine percent of these omissions were during the 1994 October Quarterly and Pre-General Election report periods. The Committee did not demonstrate best efforts to obtain, maintain and submit the information. The majority of the errors were instances where the Committee did not obtain the information. In other instances, the information was obtained and not disclosed or was disclosed incorrectly.

At the exit conference, Committee representatives were informed of the disclosure errors. The Committee believed some of the disclosure errors were the result of a computer error.

In the interim audit report, the Audit staff recommended that the Committee file amended Schedules A to correct the public record.

In response to the interim audit report, the Committee filed amended Schedules A on February 20, 1996 which corrected the public record for a portion of the contributions noted in the interim audit report. However, the amended disclosure reports leave an error rate of 18% for disclosure of information. The Committee did not address disclosure of occupation and name of employer. Therefore, the Committee has not materially complied with the Audit Staff's recommendation.

E. Reporting of Contributions from Political Committees

Sections 434(b)(2)(D) and (b)(3)(B) of Title 2 of the United States Code state that each report under this section shall disclose for the reporting period and calendar year, the total amount of all receipts from other political committees and the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and the amount of any such contribution.

A review of contributions from political committees was conducted to determine if contributions were reported as required. Forty-four contributions from political committees were identified as not being itemized. The amount of the contributions was \$27,100.

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At the exit conference, Committee representatives were provided schedules of these contributions. The Committee representatives responded by questioning if the Committee actually received the contributions since a portion of these items were identified from Commission disclosure records.

The Committee included twenty-five of the forty-four political committees that were previously unitemized in their 1995 Mid-Year report. In addition, the Committee filed amended disclosure reports on September 13, 1995, which itemized most of the remaining items.

In the interim audit report, the Audit staff recommended no further action.

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FEDERAL ELECTION COMMISSION  
WASHINGTON D C 20463

April 11, 1996

Mr. Charles Black, Treasurer  
Bob Barr for Congress '94  
231 Maxham Road, Suite 100  
Austell, GA 30001

Dear Mr. Black:

Attached please find the Final Audit Report on Bob Barr for Congress '94. The Commission approved the report on April 9, 1996.

The Commission approved final audit report will be placed on the public record on April 19, 1996. Should you have any questions regarding the public release of the report, please contact the Commission's Press Office at (202) 219-4155. Any questions you have related to the matters covered during the audit or in the report should be directed to Robert Morcomb or Joe Swearingen of the Audit Division at (202) 219-3720 or toll free at (800) 424-9530.

Sincerely,

Robert J. Costa  
Assistant Staff Director  
Audit Division

Attachment as stated

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**CHRONOLOGY**

**BOB BARR FOR CONGRESS '94**

Audit Fieldwork	6/12/95 - 6/30/95
Interim Audit Report to the Committee	11/29/95
Response Received to the Interim Audit Report	2/16/96
Final Audit Report Approved	4/9/96

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