



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 21, 2002

MEMORANDUM

TO: RON M. HARRIS
PRESS OFFICER
PRESS OFFICE

FROM: JOSEPH F. STOLTZ *JFS*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON
COMMITTEE TO ELECT LINDSEY GRAHAM

Attached please find a copy of the final audit report and related documents on Committee to Elect Lindsey Graham that was approved by the Commission on November 14, 2002.

All parties involved have received informational copies of the report and the report may be released to the public on November 21, 2002.

Attachment as stated

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

**REPORT OF THE AUDIT DIVISION
ON THE
COMMITTEE TO ELECT
LINDSEY GRAHAM**

Approved November 14, 2002



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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

COMMITTEE TO ELECT LINDSEY GRAHAM

EXECUTIVE SUMMARY

The Committee to Elect Lindsey Graham (CELG) registered with the Federal Election Commission on April 13, 1994 as the principal campaign committee for Lindsey O. Graham, Republican candidate for the U.S. House of Representatives from the state of South Carolina, Third Congressional District.

The audit was conducted pursuant to 2 U.S.C. §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 from the audit were presented to the Committee at the completion of fieldwork on November 5, 2001 and later in the interim audit report. The relevant parts of the Committee's response to these findings are included in the audit report.

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

Receipt of Contributions from Individuals in Excess of the Limitation —

2 U.S.C. §441a(a)(1)(A); 11 CFR 103.3(b). A review of CELG's receipt records identified contributions from 60 individuals that were in excess of the limitation by \$54,401. Of this amount, \$43,276 related to the 2000 primary election and \$11,125 related to the 2000 general election. CELG has attempted to refund \$44,235 to 52 individuals and demonstrated the remaining amounts were not excessive. Refund amounts that have not been cashed by the contributor were forwarded to the U.S. Treasury.

Misstatement of Financial Activity —

2 U.S.C. §434(b)(1)(2) and (4). The reconciliations of CELG's reported financial activity to its bank activity indicated that cash on hand balances, disbursements, and receipts were materially misstated. CELG filed amended reports that materially corrected these misstatements.

Itemization of Receipts from Political Committees —

2 U.S.C. 434(b)(3)(B). A material number of contributions from political committees were not itemized on Schedules A (Itemized Receipts) as required. CELG filed amended Schedules A to disclose the missing information.



***REPORT OF THE AUDIT DIVISION
ON
COMMITTEE TO ELECT LINDSEY GRAHAM***

I. BACKGROUND

A. AUDIT AUTHORITY

This report is based on an audit of Committee to Elect Lindsey Graham (CELG), 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 January 1, 1999 through December 31, 2000. CELG reported a beginning cash balance of \$124,511; total receipts for the audit period of \$1,153,515; total disbursements for the audit period of \$750,014; and, an ending cash balance on December 31, 2000 of \$528,015.¹

C. CAMPAIGN ORGANIZATION

CELG registered with the Federal Election Commission on April 13, 1994 as the principal campaign committee for Mr. Lindsey O. Graham, Republican candidate for the U.S. House of Representatives from the state of South Carolina, Third Congressional District.² CELG maintains its headquarters in Seneca, South Carolina and

¹ Reported figures do not foot due to minor mathematical discrepancies.

² The CELG changed its name from Graham for Congress to the Committee to Elect Lindsey Graham on April 14, 1997. An amended Statement of Organization was not filed to list the new depositories used by CELG during the period covered by the audit as required by 2 U.S.C. §433(c).

its treasurer is Mr. Neil Byerley, who also served as Treasurer during the period covered by the audit.

To manage its financial activity, CELG maintained a checking account, an investment account and a petty cash fund. From these accounts, approximately 728 disbursements were made, totaling \$729,535. CELG's receipts, as recorded in its contributions database, consisted of approximately 9,174 contributions from individuals, totaling \$805,385 and 327 contributions from political committees, totaling \$342,951. In addition, a petty cash fund with a balance of \$8,000 was maintained by the CELG. This fund appears to have been inactive during the period covered by the audit (see Finding II.B.). Accounting and recordkeeping functions were performed by paid campaign staff, which utilized commonly available campaign management software. The CELG did not file its disclosure reports electronically during the period covered by the audit.³ A CELG representative attended an FEC reporting seminar several years ago.

D. AUDIT SCOPE AND PROCEDURES

Following Commission approved procedures, the Audit staff evaluated various risk factors and as a result the scope of the audit included the following general categories:

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

³ CELG did file several 48-Hour Notices electronically prior to the 2000 General election.

Unless specifically discussed below, no material non-compliance was detected. It should be noted that the Commission may pursue further any of the matters discussed in this report in an enforcement action.

II. AUDIT FINDINGS AND RECOMMENDATIONS

A. RECEIPT OF CONTRIBUTIONS FROM INDIVIDUALS IN EXCESS OF THE LIMITATION

Section 441a(a)(1)(A) of Title 2 of the United States Code states, 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.

Subsection (b)(2) of 11 CFR §110.1 explains that *with respect to any election* means that if the contribution is not designated in writing by the contributor for a particular election then the contribution applies to the next election for that Federal office after the contribution is made.

Sections 103.3(b)(3) and (4) of Title 11 of the Code of Federal Regulations state, in part, that contributions which exceed the contribution limitations may be deposited into a campaign depository or returned to the contributor. If any such contribution is deposited, the treasurer may request redesignation or reattribution of the contribution by the contributor in accordance with 11 CFR 110.1(b) or 110.1(k). If a redesignation or reattribution is not obtained, the treasurer shall, within 60 days of the treasurer's receipt of the contribution, refund the contribution to the contributor. Further, any contribution which appears to be illegal under 11 CFR 103.3(b)(3), 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.

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 at 11 CFR §110.1(b)(1);
- 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 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 110.1(l)(5) Of Title 11 of the Code of Federal Regulations states that if a political committee does not retain the written records concerning redesignation or reattribution, the redesignation or reattribution shall not be effective, and the original designation or attribution shall control.

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.

CELG's contribution records consisted of a database and copies of some of the contribution checks and bank deposit tickets. Many of the contribution check copies were not associated with a bank deposit ticket and the dates recorded in the database were not, in many cases, the deposit date. It was, therefore, difficult to locate a check copy for items on the database and, in some instances, to match a check copy with a database entry. These problems were discussed with the CELG assistant treasurer who explained that:

“[p]reviously, we lacked consistency and used date of the check, date of deposit, and/or date received. This resulted in double entries and other mistakes. Also, many of the actual deposit dates were not in agreement with the date listed on the deposit tickets. In some cases, deposits were held in the office and several taken [to the bank] at one time. This makes it virtually impossible to reconcile deposits on the bank statements with the database.”

She added that the discrepancies in the receipts database “were created by a host of malfunctions in our system as well as insufficient follow-through on my part with verification of data and totals.” She also stated “we have updated our file-keeping and methodology to meet more than the minimum standards. We have adopted the suggestions of the audit staff and our campaign is confident that our records, database and other documents will meet the highest standards.”

The condition of the CELG's records hindered the testing for excessive contributions. Nonetheless, the review of contributions from individuals indicated that CELG accepted excessive contributions totaling \$54,401 from 60 individuals (\$43,276 related to the Primary election and \$11,125 related to the General election). In most cases, these contributions were excessive because the CELG did not have the required documentation to support the redesignation or reattribution of the apparent excessive contribution.

At the exit conference, the Audit staff provided the CELG assistant treasurer with a schedule of the apparent excessive contributions. In a written response she stated the CELG now understands the regulations concerning the proper designation of contributions as well as the need to have a clear designation on the check or in other written form. She further stated that CELG obtained some letters of redesignation or reattribution but only a small percentage were received within the required sixty day

window. After the audit fieldwork, twenty of these letters were submitted; however, only one letter was dated. This letter, dated November 16, 2001, was signed beyond sixty days of receipt of the apparent excessive contribution. The Audit staff did not consider these letters because the timeliness could not be verified or it was received beyond the allowed time period.

In addition, the assistant treasurer provided a list of refunds totaling \$5,430⁴ made to 18 contributors, and explained that:

“...[r]efunds as indicated in this list were not made within the contribution years affected [emphasis in original], but were made following an audit of our records earlier this year [2001] and more refunds were made in response to these present findings. While we understand that refunds made this year are not timely enough to mitigate the audit findings, we do not want to hold funds that we are not entitled to hold in the campaign account. Further refunds will be made if deemed necessary.”

Prior to the interim audit report, no documentation was submitted to substantiate these refunds and none of the 18 listed refunds were included by CELG on disclosure reports covering activity through March 31, 2002.⁵ Without evidence that these refund checks were negotiated by the contributors, the Audit staff considered these 18 items as unresolved.

In summary, CELG accepted excessive contributions totaling \$54,401 from 60 individuals. No separate account was maintained by CELG relative to questionable contributions but the CELG consistently maintained a sufficient balance to cover the refund of these contributions during the period in question.⁶

In the interim audit report, the Audit staff recommended that CELG provide evidence demonstrating that the \$54,401 in contributions was not excessive. Absent such evidence, it was further recommended that CELG refund the excessive contributions to the contributors and submit evidence of the refunds (photocopies of the

⁴ The assistant treasurer stated that three of these refunds, totaling \$1,060, were either returned for insufficient address or the refund check was not cashed by the contributor. No documentation was provided to verify this statement.

⁵ The CELG reported the transfer of all remaining campaign funds to the Lindsey Graham for Senate Committee on January 10, 2001. After that date, the CELG has disclosed no financial activity on its FEC reports. Therefore, the Audit staff also reviewed FEC reports of the Lindsey Graham for Senate Committee for the disclosure of the contribution refunds noted above.

⁶ Based on an analysis of the contribution and disbursement databases provided by the CELG, the 2000 Primary activity was not funded by contributions designated for the 2000 General.

front and back of the negotiated refund checks). It was also recommended that CELG itemize the contribution refunds on Schedules B (Itemized Disbursements) supporting Line 20a of the Detailed Summary Page for the appropriate reporting periods. If any contributor was not located or the contributor did not cash a refund check, it was recommended that CELG disburse the funds to the United States Treasury. If funds were not available to make the necessary refunds, amounts transferred from CELG to the Lindsey Graham for Senate Committee (Senate Committee) were to be returned to CELG, or alternatively, any contribution refunds or payments to the United States Treasury may be made from the Senate Committee.⁷ Any such disbursements by the Senate Committee were to be itemized on its Schedules B with an explanation that the contribution refunds related to contributions received by CELG.

In response to the interim audit report, CELG submitted documentation or provided an explanation that addressed all the excessive contributions identified by the Audit staff.

CELG provided documentation to support that contribution refunds totaling \$44,235 had been issued to 52 individuals.⁸ These contributions refunds were made after CELG received the interim audit report. As of September 30, 2002, a total of \$18,200 in contribution refunds had cleared the campaign bank account. The Audit staff notes that the Senate Committee returned funds to CELG for the purpose of making these and any future contribution refunds.

For the remaining \$10,166 (\$54,401 - \$44,235), CELG provided documentation to support that contributions totaling \$8,466, from eight individuals, were properly designated by the contributor and that contributions totaling \$1,700 resulted from discrepancies on CELG's receipts database.

The CELG response to the interim audit report also included several statements regarding some of the excessive contributions. The assistant treasurer stated that "[t]his campaign maintains that donor intent is paramount in designating funds." She also stated that fundraising mail pieces, donor information cards and/or response cards, and phone solicitation scripts utilized during the campaign included the \$1,000 per election limit information. She explained that:

"The existing FEC regulations regarding the publishing of giving limits on campaign material is more than sufficient to inform donors of what their giving limits are, and it should be understood that any amount up to \$2,000 per individual for each whole election cycle should be designated according to the imposed limits. To believe otherwise is to make donor

⁷ See footnote #5

⁸ This contribution refund amount includes \$810 that was paid to the U.S. Treasury because two individuals identified as being in excess of the limitation could not be located by CELG.

intent irrelevant and deprives the individual(s) of exercising his/her right to participate in the political process by contributing to political campaigns.”

Regarding several other contributions, the assistant treasurer explained that certain contributors were members of the same family and were adequately notified of the contribution limitations when the funds were solicited and that the CELG followed the contributors’ instructions concerning the designation of their contribution.

The Commission’s regulations, as cited above, provide instruction and documentation requirements for contributions that are to be attributed to more than one person or to more than one election. CELG’s records did not meet those requirements with respect to the contributions at issue. Since the CELG did not provide documentation to support the contributors’ election designations, the Audit staff maintains that these funds are excessive. Contribution refunds were subsequently issued by CELG to these individuals.

The assistant treasurer also explained a willingness to “...abide by the audit staff’s suggestions” with respect to the final outcome of this matter. She added that contribution refund checks that are returned to CELG or not cashed by the contributor within sixty days would be voided and those funds forwarded to the United States Treasury. CELG included in its response Schedules B supporting Line 20a (Contribution Refunds) for some of the above-mentioned refunds.

In summary, of the \$54,401 in excessive contributions identified by the Audit staff in the interim audit report, CELG documented that:

- Contributions totaling \$44,235 were refunded untimely;⁹
- Contributions totaling \$8,466 were correctly designated by the contributors to the proper election; and
- Contributions totaling \$1,700 were the result of discrepancies in CELG’s receipts database.

⁹ This figure includes \$26,035 in contribution refunds issued by CELG that have not cleared the campaign account as of September 30, 2002.

B. MISSTATEMENT OF FINANCIAL ACTIVITY

Section 434(b)(1) (2) and (4) of Title 2 of the United States Code states, in part, that a political committee shall disclose the amount of cash on hand at the beginning of the reporting period, the total amount of all receipts and the total amount of all disbursements for the reporting period and calendar year.¹⁰

The Audit staff reconciled CELG's reported financial activity to its bank records for the period January 1, 1999 through December 31, 2000 and determined that receipts, disbursements and cash on hand balances were materially misstated. Since CELG did not maintain records or workpapers that showed the derivation of its reported figures, the Audit staff was unable to identify all differences between reported and bank activity.

CELG overstated its beginning cash on hand balance at January 1, 1999 by \$65,526. According to the banks statements and other information, the beginning balances in CELG's checking account, investment account, and petty cash account were \$19,768, \$31,217, and \$8,000 respectively or, \$58,985. CELG reported a beginning balance of \$124,511.

The petty cash fund with a balance of \$8,000 had apparently been established in December 1998 (just prior to the period covered by the audit) and according to the assistant treasurer, no withdrawals from or replenishment to this fund occurred during 1999-2001. The Audit staff was unaware of this petty cash fund until after the conclusion of audit fieldwork. After the fieldwork, the assistant treasurer sent a copy of a deposit ticket, dated January 7, 2002, listing an \$8,000 currency deposit. The copy of the deposit ticket was not validated by the bank. The assistant treasurer explained that the petty cash fund was initially established to pay the treasurer's travel expenses, although apparently not used. She added that CELG had not included the petty cash balance in its reported cash balances.

The assistant treasurer provided the following explanation for the overstatement of the 1999 beginning cash balance:

“[i]n 1998, the investment account was opened with \$70,000. A total of \$40,000 was withdrawn from that account by the year's end leaving \$30,000 in the investment account. The total amount of the investment account, however, remained on our books and this error, coupled with the fact that our data entry methodology was sub-standard, resulted in the overstatement of cash on hand. Also, we found that some

¹⁰ This was changed to “election cycle” in the case of an authorized committee of a candidate for Federal office, effective for reporting periods beginning after December 31, 2000 [amended by section 641 of the Treasury and General Government Appropriations Act, 2000, Pub. Law No. 106-58, signed into law on September 29, 1999].

contributions counted at 1998-year's end were also counted in 1999 deposits for the year."

The assistant treasurer's statement does not explain the reported cash balance discrepancy. Of the \$40,000 in withdrawals from the investment account noted above, \$30,000 occurred in December of 1998 and were transfers to the checking account and petty cash fund. As inter-account transfers, these transactions are not reportable and do not affect the reported cash balance. In addition, the CELG's explanation is not supported by activity disclosed on the 1998 Year End report. Therefore, the cash discrepancy is the result of other reporting errors in the 1998 Year End Report or earlier disclosure reports.

The Audit staff notes that these prior period discrepancies (pre-1999) affected the cash on hand balances for the entire period covered by the audit and since no workpapers showing the derivation of the report figures were provided, we were unable to explain the differences.

CELG understated its 1999 reported disbursements by the net amount of \$3,294, primarily due to not reporting disbursements totaling \$23,468 (including \$1,758 of in-kind contributions) and over-reporting disbursements totaling \$20,273. The over reported disbursements include voided checks and disbursements that were reported twice. There was also an unexplained understatement of \$99. CELG understated its 1999 receipts by the amount of \$7,624 (including investment income of \$1,584 not reported).

The beginning cash on hand balance at January 1, 2000, was overstated by \$61,196 primarily due to CELG carrying forward the pre-1999 discrepancies and the 1999 receipt and disbursement differences discussed above. Additionally, CELG understated its 2000 reported disbursements by the net amount of \$14,217, primarily due to not reporting disbursements totaling \$36,707 and over-reporting disbursements totaling \$50,261. The over reported disbursements include voided checks, amounts that should have been reported as memo entries, and disbursements made in 2001 that were reported on both the 2000 Year End report and 2001 Mid Year report. There was also an unexplained overstatement of \$663. Finally, 2000 receipts are overstated by \$23,691, but without a record of the derivation of the CELG's reported receipts total, we were unable to explain the misstatement. Ending cash for the year was overstated by \$70,672.

The assistant treasurer was informed of the identified discrepancies included in reported activity. She submitted a written response that stated that some of the disbursement reporting errors resulted from combining handwritten figures with computer-generated figures when the reports were prepared. She added that corrections would be made to the disbursements database and that amendments to all reports affected by these mistakes were being prepared. In regards to the reporting of voided checks, the assistant treasurer stated the errors would have been discovered had the CELG balanced

monthly bank statements prior to filing reports. She added that in the future CELG would perform monthly bank reconciliations to identify any necessary report adjustments.

In the interim audit report, the Audit staff recommended that CELG file amended reports for the appropriate reporting periods in 1999 and 2000 to correct the misstatements. It was further recommended that these amendments include Summary and Detailed Summary Pages as well as Schedules B. In addition, it was recommended that CELG review financial activity for reporting periods prior to 1999, provide an explanation and documentation for the misstatement of its 1999 beginning cash balance, and file the amended reports necessary to correct earlier misstatements. Regarding the petty cash fund, the Audit staff recommended that CELG provide bank documentation (validated deposit ticket and bank statement) to verify the deposit of \$8,000 from the petty cash fund into the checking account.

In response to the interim audit report, CELG filed amended reports that materially corrected the misstatements identified in 1999 and 2000. In addition, CELG filed amendments for 1998 financial activity that corrected the cash balance reported as of the beginning of 1999. CELG also provided a validated deposit ticket from the bank that supports the deposit of \$8,000 in currency on February 21, 2002.

C. ITEMIZATION OF CONTRIBUTIONS FROM OTHER POLITICAL COMMITTEES

Section 434(b)(3)(B) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution.

Section 431(13)(B) of Title 2 of the United States Code defines the term "identification" to be, in the case of a person that is not an individual, the full name and address of such person.

Section 104.3(a)(4) of Title 11 of the Code of Federal Regulations states, in part, that the identification of each contributor and the aggregate year-to-date total for such contributor shall be reported for all committees which make contributions to the reporting committee during the reporting period.

The Audit staff identified 83 contributions totaling \$68,755 from political committees that were not itemized on Schedules A (Itemized Receipts) as required. Many of these contributions could not be identified on the CELG's receipts database nor were contribution check copies available for some of the contributions in question. The Audit staff identified these items by reconciling contributions made to CELG as reported by other political committees to CELG's Schedules A for the period covered by the audit.

At the exit conference, the Audit staff provided a list of these contributions to CELG officials. In a subsequent written response, the assistant treasurer of CELG stated that:

“[t]he PAC contributions have been matched to their respective deposit tickets and check copies have been furnished. Many of these PACs were identified on deposit tickets by “PAC” only, which makes it difficult at best to match to deposit tickets. In preparing this response, the most effective method we found to match checks to deposits was to contact each PAC in question to obtain the date each check cleared. We then traced the check to the appropriate deposit.”

Regarding the itemization of these contributions, the CELG stated that:

“...amendments are being prepared to reflect necessary changes to 1999 and 2000 Summary pages and Schedules A’s.”

The CELG also noted that in some cases the contribution checks were not received from the political committee in a timely manner and that may have delayed the CELG’s deposit of the contributions.

In the interim audit report, the Audit staff recommended that CELG file amended Schedules A and Detailed Summary Pages for each reporting period to correct the deficiencies noted above. In addition, it was recommended that CELG provide evidence (i.e., contribution check copies and corresponding bank deposit tickets) showing if each contribution was included in report totals.

In response to the interim audit report, CELG filed amended Schedules A that materially corrected the public record for the itemization of contributions received from other political committees. CELG also provided contribution check copies for the majority of the contributions questioned and some of the corresponding bank deposit tickets as verification of its reported totals.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 14, 2002

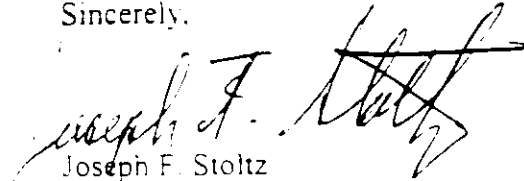
Mr. Neal Byerley, Treasurer
Committee to Elect Lindsey Graham
P.O. Box 1155
Seneca, South Carolina 29679

Dear Mr. Byerley:

Attached please find the Report of the Audit Division on Committee to Elect Lindsey Graham (Final Audit Report). The Commission approved the report on November 14, 2002.

The Commission approved Final Audit Report will be placed on the public record on November 21, 2002. Should you have any questions regarding the public release of the report, please contact the Commission's Press Office at (202) 694-1220. Any questions you have related to matters covered during the audit or in the report should be directed to Tom Hintermister or Marty Favin of the Audit Division at (202) 694-1200 or toll free at (800) 424-9530.

Sincerely,



Joseph F. Stoltz
Assistant Staff Director
Audit Division

Attachment as stated

CHRONOLOGY
COMMITTEE TO ELECT LINDSEY GRAHAM

Audit Fieldwork	August 13, 2001 to November 5, 2001
Interim Audit Report to the Committee	June 13, 2002
Response Received to the Interim Audit Report	July 16, 2002
Final Audit Report Approved	November 14, 2002