



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 26, 2001

MEMORANDUM

TO: RON M. HARRIS
PRESS OFFICER
PRESS OFFICE

FROM: ROBERT J. COSTA 
DEPUTY STAFF DIRECTOR

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON
REGGIE SELTZER FOR CONGRESS

Attached please find a copy of the final audit report and related documents on Reggie Seltzer For Congress which was approved by the Commission on November 15, 2001.

Informational copies of the report have been received by all parties involved and the report may be released to the public on November 26, 2001.

Attachment as stated

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

REPORT OF THE AUDIT DIVISION

ON

Reggie Seltzer For Congress

Approved November 15, 2001



FEDERAL ELECTION COMMISSION

999 E STREET, N.W.

WASHINGTON, D.C.

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FEDERAL ELECTION COMMISSION
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***REPORT OF THE AUDIT DIVISION
ON
REGGIE SELTZER FOR CONGRESS***

I. BACKGROUND

A. AUDIT AUTHORITY

This report is based on an audit of Reggie Seltzer for Congress (RSFC), undertaken by the Audit Division of the Federal Election Commission (the 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 that 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 May 27, 2000 (the date of RSFC's initial deposit) through December 31, 2000. RSFC reported a beginning cash balance of \$-0-; total receipts of \$361,547; total disbursements of \$357,169; and a closing cash balance of \$4,388.¹

C. CAMPAIGN ORGANIZATION

RSFC registered with the Commission on June 5, 2000 as the principal campaign committee for Regina Seltzer, Democratic candidate for the U.S. House of Representatives from the state of New York, First District, for the 2000 election. RSFC maintains its headquarters in East Moriches, NY and its treasurer is Mr. Leo Davis.

¹ Does not foot due to mathematical reporting errors. All figures in this report have been rounded to the nearest dollar.

To manage its financial activity, RSFC maintained one bank account. From this account, approximately 237 disbursements were made, totaling approximately \$350,000. RSFC's receipts were comprised of approximately 2,500 contributions from individuals, totaling \$279,000; 35 contributions from political committees, totaling approximately \$58,000; a loan from the candidate in the amount of \$19,000; and, contributions from the candidate totaling \$7,640. Accounting and recordkeeping functions were performed by campaign staff, which utilized commonly available accounting software and an electronic spreadsheet for tracking contributions.

D. AUDIT SCOPE AND PROCEDURES

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, the scope of this audit was limited to the following: (1) the accuracy of total reported receipts, disbursements and cash balances as compared to bank records; and, (2) the completeness of RSFC's disclosure of contributors' occupation and name of employer (see Finding II.A.).

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.

II. AUDIT FINDING AND RECOMMENDATION

DISCLOSURE OF OCCUPATION/NAME OF EMPLOYER

Section 434(b)(3)(A) of Title 2 of the United States Code requires, in part, a political committee to report the identification of each person who makes a contribution to the committee in an aggregate amount or value in excess of \$200 within the calendar year², together with the date and amount of any such contribution.

Section 431(13)(A) of Title 2 of the United States Code defines the term "identification" to be, 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.

Section 432(i) of Title 2 of the United States Code states, in part, that when the treasurer of a political committee shows that best efforts have been used to obtain, maintain, and submit the information required by this Act for the political committee, any report or any records of such committee shall be considered in compliance with this Act.

² 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].

Section 104.7(b) of Title 11 of the Code of Federal Regulations states, in relevant part, that the treasurer will only be deemed to have exercised best efforts to obtain, maintain and report the required information if for each contribution received aggregating in excess of \$200 per calendar year³ which lacks required contributor information, the treasurer makes at least one effort after the receipt of the contribution to obtain the missing information. Such effort shall consist of either a written request sent to the contributor or an oral request to the contributor documented in writing. The written or oral request must be made no later than thirty days after receipt of the contribution. The written or oral request shall not include material on any other subject or any additional solicitation, except that it may include language solely thanking the contributor for the contribution.

RSFC itemized 313 contributions from individuals on Schedules A (Itemized Receipts). The Audit staff reviewed these reported entries, along with amendments thereto that included additional contributor information, to determine if the RSFC had disclosed the contributors' occupation and or name of employer as required by 2 U.S.C. §434(b)(3)(A). We determined that for 91 of the 313 items (29%), the required information was not disclosed. In addition, the Audit staff located on RSFC's contribution database the missing information for 28 of the 91 deficient items. This information had not been included on amended reports.

Mr. Davis stated that a follow up letter was sent to every contributor for whom information was missing, if an address was available to send such correspondence. He added that follow up telephone calls were also made to obtain the missing information. No written documentation of these efforts was maintained. RSFC had submitted samples of solicitation devices to the Commission in response to a Request for Additional Information sent by the Commission's Reports Analysis Division. The required contributor information was requested on these solicitations.

The Audit staff presented to Mr. Davis a schedule of the 91 contributors for whom there were deficient occupation and/or name of employer information. This schedule also included information for the 28 contributions located on the RSFC's contribution database. At the exit conference, Mr. Davis stated that the amended reports filed by RSFC prior to audit fieldwork that included additional occupation and/or name of employer information demonstrated that RSFC had made "best efforts" to obtain missing contributor information. He added that although evidence of contacts with contributors was not maintained, campaign staff diligently pursued contributors in an attempt to obtain missing information. Mr. Davis further stated that in his opinion, RSFC should not be held responsible for missing contributor information when the contributors fail to respond to campaign staff inquiries.

³ See Footnote 2.

In the interim audit report, the Audit staff recommended that RSFC take the following action:

- Provide “one effort after receipt” materials that demonstrate best efforts have been used to obtain, maintain, and submit the required disclosure information. Documentation of contributor contacts can include copies of letters sent to contributors and/or phone logs of oral requests for information; or
- File amended Schedules A to disclose any required contributor information not previously reported. Any new information included on these amended reports should be clearly identified as such.

Mr. Davis provided a sworn affidavit from Ms. Robin Amper who described herself as the staff person who managed the administrative operations of the RSFC after the primary election. Ms. Amper stated that when RSFC received contributions without the required occupation and/or name of employer information, the procedure was to have volunteers contact the contributors by telephone, seeking the missing information. She added that no log or contemporaneous record of these telephone calls was maintained. Ms. Amper then stated that when the telephone contacts were unsuccessful, a completed form letter requesting the missing information was provided to the contributors. No copies of the completed letters were maintained. The volunteers would fill in the name and address on a blank form in the word processor each time a letter was to be sent, then address an envelope and mail the letter. She admitted that although these letters were not particularly successful, when they did obtain the missing information, the practice was to then file amended Schedules A. Ms. Amper concluded that the inability of RSFC to obtain all the required disclosure information was due to the fact that contributors did not always provide the information, not a failure by RSFC to attempt to obtain it.

In response to the interim audit report, RSFC filed amended Schedules A that materially corrected the occupation and/or name of employer errors noted above.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 16, 2001

Mr. Leo Davis, Treasurer
Reggie Seltzer for Congress
442 Main Street
P.O. Box 425
East Moriches, NY 11940-0425

Dear Mr. Davis:

Attached please find the Report of the Audit Division on Reggie Seltzer for Congress (Final Audit Report). The Commission approved the report on November 15, 2001.

The Commission approved Final Audit Report will be placed on the public record on November 26, 2001. 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 Marty Favin of the Audit Division at (202) 694-1200 or toll free at (800) 424-9530.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Costa".

Robert J. Costa
Deputy Staff Director

Attachment as stated

CHRONOLOGY

REGGIE SELTZER FOR CONGRESS

Audit Fieldwork

July 9, 2001 –
August 20, 2001

Final Audit Report Approved

November 15, 2001