



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 24, 2004

MEMORANDUM

TO: ROBERT W. BIERSACK
PRESS OFFICER
PRESS OFFICE

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

SUBJECT: PUBLIC ISSUANCE OF THE AUDIT REPORT ON CRANE FOR
CONGRESS COMMITTEE

Attached please find a copy of the audit report on Crane for Congress Committee, which was approved by the Commission on February 5, 2004.

The report may be released to the public on February 24, 2004.

Attachment as stated

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



Report of the Audit Division on Crane for Congress Committee

January 1, 2001 – December 31, 2002

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Committee (p. 2)

Crane for Congress Committee is the principal campaign committee of Phillip M. Crane, Republican candidate for the U.S. House of Representatives from the state of Illinois, 8th Congressional District and is headquartered in Rolling Meadows, Illinois. For more information, see chart on the Campaign Organization, p. 2.

Financial Activity (p. 2)

- **Receipts**
 - From Individuals \$129,601
 - From Political Party Committees 556,795
 - Other Receipts 5,901
 - **Total Receipts** \$ 692,739

- **Disbursements**
 - Operating Expenditures & Other Disbursements \$831,863
 - **Total Disbursements** \$ 831,863

Finding and Recommendation (p. 3)

- Disclosure of Contributor Information

¹ 2 U.S.C. §438(b).

**Report of the
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Part I

Background

Authority for Audit

This report is based on an audit of Crane for Congress Committee (CFCC), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must 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. 2 U.S.C. §438(b).

Scope of Audit

Following Commission approved procedures, the Audit staff evaluated various risk factors and, as a result, this audit examined:

1. The receipt of excessive contributions and loans.
2. The receipt of contributions from prohibited sources.
3. The disclosure of contributions received.
4. The consistency between reported figures and bank records.
5. The completeness of records.
6. Other committee operations necessary to the review.

Changes to the Law

On March 27, 2002, President Bush signed into law the Bipartisan Campaign Reform Act of 2002 (BCRA). The BCRA contains many substantial and technical changes to the federal campaign finance law. Most of the changes became effective November 6, 2002. Except for November 7, 2002 through December 31, 2002, the period covered by this audit pre-dates these changes. Therefore, the statutory and regulatory requirements cited in this report are primarily those that were in effect prior to November 7, 2002.

Part III

Summary

Finding and Recommendation

Disclosure of Contributor Information

Contributions from individuals required to be itemized were reviewed on a 100% basis. The review indicated that the CFCC failed to disclose or inadequately disclosed the contributor's occupation and/or name of employer for 37% of the contributions. There was no documentation to indicate that the CFCC used best efforts to obtain this information. The Audit staff recommended that the CFCC contact the contributors, submit evidence of such contact and file amended reports disclosing the information obtained. In response CFCC was able to obtain the missing contributor's occupation and/or name of employer for all the contributors who were identified as inadequately disclosed. (For more detail, see p. 5)

Part IV

Finding and Recommendation

Disclosure of Contributor Information

Summary

Contributions from individuals required to be itemized were reviewed on a 100% basis. The review indicated that CFCC failed to disclose or inadequately disclosed the contributor's occupation and/or name of employer for 37% of the contributions. There was no documentation to indicate that CFCC used best efforts to obtain this information. The Audit staff recommended that CFCC contact the contributors, submit evidence of such contact and file amended reports disclosing the information obtained. In response CFCC was able to obtain the missing contributor's occupation and/or name of employer for all the contributors who were identified as inadequately disclosed

Legal Standard

Required Information for Contributions from Individuals. For each itemized contribution from an individual, the committee must provide the following information:

- The contributor's full name and address (including zip code);
- The contributor's occupation and the name of his or her employer;
- The date of receipt (the date the committee received the contribution);
- The amount of the contribution; and
- The election-cycle-to-date total of all contributions from the same individual. 11 CFR §§100.12 and 104.3(a)(4) and 2 U.S.C. §434(b)(3)(A).

Best Efforts Ensures Compliance. When the treasurer of a political committee shows that the committee used best efforts (see below) to obtain, maintain, and submit the information required by the Act, the committee's reports and records will be considered in compliance with the Act. 2 U.S.C. §432(h)(2)(i).

Definition of Best Efforts. The treasurer and the committee will be considered to have used "best efforts" if the committee satisfied all of the following criteria:

- All written solicitations for contributions included:
 - A clear request for the contributor's full name, mailing address, occupation, and name of employer; and
 - The statement that such reporting is required by Federal law.
- Within 30 days after the receipt of the contribution, the treasurer made at least one effort to obtain the missing information, in either a written request or a documented oral request.
- The treasurer reported any contributor information that, although not initially provided by the contributor, was obtained in a follow-up communication or was contained in the committee's records or in prior reports that the committee filed during the same two-year election cycle. 11 CFR §104.7(b).

Facts and Analysis

Contributions from individuals required to be itemized were reviewed on a 100% basis. The review indicated that CFCC failed to disclose or inadequately disclosed the contributor's occupation and/or name of employer for 37% of the contributions. Three fundraising and one solicitation device were reviewed. One fundraising device did not contain a request for the contributor's full name, mailing address, occupation and name of employer or contain an accurate statement of Federal law regarding the collection and reporting of individual contributor identifications. In addition, CFCC was not able to provide documentation showing a subsequent written or oral request for the missing information. As a result, CFCC has not demonstrated best efforts to obtain, maintain and submit the required contributor information.

Interim Audit Report Recommendation

The Audit staff recommended that CFCC take the following action:

- Provide documentation such as the initial solicitation devices, phone logs, returned contributor letters, completed contributor contact information sheets or other materials which demonstrate that best efforts were used to obtain, maintain, and submit the required disclosure information; or
- Absent such a demonstration, CFCC was to make an effort to contact those individuals for which required information was missing or incomplete; and
- Provide documentation of such contacts, such as copies of letters to the contributors and/or phone logs; and
- File complete amended reports to disclose any information obtained from those contacts.

Committee Response to Recommendation and Audit Staff's Assessment

In response to the recommendation, CFCC was able to obtain the missing contributor's occupation and/or name of employer for all the contributors who were identified as inadequately disclosed. In addition, CFCC filed the necessary amended reports. Therefore, it is the opinion of the Audit staff that CFCC has fully complied with the recommendation.