




FEDERAL ELECTION COMMISSION
Washington, DC 20463

April 27, 2007

MEMORANDUM

To: Robert W. Biersack
Press Officer

From: Joseph F. Stoltz 
Assistant Staff Director
Audit Division

Subject: Public Issuance of the Report of the Audit Division on Steven Reifman for
Congress Committee

Attached please find a copy of the audit report on Steven Reifman for Congress Committee, which was approved by the Commission on April 12, 2007.

All parties involved have received copies of the report 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
DSDD Website ✓



Report of the Audit Division on Steven Reifman for Congress

February 13, 2004 – December 31, 2004

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 Campaign (p. 2)

Steven Reifman for Congress is the principal campaign committee of Steven Reifman, Democratic candidate for the U.S. House of Representatives from the state of Michigan, 9th District, and is headquartered in Farmington Hills, Michigan. For more information see the chart on the Campaign Organization, p.2.

Financial Activity (p. 2)

• Receipts

○ Contributions From Individuals	\$ 83,051
○ Contributions From Political Committees	16,000
○ Other Receipts	24,422
Total Receipts	\$ 123,473

• Disbursements

○ Operating Expenditures	\$ 120,136
○ Other Disbursements	3,000
Total Disbursements	\$ 123,136

Findings and Recommendations (p. 3)

- Disclosure of Disbursements (Finding 1)
- Disclosure of Occupation and Name of Employer (Finding 2)

¹ 2 U.S.C. §438(b).

Table of Contents

	Page
Part I. Background	
Authority for Audit	1
Scope of Audit	1
Part II. Overview of Campaign	
Campaign Organization	2
Overview of Financial Activity	2
Part III. Summaries	
Findings and Recommendations	3
Part IV. Findings and Recommendations	
Finding 1. Disclosure of Disbursements	4
Finding 2. Disclosure of Occupation and Name of Employer	5

Part I

Background

Authority for Audit

This report is based on an audit of Steven Reifman for Congress (RFC), 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 disclosure of disbursements, debts and obligations.
2. The consistency between reported figures and bank records.
3. The disclosure of occupation and name of employer.
4. The completeness of records.
5. The receipt of loans.
6. Other committee operations necessary to the review.

Part II

Overview of Campaign

Campaign Organization

Important Dates	Steven Reifman for Congress
• Date of Registration	February 13, 2004
• Audit Coverage	February 13, 2004 – December 31, 2004
Headquarters	Farmington Hills, MI
Bank Information	
• Bank Depositories	1
• Bank Accounts	1 Checking
Treasurer	
• Treasurer When Audit Was Conducted	Mr. Andrew Glazer
• Treasurer During Period Covered by Audit	Mr. Allen Glass (2/13/04-9/23/04) and Mr. Andrew Glazer (9/24/04-12/31/04)
Management Information	
• Attended FEC Campaign Finance Seminar	No
• Used Commonly Available Campaign Management Software Package	No
• Who Handled Accounting and Recordkeeping Tasks	Andrew Glazer and Allen Glass

Overview of Financial Activity (Audited Amounts)

Cash on hand @ March 15, 2004	\$ 0
o Contributions From Individuals	83,051
o Contributions From Political Committees	16,000
o Other Receipts	24,422
Total Receipts	\$123,473
o Operating Expenditures	120,136
o Other Disbursements	3,000
Total Disbursements	\$123,136
Cash on hand @ December 31, 2004	\$337

Part III

Summaries

Findings and Recommendations

Finding 1. Disclosure of Disbursements

For disbursements requiring itemization, RFC failed to adequately disclose the required information for 93 disbursements, totaling \$63,640. RFC complied with the interim audit report recommendation by filing amended reports which materially corrected the disclosure errors.

Finding 2. Disclosure of Occupation and Name of Employer

RFC either failed to disclose or inadequately disclosed the contributor's occupation or name of employer for a significant number of contributors. In response to the interim audit report recommendation, RFC filed amended reports disclosing the contributor's occupation and/or name of employer and other missing information for a material number of contributors lacking such information.

Part IV

Findings and Recommendations

Finding 1. Disclosure of Disbursements

Summary

For disbursements requiring itemization, RFC failed to adequately disclose the required information for 93 disbursements, totaling \$63,640. RFC complied with the interim audit report recommendation by filing amended reports which materially corrected the disclosure errors.

Legal Standard

A. Reporting Operating Expenditures. When operating expenditures to the same person exceed \$200 in an election cycle, the committee must report the:

- Amount;
- Date when the expenditures were made;
- Name and address of the payee; and
- Purpose (a brief description of why the disbursement was made—see below). 2 U.S.C. §434(b)(5) and 11 CFR §104.3(b)(4)(i).

B. Examples of Purpose

- Adequate Descriptions. Examples of adequate descriptions of “purpose” include the following: dinner expenses, media, salary, polling, travel, party fees, phone banks, travel expenses, travel expense reimbursement, catering costs, loan repayment, or contribution refund. 11 CFR §104.3 (b)(4)(i)(A).
- Inadequate Descriptions. The following descriptions do not meet the requirement for reporting “purpose”: advance, election day expenses, other expenses, expense reimbursement, miscellaneous, outside services, get-out-the-vote, and voter registration. 11 CFR §104.3 (b)(4)(i)(A).

Facts and Analysis

The Audit staff review of disbursements requiring itemization identified 93 disclosure errors, totaling \$63,640. For all of these disbursements an inadequate purpose was disclosed. In addition, a number of these disbursements also included incorrect payees, missing addresses, and missing memo entries for credit card payments.

This matter was discussed at the exit conference and schedules of the above errors were provided to the treasurer. The treasurer agreed to file amended disclosure reports.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended that RFC amend its reports to properly disclose these disbursements on Schedule B (Itemized Disbursements). RFC complied with the interim

audit report recommendation by filing amended reports which materially corrected the disclosure errors.

Finding 2. Disclosure of Occupation and Name of Employer

Summary

RFC either failed to disclose or inadequately disclosed the contributor's occupation or name of employer for a significant number of contributors. In response to the interim audit report recommendation, RFC filed amended reports disclosing the contributor's occupation and/or name of employer and other missing information for a material number of contributors lacking such information.

Legal Standard

A. Itemization Required for Contributions from Individuals. An authorized candidate committee must itemize any contribution from an individual if it exceeds \$200 per election cycle, either by itself or when combined with other contributions from the same contributor. 2 U.S.C. §434(b)(3)(A).

B. Election Cycle. The election cycle begins on the first day following the date of the previous general election and ends on the date of the next general election. 11 CFR §100.3(b).

C. 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).

D. 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).

E. 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

The Audit staff's review of itemized contributions from individuals indicated that RFC either failed to disclose or inadequately disclosed the contributor's occupation and/or name of employer for 36 contributions, totaling \$19,155. For 11 itemized transactions the required information was blank. For the remaining 25 errors, RFC disclosed only the contributor's occupation or name of employer.

There was no evidence that RFC utilized its best efforts to obtain, maintain and submit this information. The treasurer was provided a schedule of these errors.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended that RFC take the following action:

- Provide documentation that it exercised best efforts to obtain, maintain and submit the required contributor information; or
- Make an effort to contact those individuals for whom the required information was missing, provide documentation of such efforts (such as copies of letters to the contributors and/or phone logs), and amend its reports to disclose any information obtained from such efforts.

In response to the interim audit report recommendation, RFC filed amended reports disclosing the contributor's occupation and/or name of employer and other missing information for a material number of contributors lacking such information.