



Final Audit Report of the Commission on Hillary Clinton for President

January 1, 2007 – December 31, 2008

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 the matter discussed in this report.

About the Campaign (p. 2)

Hillary Clinton for President (HCFP) is the principal campaign committee for Hillary Clinton, candidate for the Democratic Party's nomination for the office of President of the United States. HCFP is headquartered in Washington, D.C. For more information, see the chart on the Campaign Organization, p.2.

Financial Activity (p. 2)

• Receipts

| | |
|---|-----------------------|
| ○ Contributions from Individuals | \$ 217,686,817 |
| ○ Other Political Committees | 1,610,538 |
| ○ From Affiliated Committees | 10,000,000 |
| ○ Candidate Loans | 13,750,000 |
| ○ Offsets to Expenditures & Other Receipts | 9,678,788 |
| Total Receipts | \$ 252,726,143 |

• Disbursements

| | |
|----------------------------|-----------------------|
| ○ Operating Expenditures | \$ 223,080,262 |
| ○ Transfers to Affiliates | 6,466,215 |
| ○ Contribution Refunds | 21,935,595 |
| ○ Other Disbursements | 75,403 |
| Total Disbursements | \$ 251,557,475 |

Commission Finding (p. 3)

- Receipt of Contributions that Exceed Limits

¹ 2 U.S.C. §438(b).

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Part I

Background

Authority for Audit

This report is based on an audit of Hillary Clinton for President, 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 disclosure of debts and obligations.
5. The consistency between reported figures and bank records.
6. The completeness of records.
7. Other committee operations necessary to the review.

Audit Hearing

HCFP declined the opportunity for a hearing before the Commission on the matter presented in this report.

Part II

Overview of Campaign

Campaign Organization

| | |
|--|-------------------------------------|
| Important Dates | |
| • Date of Registration | January 22, 2007 |
| • Audit Coverage | January 1, 2007 – December 31, 2008 |
| Headquarters | |
| | Washington, D.C. |
| Bank Information | |
| • Bank Depositories | Two |
| • Bank Accounts | Eight |
| Treasurer | |
| • Treasurer When Audit Was Conducted | Shelly S. Moskwa |
| • Treasurer During Period Covered by Audit | Shelly S. Moskwa |
| Management Information | |
| • Attended FEC Campaign Finance Seminar | Yes |
| • Who Handled Accounting and Recordkeeping Tasks | Paid Staff |

Overview of Financial Activity (Audited Amounts)

| | |
|--|----------------------|
| Cash on hand @ January 1, 2007 | \$ 0 |
| ○ Contributions from Individuals | 217,686,817 |
| ○ Other Political Committees | 1,610,538 |
| ○ From Affiliated Committees | 10,000,000 |
| ○ Candidate Loans | 13,750,000 |
| ○ Offsets to Expenditures & Other Receipts | 9,678,788 |
| Total Receipts | \$252,726,143 |
| ○ Operating Expenditures | 223,080,262 |
| ○ Transfers to Affiliates | 6,466,215 |
| ○ Contribution Refunds | 21,935,595 |
| ○ Other Disbursements | 75,403 |
| Total Disbursements | \$251,557,475 |
| Cash on hand @ December 31, 2008 | \$ 1,168,668 |

Part III

Summary

Commission Finding

Receipt of Contributions that Exceed Limits

The Audit staff's review of contributions from other political committees indicated that HCFP failed to timely resolve excessive contributions totaling \$21,400. The contributions were either designated to the general election by the contributing committee or presumptively redesignated by HCFP.

HCFP provided documentation indicating the contributions have been refunded. In response to the Interim Audit Report recommendation, HCFP's legal counsel noted that the amount was a small part of the total receipts and explained that the excessive contributions were due to three minor database errors inadvertently overlooked by HCFP. When the contributions were brought to HCFP's attention, it took appropriate steps to return the funds.

The Commission approved this finding. (For more detail, see p. 4)

Part IV

Commission Finding

Receipt of Contributions that Exceed Limits

Summary

The Audit staff's review of contributions from other political committees indicated that HCFP failed to timely resolve excessive contributions totaling \$21,400. The contributions were either designated to the general election by the contributing committee or presumptively redesignated by HCFP.

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The Commission approved this finding.

Legal Standard

A. Authorized Committee Limits. An authorized committee may not receive more than a total of \$2,300 per election from any one person or \$5,000 per election from a multicandidate political committee. 2 U.S.C. §441a(a)(1)(A), (a)(2)(A), and (f); 11 CFR §§110.1(a) and (b), 110.2(b), and 110.9.

B. Handling Contributions That Appear Excessive. If a committee receives a contribution that appears to be excessive, the committee must either:

- Return the questionable check to the donor; or
- Deposit the check into its federal account and:
 - o Keep enough money in the account to cover all potential refunds;
 - o Keep a written record explaining why the contribution may be illegal;
 - o Include this explanation on Schedule A if the contribution has to be itemized before its legality is established;
 - o Seek a reattribution or a redesignation of the excessive portion, following the instructions provided in the Commission regulations; and
 - o If the committee does not receive a proper reattribution or redesignation within 60 days after receiving the excessive contribution, refund the excessive portion to the donor. 11 CFR §§103.3(b)(3), (4) and (5) and 110.1(k)(3)(ii)(B).

C. General Election Contributions. If a candidate is not a candidate in the general election, any contributions made for the general election shall be refunded to the contributors or redesignated in accordance with 11 CFR §§110.1(b)(5) or 110.2(b)(5), as appropriate. 11 CFR §102.9(e)(3).

Facts and Analysis

A. Facts

A review of contributions from other political committees revealed HCFP received excessive contributions from 10 political committees totaling \$21,400, which were unresolved. The contributions were either designated to the general election by the contributing committee or presumptively redesignated to the general election by HCFP. Since the Candidate did not run in the general election, these contributions were required to be refunded. HCFP maintained sufficient funds to make the necessary refunds.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter at the exit conference and provided HCFP representatives with a schedule of the apparent excessive contributions. In response to the exit conference, HCFP submitted copies of refund checks totaling \$21,400. The refund checks have been negotiated and were traced to the appropriate bank account.

The Audit staff recommended that HCFP provide any comments it deemed necessary with respect to this matter.

C. Committee Response to Interim Audit Report

HCFP's legal counsel noted that the amount was a small part of total receipts and explained that excessive contributions were due to three minor database errors that were overlooked inadvertently. Counsel noted that the contributions were refunded when brought to HCFP's attention.

D. Draft Final Audit Report

The Draft Final Audit Report acknowledged HCFP's efforts in resolving this matter.

Commission Conclusion

The Commission approved this finding.