

*Admiral*



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.  
WASHINGTON, D.C. 20463

August 23, 1979

MEMORANDUM

TO: FRED EILAND  
PRESS OFFICE

THROUGH: JUDY HAWKINS *JH*

FROM: ROBERT J. COSTA *RJC*

SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -  
GOODMAN FOR CONGRESS COMMITTEE (NC/9)

Attached please find a copy of the final audit report of the Goodman for Congress Committee (NC/9) which was approved by the Commission on August 15, 1979.

As of this date, all informational copies of the report have been received by all parties involved and this report may be released to the public.

With this release, the North Carolina 9th District is now complete.

Attachment as stated

cc: FEC Library  
RAD  
Public Record





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### REPORT OF THE AUDIT DIVISION ON GOODMAN FOR CONGRESS

#### I. Background

##### A. Overview

This report is based on an audit of Goodman for Congress ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Federal Election Commission on August 10, 1976, in support of Arthur Goodman, Candidate for election to the office of Representative of the 9th Congressional District of North Carolina. On July 30, 1976, the Committee was designated by the Candidate as his principal campaign committee for the 1976 election. The Committee maintains its headquarters in Charlotte, North Carolina.

The audit covered the period June 10, 1976, through September 30, 1977. During the period June 10, 1976 through December 31, 1976, the Committee reported a beginning cash balance of \$-0-, total receipts of \$32,402.55, total expenditures of \$32,187.19, and a closing cash balance on December 31, 1976 of \$215.36. 1/

1/ The Committee filed FEC Form 3a for the period January 1 through September 30, 1977.



This audit report is based on documents and working papers which support each of the factual statements. They form part of the record upon which the Commission based its decisions on the matters in the report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

Ms. Cassandra Greene served as both Chairperson and Treasurer (see Finding E.).

C. Scope

The audit included such tests as verification of total reported receipts and expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and, such other audit procedures as deemed necessary under the circumstances.

II. Auditor's Statement and Description of Findings

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented that, except for the deficiencies noted below, the reports and statements of Goodman for Congress fairly present the financial activities of the Committee for the period covered by the audit. Further, except as noted below, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

A. Contributions 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.

Section 441g of Title 2, United States Code, prohibits contributions of currency in excess of \$100 for the purpose of influencing an election to Federal office.

Our examination of the Committee's contribution records revealed that the Committee accepted a \$1,200 loan in cash on August 10, 1976. Although the loan was subsequently repaid on August 16, 1976, it represents an outstanding contribution for the period, and therefore, was in excess of the \$1,000 contribution limitation and the \$100 currency limitation. No explanation was offered by the Committee as to the above finding.

#### Recommendation

Since the loan has been repaid, and was for a minimal amount and duration, no further action is recommended on this matter.

#### B. Reporting of Outstanding Obligation

Section 434(b)(12) of Title 2, United States Code, requires the reporting of the amount and nature of debts and obligations owed by a political committee, in such form as the Commission may prescribe and a continuous reporting of their debts and obligations after the election at such periods as the Commission may require until such debts and obligations are extinguished.

Our examination of the Committee's debts and obligations revealed that for four (4) of six (6) reports filed during 1976, the Committee misreported the status of the Candidate's loans to the Committee. As of the December 31, 1976 report, Candidate loan totals had been misreported as follows: amount of original debt over-reported by \$500, cumulative payment to date over-reported by \$1,000, and outstanding balance under-reported by \$500. As of December 6, 1977, there had been no further activity on these loans.

We recommended that the Committee file a corrected Schedule C showing the true status of the Candidate's loans for the Committee's report as of December 31, 1976. Despite an extension of time granted for response, the Committee did not comply with the Audit Division's recommendation in this matter.

Because of the Committee's lack of response, this matter was referred to the Office of General Counsel on April 24, 1978, where Matter Under Review 586(78) was initiated.

C. Documentation for Expenditures

Section 432(d) of Title 2, United States Code, requires the treasurer of a political committee to obtain and keep a receipted bill, stating the particulars, for every expenditure in excess of \$100, or aggregating in excess of \$100 to the same individual during the calendar year. Further, Section 102.9(c)(4) of Title 11, Code of Federal Regulations, permits the treasurer, when a receipted bill is not available, to keep the cancelled check(s) showing payment(s) of the bill; and, the bill, invoice or other contemporaneous memorandum of the transaction.

Our review of the Committee's expenditure records revealed 12 expenditures (11.01% of the total itemizable expenditures) totaling \$1,822.14, for which only the cancelled check was available. These expenditures represented 6.06% of the total dollar value of all itemizable expenditures.

We recommended that the Committee obtain documentation for the above expenditures and submit copies for review, or evidence of the efforts to obtain such documentation. Despite an extension of time granted for its response, the Committee failed to comply with the Audit Division's recommendation.

Accordingly, this matter was included in the April 24, 1978 referral to the Office of General Counsel where it was made a part of MUR 586(78).

D. Positions of Chairman and Treasurer

Section 432(a) of Title 2, United States Code, requires every political committee to have a chairman and a treasurer, and prohibits the acceptance of contributions or the making of expenditures when there is a vacancy in either office. Further, Section 102.7(a) of Title 11, Code of Federal Regulations, prohibits the same individual from occupying both positions.

Our review of the Committee's Statement of Organization indicated that the same individual occupied both the positions of Chairman and Treasurer. A second individual, designated as CPA, fulfilled the function of accountant for the Committee.

We recommended that the Committee file an amended statement of organization designating different individuals for the positions of Chairman and Treasurer. The Committee failed to comply with this recommendation also and, accordingly, this matter was included in the April 24, 1978 referral to the Office of General Counsel where it was made a part of MUR 586(78).

#### Summary

In response to the recommendations of the Office of General Counsel concerning MUR 586(78), on June 7, 1978, the Commission found reason to believe that the Goodman for Congress Committee violated 2 U.S.C. 434(b)(12) by failing to accurately report certain Committee debts and obligations (Finding B); 2 U.S.C. 432(d) by failing to keep receipted bills for certain expenditures (Finding C); and 2 U.S.C. 432(a) by failing to designate separate individuals to act as chairman and treasurer of the Committee (Finding D).

On October 2, 1978, the Commission found reasonable cause to believe that the Committee had violated these cited Sections of the Act. The letter of notification and proposed Conciliation Agreement, providing for a civil penalty of \$1,000, was mailed to the Committee on October 6, 1978. As a result of the conciliation efforts, the Committee filed on November 24, 1978, satisfactory documents in compliance with recommendations for Findings B & C. On February 22, 1979, the attorney for the Candidate submitted a statement satisfactorily complying with Finding D.

Based on the Committee's efforts towards compliance, and the recommendation of the Office of General Counsel, the Commission voted on June 4, 1979, to approve a revised conciliation agreement, signed by the Committee attorney and received by the Commission on May 22, 1979, providing for a civil penalty of \$250. The Commission further voted to close the compliance matter.



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ADDITIONAL INFORMATION REGARDING THIS ORGANIZATION  
MAY BE LOCATED IN A COMPLETED COMPLIANCE ACTION  
FILE RELEASED BY THE COMMISSION AND MADE PUBLIC IN  
THE PUBLIC RECORDS OFFICE. FOR THIS PARTICULAR  
ORGANIZATION'S COMPLETED COMPLIANCE ACTION FILE  
SIMPLY ASK FOR THE PRESS SUMMARY OF MUR # 586.  
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF  
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.

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