

Adman file



FEDERAL ELECTION COMMISSION

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

December 5, 1978

MEMORANDUM

TO: SHARON SNYDER
PRESS OFFICE

THROUGH: BOB COSTA *R/C*

FROM: JUDY HAWKINS

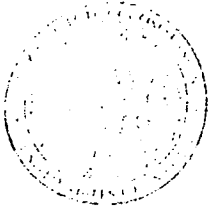
SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -
ROYBAL CAMPAIGN COMMITTEE (CA/25)

Attached please find a copy of the final audit report for the Roybal Campaign Committee (CA/25) which was approved by the Commission on November 15, 1978.

All informational copies have been received by all parties involved and this report may be released publicly as of today, December 5, 1978. This is a partial release for the 25th District of California as the Committee to Elect Jim Madrid has not been approved by the Commission.

cc: Library
RAD
Public Record





FEDERAL ELECTION COMMISSION

120 K STREET, N.W.
WASHINGTON, D.C. 20543

REPORT OF THE AUDIT DIVISION ON THE ROYBAL CAMPAIGN COMMITTEE

I. Background

A. Overview

This report is based upon an audit of the Roybal Campaign Committee ("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, 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 United States House of Representatives on February 13, 1974, in support of Edward R. Roybal, candidate for re-election to the office of United States Representative from the 25th Congressional District of California. The Committee maintained its headquarters in Los Angeles, California.

The audit covered the period January 1, 1975 through December 16, 1976, the date of the final amendment to the termination report filed by the Committee. The Committee reported a beginning cash balance at January 1, 1975 of \$10,141.12, total receipts for the period of \$45,054.96, total expenditures for the period of \$31,865.97 and a closing cash balance at December 16, 1976 1/ of \$25,141.01. 2/

1/ The Committee filed its termination report on November 29, 1976 covering October 19, 1976 through November 22, 1976 disclosing an ending cash balance of \$25,130.11. In letter form the Committee reported, on December 6, 1976 and December 20, 1976, additional receipts of \$200.00 and expenditures of \$189.10.

2/ A calculation of the receipt and expenditures totals of the summary pages of each of the Committee's periodic reports from January 1, 1976 through November 22, 1976 results in a net discrepancy of \$1,810.90. See Audit Finding D.



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

B. Key Personnel

The principal officers of the Committee were Mr. Nicholas N. Shammas, General Chairman and Mr. Roger C. Johnson, Treasurer, during the period of the audit.

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 the Roybal Campaign Committee fairly present the financial activity 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. Corporate Contributions

Section 441b(a) of Title 2, United States Code, states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any Federal election to any political office and unlawful for any Federal candidate, political committee, or other person to knowingly accept or receive any contribution from a corporation.

During our review of the Committee's contribution records, it was noted that the Committee received three (3) contributions totaling \$167.50 which were drawn on corporate accounts. The corporate status of the three (3) business enterprises was verified with the California Secretary of State's Corporate Division on February 17, 1978. The Committee had been advised to refund these three (3) contributions at the close of the audit field work on December 15, 1977 and on March 14, 1978 copies of the cancelled checks were received to document the refund of these contributions.

Additionally, 32 other businesses made 37 contributions drawn on their respective business accounts. A response to an inquiry directed to the California Secretary of State regarding the possible corporate status of these businesses was received March 6, 1978. This response confirmed the corporate status of six (6) additional businesses each having made one (1) contribution to the Committee totaling \$1,040.00. However, it was subsequently determined that one of these six (6) businesses, which contributed \$400.00, was a partnership and not a corporation, therefore reducing the number of additional corporate contributions received by the Committee to five (5), totaling \$640.00. The Committee was advised of the corporate status of these additional five (5) businesses on March 20, 1978. On May 8, 1978, the Committee provided documentation that these remaining corporate contributions had been refunded.

Due to the fact that the Committee accepted eight (8) corporate contributions totaling \$807.50, the matter was referred to the Commission's Office of General Counsel on May 17, 1978, where Matter Under Review 608(78) was initiated. Since the contributions had been refunded the General Counsel recommended that the Commission take no further action on the matter.

Based on these facts, the Commission voted on October 5, 1978 to close the file with no further action.

B. Itemization of Contributions and Disclosure of Contributor Information

Section 434(b)(2) of Title 2, United States Code, requires a committee to disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within a calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions.

Our review of the Committee's contribution records revealed that the Committee did not itemize 23 contributions, each in excess or aggregating in excess of \$100. These 23 contributions (39.66% of the total number of contributions requiring itemization) totaled \$1,376.00 and represented 9.52% of the total dollar value (\$14,401.00) of all itemizable contributions. The treasurer stated he was not aware that any contributions requiring itemization had been omitted from the disclosure reports.

The pre-audit review of the Committee's disclosure reports revealed that the Committee did not disclose the principal place of business for 22 of 35 (or 62.86%) itemized contributors. The treasurer stated that the principal place of business was the same as the mailing address disclosed, but he agreed to disclose the name of the principal places of business as required on amended reports.

On March 14, 1978, an amendment was received disclosing the above mentioned information.

Recommendation

The Audit staff recommends that no further action be taken on this matter.

C. Itemization of Transfers Received

Section 434(b)(4) of Title 2, United States Code, requires, in part, that a committee disclose the name and address of each political committee from which the reporting committee received or made any transfer of funds, together with the amount and date of all transfers.

Our examination of the Committee's contribution records revealed that the Committee did not itemize 18 transfers (52.9% of the total number of transfers received) totaling \$1,584.50 (14.4% of the total dollar value of all such transfers). One (1) of the unitemized transfers was in the amount of \$300 and the others were \$100 or less.

The treasurer stated he was unaware that transfers of \$100 or less were required to be itemized. The \$300 item was apparently not itemized due to an oversight.

Upon our recommendation an amendment was filed on March 14, 1978 itemizing these 18 transfers.

Recommendation

The Audit staff recommends that no further action be taken on this matter.

D. Disclosure of Fundraising Event

Sections 434(1)(9) and (11) of Title 2, United States Code, and Sections 104.2(b)(8) and (10) of Title 11, Code of Federal Regulations, require a committee to report the total sum of all receipts of and expenditures by such committee or candidate during the reporting period and the calendar year.

Section 434(b)(6)(A) of Title 2, United States Code, requires in part, that a committee disclose the total amount of proceeds from the sale of tickets to each dinner, luncheon, rally, and other fundraising events.

During our review of the Committee's bank records, it was determined that the Committee's total reported receipts were understated when compared with total receipts in its bank account by \$1,909. This understatement was traced to a deposit of \$2,139.86 made on November 22, 1976. The Committee had no supporting documentation (i.e., deposit slip or copies of contributor checks) relating to this deposit in their records. However, during our review of the Committee's receipt records a listing of 22 names with dollar amounts totaling \$2,175 was reviewed. An individual who was shown to have contributed \$200 was traced to the Committee's October 19, 1976 through November 22, 1976 report of itemized receipts. The balance of the total of \$2,175 (i.e., \$1,975) for the most part accounted for the \$1,909 understatement of receipts.

The Committee treasurer stated that this deposit consisted mostly of proceeds from a fundraising dinner, which an individual volunteered to manage for the Committee. However, there was no Schedule D filed to disclose the activity relating to this event. The treasurer stated that it did not occur to him that a Schedule D should have been filed as the Committee did not stage the event.

Upon our recommendation an amendment was filed on March 14, 1978 disclosing the information related to this fundraising event and correcting the understatements mentioned above.

Recommendation

The Audit staff recommends that no further action be taken on this matter.

E. Itemization of Expenditures

Section 434(b)(9) of Title 2, United States Code, in part, requires that a committee disclose the full name and mailing address of each person to whom expenditures have been made by such committee or candidate which in the aggregate exceed \$100 within a calendar year, together with the purpose, amount and date of the expenditures.

Our examination of the Committee's expenditure records revealed that 10 expenditures of a total of 56 (17.86%) were not itemized in the disclosure reports. The expenditures totaled \$538.41 (1.77% of \$30,415.76 in itemizable expenditures). Of the 10 omissions, nine (9) were for amounts of \$100 or less which exceeded \$100 in the aggregate.

The treasurer explained that the Committee employed no system for aggregating expenditures to properly itemize them.

Upon our request an amendment was filed on March 14, 1978 itemizing these 10 expenditures.

Recommendation

The Audit staff recommends that no further action be taken on this matter.

F. Documentation of Bank Deposits

Section 104.12(b)(1) of Title 11, Code of Federal Regulations, in part, provides that each candidate, political committee, or other person required to file any report or statement under this subchapter shall maintain records with respect to the matters required to be reported which shall provide in sufficient detail the necessary information and data from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness.

Our review of the Committee's receipt records revealed that the Committee failed to maintain deposit slips for 20 of the 53 deposits made into the Committee's bank account from September 25, 1975 through December 17, 1976. The Committee's records did contain documentation (receipts and/or copies of contributor checks) for 16 of the 20 deposits not supported by a deposit slip.

Upon our request on April 7, 1978 the Committee submitted additional information to substantially document the above mentioned deposits.

Recommendation

The Audit staff recommends that no further action be taken on this matter.

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Edward Roybal

State: California

District: 25

Location: Central Los Angeles

Political Party Affiliation: Democrat

Major Opponent(s): Jim Madrid (R)

Other Candidates Audited: Jim Madrid (R)

Votes Cast:	General Election -	Edward Roybal (D)	57,966 - 71.9%
		Jim Madrid (R)	17,737 - 22%
		Marilyn Seals (PFP)	4,922 - 6.1%
	Primary Election -	Edward Roybal (D)	36,049 - 86.1%
		Michael Rives (D)	5,797 - 13.9%

Total Receipts for Period: \$45,054.96

Total Expenditures for Period: \$31,865.97

First Elected (if applicable): 1962



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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 # 608.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



