



FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON THE HEARNES FOR SENATOR COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Hearnès for Senator 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 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 Office of the Secretary of the Senate on March 6, 1975 in support of Warren E. Hearnès, candidate for the office of United States Senator from the State of Missouri. On January 13, 1975, the Committee was designated by the Candidate as his principal campaign committee for the 1976 election. The Committee maintained its headquarters in Charleston, Missouri.

In accordance with the Commission's Audit Policy, the audit covered the period from January 1, 1975, through September 30, 1977, the final coverage date of the termination report filed by the Committee. ^{1/} The Committee reported a beginning cash balance as of December 24, 1974 of \$-0-, total receipts of \$694,148.05, total expenditures of \$694,148.05 and a closing cash balance of \$-0- on September 30, 1977.

^{1/} The Committee filed an April 10, 1978 report which reflected additional activity of \$1,329.00 in receipts and \$1,404.00 in expenditures relating to the refunding of apparent corporate contributions (see Finding A).



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

The principal officers of the Committee and their tenure during the period of the audit were:

<u>NAME</u>	<u>TITLE</u>	<u>TENURE</u>
Robert H. Coon	Chairman	3/03/75-06/02/75
Gregory J. Nooney, Jr.	Chairman	6/02/75-09/30/77
Robert E. Hearnnes	Treasurer	3/03/75-06/02/75
Edwin C. Houx	Treasurer	6/02/75-08/17/75
Robert E. Hearnnes	Treasurer	8/17/75-10/01/75
Willard Wilkinson	Treasurer	10/01/75-03/31/77
Robert E. Hearnnes	Treasurer	4/01/77-09/30/77

C. Scope

The audit included such tests as verification of 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 Finding

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 deficiency noted below, the reports and statements of the Hearnnes for Senator Committee 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. Apparent 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 election to any Federal office and unlawful for any Federal candidate, political committee, or other person knowingly to accept or receive any contribution from a corporation.

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Our review of the Committee's contribution records indicated that 18 contributions (totaling \$1,579.00) were received from 18 apparent corporate entities. The Committee was informed on February 9, 1978 by the Audit staff of the apparent corporate status.

Fifteen of the apparent corporate contributions were refunded by the Committee on February 10, 1978. Further information obtained from the contributors indicated that the remaining three (3) contributions from three (3) of the entities were not, in fact, from corporate funds.

This matter was referred to the Commission's Office of General Counsel on February 17, 1978 where Matter Under Review 541-78 was initiated. The review conducted by the Office of General Counsel confirmed that seven (7) of these contributions (totaling \$1,104.00) were from corporate sources.

Based on these facts and the Committee's prompt action in refunding the monies, the Commission voted on June 28, 1978 to close the file on the matter with no further action.

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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 # 541.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



