

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Baltasar Corrada del Rio

State: Puerto Rico

District: Puerto Rico

Location: Puerto Rico

Political Party Affiliation: New Progressive Party

Major Opponent(s): Jaime Benitez

Other Candidates Audited: Jaime Benitez

Votes Cast:	General Election -	Jaime Benitez	663,160 - 46%
		Baltasar Corrada del Rio	705,162 - 49%
		Baltasar Quinones Elias	72,988 - .5%
	Primary Election -	Unknown	

Total Receipts for Period:

Total Expenditures for Period:

First Elected (if applicable): 1976



FEDERAL ELECTION COMMISSION

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

March 30, 1979

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

THROUGH: BOB COSTA *RC*

FROM: JUDY HAWKINS *JH*

SUBJECT: PUBLIC ISSUANCE OF FINAL
AUDIT REPORTS

Attached please find copies of the final audit reports for the Comite Pro Baltasar Corrada (P.R.) and the Comite Amigos de Jaime Benitez (P.R.) which were approved by the Commission on January 25, 1979 and February 16, 1979 respectively.

As of this date, March 30, 1979, all informational copies of the report have been received by all parties involved and these reports may be released to the public.

With this release, Puerto Rico is now complete.

Attachments as stated

cc: FEC Library
RAD
Public Record





FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON THE COMITE PRO BALTASAR CORRADA

I. Background

A. Overview

This report is based on an audit of the Comite Pro Baltasar Corrada ("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 March 29, 1976, in support of Baltasar Corrada for the office of Resident Commissioner from the Commonwealth of Puerto Rico. On March 31, 1976, the Committee was designated by the Candidate as his principal campaign committee for the 1976 election. The Committee maintains its headquarters in Santurce, Puerto Rico.

The audit covered the period from January 12, 1976, through September 30, 1977, the final coverage date of the latest report filed by the Committee at the time of the audit fieldwork. During this period the Committee reported a beginning cash balance of \$5,513.98, total receipts of \$66,410.00, total expenditures of \$64,878.56 and a closing cash balance on September 30, 1977, of \$2,125.00



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 during the period of the audit were: Wilfredo Vivoni, Chairman (and Treasurer from March 29, 1976, through April 18, 1976); Ivan Garcia, Vice Chairman; and Ana Nevarez de Sprague, Treasurer from April 19, 1976, through the close of the audit period.

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 Comite Pro Baltasar Corrada 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 of the 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 political office, and unlawful for any candidate, political committee, or other person to knowingly accept or receive any contributions from a corporation.

During our review of receipt and expenditure records, we noted seven (7) possible corporate contributions which had been deposited in the Committee bank account and refunded 14 months prior to the audit. Four (4) of these entities (with contributions totaling \$575) were verified as corporations by the Secretary of State's office, San Juan, Puerto Rico.

As all of the contributions were voluntarily refunded (all but one within the same reporting period), and since the total dollar amount was less than 1% of the total reportable receipts, we advised the Committee that no further action was necessary in this matter. We noted, however, that all findings are subject to Commission review and policy. Therefore, in accordance with Commission policy, we referred this matter to the Office of General Counsel on May 3, 1978, where Matter Under Review #588(78) was instituted.

On May 24, 1978, the Commission found reason to believe that three (3) of the corporations, contributing a total of \$500, had violated 2 U.S.C. 441b by making corporate contributions to the Comité Pro Baltasar Corrada. Letters of notification were mailed to the three (3) respondents on August 18, 1978, two (2) of which have responded confirming the refund by the Committee and acknowledging that corporate contributions to federal candidates are unlawful. Two (2) notification letters to the third respondent have been returned unclaimed.

Based on Commission policy and the recommendation of the Office of General Counsel, the Commission voted on September 28, 1978, to close the file and take no further action in this case.

B. Registration and Reporting of In-Kind Contributions

Sections 433(a) and 434(a) of Title 2 of the United States Code require political committees making expenditures during a calendar year in an aggregate amount exceeding \$1,000 to file with the Commission a statement of organization and reports of receipts and expenditures.

Section 434(b)(7) of Title 2, United States Code, requires a political committee supporting a candidate for election to Federal office to report contributions made to such

committee which exceed in the aggregate \$100, not otherwise disclosed under Section 434(b). Furthermore, Section 104.3(a) (1) of Title 11 of the Code of Federal Regulations states that "each in-kind contribution shall be valued at the usual and normal charge on the date received and reported if in excess of \$100 on the appropriate schedule of receipts, identified as to its nature and listed as an in-kind contribution."

Information obtained during the audit of the Committee indicated that the Committee's political party, the New Progressive Party of Puerto Rico (NPP), may have attained filing status under the Act without registering or reporting with the Commission by providing the Committee the following support:

- 1) office space and facilities;
- 2) telephone service;
- 3) political rallies which provided a forum for speeches by party candidates including the candidate for Resident Commissioner; and
- 4) media coverage for the party ticket which may have benefited the Corrada Campaign.

In accordance with Commission policy, this matter was referred to the Office of General Counsel on January 4, 1978, where Matter Under Review 489(78) was instituted.

On January 27, 1978, the Commission found reason to believe that the NPP was a political committee which, in failing to register and report in-kind contributions to the Corrada Committee, violated 2 U.S.C. Section 433(a) and 434(a). Further, on March 16, 1978, the Commission found reason to believe the Committee had violated 2 U.S.C. Section 434(b) by failing to report receipt of in-kind contributions from the NPP.

Respondents replied to Commission inquiries that the value of rent and telephone services provided to the Committee by the NPP was not much more than \$100, and that the costs of media covered political rallies and fundraisers, paid for by the NPP and attended by Corrada and many other candidates, would be extremely difficult to allocate to any one candidate's benefit.

The investigation conducted by the Office of General Counsel determined that the value of rental facilities and telephone services allocable to the Committee approximated only \$130. In addition, although its investigation did disclose substantial NPP expenditures for rallies, determining a fair and specific dollar value allocable to the Committee would be very difficult. Based on the fact that Mr. Corrada appeared at Party functions primarily as a Party figure in support of the NPP gubernatorial candidate and that the Committee conducted its own media and fundraising campaign, the Office of General Counsel recommended no further action be taken in this matter. It was also recommended that both the Committee and the NPP be advised of the reportable nature of in-kind contributions, and that state party expenditures on behalf of Federal candidates should be allocated and reported by the party to reflect the benefit to be derived by each candidate.

Based on the recommendation of the Office of General Counsel, the Commission voted on August 30, 1978, to take no further action and close the file, as well as to notify the parties involved accordingly.

C. Recordkeeping for Receipts from Fundraiser

Section 432(c)(1) and (2) of Title 2 of the United States Code states that the treasurer of a political committee shall keep a detailed and exact account of all contributions made to or for such committee, to include identification of every person making a contribution in excess of \$50 with the date and amount thereof and, if a person's contributions aggregate more than \$100, the account shall include the occupation and principal place of business (if any).

During our audit review of receipts, no accounts or records were available for proceeds from a post-general election fundraising dinner held June 24, 1977, in San Juan, Puerto Rico. The total amount raised (\$32,150 at \$50 per person) was reported on the appropriate Schedule D and included in receipt totals, although the individual contributors were not identified on reports.

As the fundraiser represents 48.41% of the dollar value of total reported receipts, we requested that the Committee itemize the source of the contributions aggregating in excess of \$100 on their amended report for 1977, and obtain documentation for the contributions and provide them for our review.

On March 21, 1978, the Committee filed an amended July 10, 1977 report itemizing all but \$50 of the fundraising receipts.

Recommendation

As the Committee has provided an accounting of the fundraiser receipts by filing the appropriate amendment, we recommend no further action on this matter.

D. Itemization of Expenditures in Excess of \$100

Section 434(b)(9) of Title 2 of the United States Code requires a committee to disclose the name and address of each person to whom expenditures have been made within a calendar year aggregating in excess of \$100, together with the amount, date, and purpose of each expenditure.

During our audit review of expenditures, it was determined that six (6) expenditures (23.08% of all itemizable expenditures) each in excess of \$100, were not itemized on disclosure reports. These expenditures total \$25,301.20 and represent 45.23% of the dollar value of total itemizable expenditures.

The Committee indicated that these itemizations had been inadvertently excluded. We noted during the audit that the omitted itemizations were corrected on amendments prepared, but not filed prior to the audit fieldwork. At our request, the Committee submitted these amendments on January 28, 1978, and February 1, 1978.

Recommendation

As the Committee filed the appropriate amendments, we recommend no further action in this matter.

E. Recordkeeping for Expenditures

Section 432(d) of Title 2 of the United States Code requires the committee treasurer to obtain and keep a receipted bill stating the particulars for every expenditure made in excess of or aggregating in excess of \$100 within a calendar year. Section

102.9(c)(4), Title 11, Code of Federal Regulations, provides that the treasurer may keep the canceled check and a bill, invoice, or other contemporaneous memorandum of the transaction supplied to the committee by the payee.

During our review of expenditures, it was determined that for 10 expenditures (38.46% of the total number aggregating in excess of \$100) documentation consisted only of the canceled checks. These expenditures totaled \$6,738.90 or 12.05% of the total dollar value of expenditures requiring documentation.

We recommended that the Committee furnish for our review, additional documentation supporting these expenditures or evidence of a reasonable effort to obtain it. On January 28, 1978, and March 22, 1978, the Committee provided information which substantially complies with our request.

Recommendation

As substantial compliance was achieved, no further action is recommended in this matter.

F. Disclosure of Committee Depository

Sections 433(b)(9) and (c) of Title 2 of the United States Code require that a committee reveal in its statement of organization or any amendments thereto, a listing of all banks, safety deposit boxes, or other repositories used by the committee.

Our review of Committee bank records revealed the use of a depository which had not been disclosed as required on the Committee's statement of organization or amendments thereto. The bank account was opened to handle receipts and expenditures for a fundraiser held in June 1977; it is now the sole committee depository.

We recommended that the Committee amend their statement of organization to disclose the depository. On March 22, 1978, the Committee satisfactorily disclosed the depository in an amended statement of organization.

Recommendation

As the Committee satisfactorily amended the statement of organization, no further action is recommended in this matter.

G. Disclosure of Occupation and Principal Place of Business

Section 434(b)(2) of Title 2 of the United States Code requires in part, that the committee disclose the full name and mailing address, occupation and principal place of business, if any, of each person whose contributions aggregate greater than \$100 within a calendar year together with the amount and date of such contributions.

During the audit review of receipts, it was determined that 35 contributions (100% of the total contributions requiring itemization) did not have adequate contributor mailing address, occupation and principal place of business information on reports.

We requested that the Committee obtain the contributor information and submit it with the appropriate amended reports. The Committee filed these amendments on January 28, 1978, which substantially complied with our requests.

Recommendation

As the appropriate information was provided, we recommended no further action in this matter.

H. Reporting of Debts and Obligations

Section 434(b)(12) of Title 2 of the United States Code states that reports filed by committees shall disclose the amount and nature of debts and obligations, and that these shall be reported continuously until extinguished.

During our review of debts and obligations, it was determined that the Committee reported incorrect amounts for their obligation for advertising expenses.

We requested that the Committee submit a corrected Schedule C to reflect the actual debt incurred, payments made, and balance outstanding. The Committee agreed to submit the appropriate schedule with their amendments for the period ending September 30, 1977. On February 1, 1978, we received the Committee's amended report accurately reflecting the status of the obligation.

Recommendation

As the Committee amended the appropriate schedule, no further action is recommended.

I. Other Matters

Listed below are other matters for which the Audit staff feels no further action is required by the Committee.

1. The review of expenditures revealed that two (2) checks totaling \$2,825, each in excess of \$100, were made payable to "cash", but were not identifiable as petty cash transactions under Section 102.10 of the Commission's Regulations. In each case, the ultimate payee was disclosed fully or in part on reports. The Committee kept no records of \$900 in expenditures reported as petty cash. Committee officials noted the reluctance of many vendors and individuals to accept checks for services. In addition, our review of bank records indicates that receipts totaling \$1,960 were reported but not deposited in the Committee depository, and expenditures totaling \$1,960 were reported but not paid by check. The Committee agreed to avoid the use of cash for other than petty cash purposes in future transactions.

2. The Committee made two (2) \$1,000 cash deposits of receipts from fundraisers. No documentation was available to identify contributors. The Committee was advised of their responsibility regarding recordkeeping and reporting of fundraisers. They agreed to follow these guidelines in future fundraising activity.

On January 28, 1978, the Committee submitted documentation identifying the contributors to one (1) of the fundraisers.



FEDERAL ELECTION COMMISSION

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

9 1 0 7 0 1 6 0 9 1 3

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 # 487.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.





FEDERAL ELECTION COMMISSION

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

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 # 588.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



1
1
6
9
1
1
7
2
7
0
7
1
1

