



## FEDERAL ELECTION COMMISSION

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

### REPORT OF THE AUDIT DIVISION ON THE CLAUDE PEPPER CAMPAIGN COMMITTEE

#### I. Background

##### A. Overview

This report is based upon an audit of the Claude Pepper 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 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 30, 1976, as the principal campaign committee designated by the Honorable Claude Pepper, candidate for election to the United States House of Representatives from the 14th Congressional District of Florida. The Committee maintains its headquarters in Miami Beach, Florida.

The audit covered the period July 1, 1976, through September 30, 1977. The Committee reported a beginning cash balance at July 1, 1976, of -0-, total receipts of \$59,415.66, total expenditures of \$47,271.32, and a closing cash balance of \$12,144.34 at December 31, 1976. <sup>1/</sup>

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 the report and were available to Commissioners and appropriate staff for review.

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<sup>1/</sup> The Committee filed FEC Form 3a for the first three(3) quarters of 1977.

## B. Key Personnel

The principal officers of the Committee during the period audited were Mr. Allen Clements, Jr., Chairman, and Ms. Adele Weaver, Treasurer.

## 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 Claude Pepper Campaign 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. Retention of Supporting Documentation

Section 432(d) of Title 2, United States Code, requires the treasurer of any political committee to obtain and keep a receipted bill, stating the particulars, for every expenditure in excess of \$100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

Section 102.9(c)(4) of Title 11, Code of Federal Regulations, provides that when a receipted bill is not available, the treasurer may retain the cancelled check, showing payment, and the bill, invoice or other contemporaneous memorandum of the transaction.

The Committee made 150 expenditures, totaling \$48,141.94, requiring maintenance of supporting documentation. They did not maintain any type of documentation for 46 of these expenditures, totaling \$12,039.53. These items represent approximately 31% of the quantity and 25% of the total dollar value of expenditures requiring supporting documentation. In addition, the Committee had inadequate documentation, consisting of a cancelled check only, for one (1) expenditure of \$258.50.

A Committee official explained that the cancelled checks were not available to support the bulk of the Committee's expenditures because Florida Election Law requires the bank to forward all checks drawn on a political committee's account to the respective state or local supervisory office of elections. However, our research shows that this Florida statute requires the bank to remit the original documents or copies of the originals, and that this law does not preclude the committee from obtaining bank records from that bank.

In 1977, the Committee requested that the bank furnish them copies of the cancelled checks, and several were available to document recent expenditures.

Subsequent to fieldwork, the Committee submitted the required supporting documentation for 15 expenditures totaling \$6,556.24. In addition, cancelled checks or other contemporaneous memorandum were submitted in support of 26 expenditures totaling \$5,095.44. This reduces the total amount of expenditures which were previously completely undocumented to six (6) expenditures totaling \$640.35. As a result, 26 expenditures remain partially documented and six (6) with no documentation. The Committee's bank was unable to provide microfilm copies of cancelled checks for the six (6) undocumented expenditures. Also, the Florida Secretary of State's office informed the Committee that they did not have the Committee's bank records. Committee officials also provided the Audit staff with copies of 19 letters representing 21 expenditures totaling \$3,954.90 sent to vendors requesting receipts. No response was received from these businesses as of April 14, 1977, when a second letter was sent by the Committee. Committee officials explained that letters requesting receipts were not sent to the remaining five (5) vendor/payees due to a misunderstanding in some instances, uncooperative vendors, and vendors which were out of business.

#### Recommendation

In view of the Committee's efforts to comply with Section 432(d) of Title 2, United States Code and Section 102.9(e) of Title 11, Code of Federal Regulations, we recommend no further action in this matter.

#### B. Itemization of Expenditures

Section 434(b)(9) of Title 2, United States Code, requires a political committee to disclose the identification of each person to whom expenditures have been made by such committee in an aggregate amount or value in excess of \$100 for the calendar year, together with the amount, date and purpose of each such expenditure.

The Committee made 135 expenditures, totaling \$45,864.26, requiring itemization on disclosure reports. The Committee did not itemize 17, or 13%, of the expenditures. Those omitted had a total value of \$1,143.63, or 2.49% of the total dollar value requiring itemization. A Committee official attributed the omission of these expenditures to the Committee's lack of a formal system for the aggregation of expenditures. The Audit staff recommended that the Committee file an amendment itemizing the expenditures as required.

On April 5, 1978, the Committee filed the appropriate amendment disclosing the items noted above.

Recommendation

We recommend no further action in this matter.

C. Itemization of Transfers-In

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

The Committee received 43 transfers of funds totaling \$16,500. Ten (10) of these transfers, 23.3% of the total number received, were not itemized on disclosure reports. These ten (10) had a total value of \$950, comprising 5.8% of the total dollar value of transfers received.

Further, the Committee reported both contributions from individuals and transfers from other committees on Line 15A of its disclosure reports, rather than reporting transfers on Line 18 as required. Therefore, the \$59,415.66 in total receipts which the Committee reported on its detailed summary pages does not accurately reflect the transfers of \$16,500 from other political committees. The Audit staff recommended that the Committee file an amended report correcting the discrepancies stated above.

Subsequent to fieldwork, the Committee filed an amendment itemizing the ten (10) transfers, and adjusting its summary pages to accurately reflect total transfers from other political committees.

Recommendation

We recommend no further action in this matter.

D. Acceptance of Corporate Contributions

Section 441b(a) of Title 2, United States Code, prohibits any political committee from knowingly accepting contributions from any corporation.

The Committee accepted two (2) contributions, totaling \$300, which were apparently drawn on corporate bank accounts. The Audit staff verified through the Secretary of State that each company was incorporated. One contribution of \$250 was received on August 27, 1976, and the second contribution, of \$50, was received on September 29, 1976. A Committee official stated that she was aware of these contributions, but was of the opinion that both were intended as personal contributions from executives with each company. At the suggestion of the Audit staff, these contributions were refunded by February 27, 1978. The Committee provided copies of letters sent to these contributors and copies of the cancelled checks showing the refund.

Recommendation

The Audit staff recommends no further action on this matter.

E. Contribution from a Possible Foreign National

Section 441e(a) of Title 2, United States Code, prohibits any person from accepting money or any other thing or value contributed by a foreign national, in connection with an election to any political office.

The Committee accepted a \$100 contribution from an individual who is president of a construction company located in Caracas, Venezuela. The deputy-treasurer stated that the contribution was not questioned by the Committee, as the contributor's check was drawn on a bank account located in the United States. Subsequent to fieldwork, the Committee determined that the individual was not an American citizen and refunded the contribution on February 20, 1978.

Recommendation

The Audit staff recommends no further action.

F. Filing of Office Account Report

Section 439a of Title 2, United States Code and Section 113.4(a) and (b) of Title 11 of the Code of Federal Regulations requires all federal officeholders having office accounts to file a report on April 15 and October 15 of each year. The October 15 report shall disclose all receipts and disbursements from April 1 through September 30 of the year the report is filed.

As a result of the audit of the Claude Pepper Campaign Committee, the Audit staff determined that the Candidate maintained a Congressional office account for which no reports of receipts and expenditures had been filed. At the request of the Audit staff, the Candidate filed a report of this account on March 27, 1978, disclosing cash on hand, January 1, 1975, of \$13,096.52, total receipts of \$5,661.70, total expenditures of \$18,758.22, and a closing cash balance on June 1, 1977, of \$-0-.

Recommendation

The Audit staff recommends no further action in this matter.

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Claude Pepper 6/5/78

State: Florida

District: 14

Location: Miami

Political Party Affiliation: Democrat

Major Opponent(s): Evelio S. Estrella (R)

Other Candidates Audited: Estrella 6/5/78

Votes Cast: General Election - Claude Pepper (D) - 82,665  
Evelio Estrella (R) - 30,774  
Primary Election - Unopposed

Total Receipts for Period: \$59,415.66

Total Expenditures for Period: \$47,271.32

First Elected (if applicable): U. S. Senate - 1936 - 1950  
U. S. House - 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 # 446.  
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF  
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.





