



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE BROUILLETTE FOR CONGRESS COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Brouillette for Congress 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 May 10, 1976, in support of Francis D. Brouillette, Candidate for election to the Office of U.S. Representative from the Eleventh Congressional District of Michigan. The Committee maintained its headquarters in Iron Mountain, Michigan.

The audit covered the period from May 10, 1976, through August 31, 1977. During this period the Committee reported a beginning cash balance of \$-0-, total receipts of \$98,622.40, total expenditures of \$98,574.69 and a closing cash balance on March 31, 1977 1/ of \$47.71.

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.

1/ The Committee filed a FEC Form 3a Postcard for the period 4/1/77-8/31/77.



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B. Key Personnel

The principal officers of the Committee during the period covered by the audit were Thomas Baldini, Chairman, and Bernadine Blomquist, 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 Brouillette for Congress 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. Filing of Disclosure Report

Section 434(a)(1)(C) of Title 2 of the United States Code requires in part, that political committees authorized by a candidate, shall in any year in which the candidate is not on the ballot for election to Federal office, file quarterly reports of receipts and expenditures following the close of any quarter in which the candidate and his authorized committee received contributions or made expenditures, or both, the total amount of which, taken together, exceeds \$5,000.

During our review of the Committee's records for the first quarter of 1977, we found that the Committee had received contributions and made expenditures, together amounting to \$7,751.52, thus requiring a full disclosure report to be filed for the quarter. However, for the calendar quarter involved, the Committee filed only an FEC Form 3a (letter equivalent) received by the Commission on April 6, 1977. The Committee was advised of the provisions of Section 434(a)(1)(C) regarding the \$5,000 threshold for quarterly filing exemptions. The Committee responded that the FEC Form 3a was filed because of a misunderstanding of the reporting requirements.

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In accordance with our recommendation, the Committee filed an amendment on February 28, 1978, which included the first quarter 1977 activity.

Recommendation

Since the Committee filed the appropriate amendment, we recommend no further action in this matter.

B. Deposit of Receipts and Cash Expenditures
in Excess of \$100

Section 437b(a) (1) of Title 2 of the United States Code requires in part, that all contributions received by a committee be deposited into designated campaign depositories and that all expenditures (except petty cash) be made by check.

During our review of expenditures, it was noted that in 1976 the Committee made three (3) cash expenditures to the Candidate, each in excess of \$100, totaling \$650. An examination of the bank records indicated that the cash receipts from which these expenditures were made had not been deposited as required.

The Committee explained that on three (3) occasions when cash contributions were received, hasty expenditures were made in cash to the Candidate who used the funds to pay his travel expenses while campaigning immediately thereafter. The Committee was advised of the provisions of Section 437b(a) (1) and they acknowledged the problem.

Recommendation

While we recognize the potential seriousness of such activity, it is the opinion of the Audit staff that the circumstances described represent three (3) isolated incidents rather than Committee practice. Therefore, as the Committee made a limited number of such expenditures, each with relatively small dollar values, and because the receipts and expenditures were reported properly, we recommend that the Commission take no further action regarding this matter.

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C. Cash Contribution in Excess of \$100

Section 441g of Title 2 of the United States Code prohibits any person from making contributions of currency to or for the benefit of any candidate which, in the aggregate, exceed \$100 with respect to any campaign of such candidate for nomination for election, or for election, to Federal office. Section 110.4(c)(2) of Title 11 of the Code of Federal Regulations requires a candidate or committee receiving a cash contribution in excess of \$100 to return the amount over \$100 to the contributor.

During our review of Committee receipts, it was noted that a \$1,000 cash contribution was received and deposited by the Committee. The Committee was advised of its responsibility under Section 110.4(c)(2) of Title 11, Code of Federal Regulations, to promptly refund the portion of a cash contribution in excess of \$100. Committee representatives replied that the Committee staff member handling the contribution was unaware of the limit regarding cash contributions and deposited the cash in good faith.

We recommended that the Committee return \$900, representing the excessive amount received in cash, to the contributor and provide the Commission with documentation of the refund. This matter was referred to the Office of General Counsel which concurred with our recommendation.

On January 9, 1978, the Candidate assumed the Committee's obligation and repaid \$900 to the contributor. Satisfactory documentation of this transaction was provided to the Commission on January 16, 1978.

Recommendation

Since the excessive amount received in cash has been refunded, we recommend no further action in this matter.

D. Itemized Contributions

Section 434(b)(2) of Title 2 of the United States Code requires in part, that a committee disclose the full name, mailing address, occupation and principal place of business of each person whose contributions to or for the committee aggregate in excess of \$100 during a calendar year, together with the amount and date of each contribution.

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During the audit, it was determined that nine (9) individual contributions, representing 16.4% of the total number of such contributions requiring itemization, were not itemized. These contributions, which ranged in amounts from \$100 to \$200, amounted to \$1,150 (5.5% of the total dollar value of itemizable contributions).

At our suggestion, the Committee filed a comprehensive amendment including the contributions described above, on February 28, 1978.

Recommendation

Since the Committee has filed the appropriate amendment, we recommend no further action.

E. Retention of Supporting Documentation for Expenditures

Section 432(d) of Title 2 of the United States Code requires in part, that the treasurer obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee 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, states in part, that when a receipted bill is not available, the treasurer may keep the cancelled check and the bill, invoice or other contemporaneous memorandum.

During our review of expenditures, it was determined that for 68 expenditures (26.9% of the total number aggregating in excess of \$100) documentation consisted only of the cancelled checks. These expenditures totaled \$33,741.62 (36.5% of the total dollar value of expenditures requiring such documentation).

We recommended that the Committee obtain the necessary supporting documentation and submit it to the Audit staff for review or present evidence of their efforts to do so. On November 23, 1977, the Committee provided the requested documentation.

Recommendation

Since adequate documentation has been received, no further action is recommended in this matter.

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F. Itemized Expenditures

Section 434(b)(9) and (10) of Title 2 of the United States Code requires in part, that a committee disclose the identification of each person to whom expenditures aggregating in excess of \$100 during a calendar year have been made, together with the amount, date, and purpose of each such expenditure.

During the audit, it was determined that six (6) expenditures to four (4) payees aggregating in excess of \$100 were not itemized as required. These expenditures, which range in amounts from \$50 to \$250, totalled \$688.01 (1% of the total dollar value of itemizable expenditures).

Since we requested that the Committee file a comprehensive amendment for 1976 itemizing contributions as indicated in Finding D above, we recommended that they include these relatively minor expenditure omissions in the 1976 amendment. These expenditures were included in the comprehensive amendment filed by the Committee on February 28, 1978.

Recommendation

Since the Committee has filed the requested information, no further action is recommended in this matter.

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CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Francis Brouillette/Brouillette for Congress Committee

State: Michigan

District: 11

Location: Northern Michigan

Political Party Affiliation: Democrat

Major Opponent(s): Phillip Ruppe (R)

Other Candidates Audited: Ruppe

Votes Cast: General Election - Ruppe 118,871 Brouillette 97,325

Primary Election - NONE

Total Receipts for Period: \$98,622.40

Total Expenditures for Period: \$98,574.69

First Elected (if applicable): N/A

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