



# FEDERAL ELECTION COMMISSION

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

## REPORT OF THE AUDIT DIVISION ON RISENHOOVER FOR CONGRESS COMMITTEE

### I. Background

#### A. Overview

This report is based on an audit of the Risenhoover 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 with it.

The Committee registered with the Office of the Clerk of the United States House of Representatives on May 7, 1974, in support of the Honorable Theodore M. Risenhoover for the office of Representative from the Second (2nd) Congressional District of Oklahoma. The Candidate designated the Committee as his principal campaign committee on July 8, 1976. The Committee maintains its headquarters in Washington, D.C.

The audit covered the period from January 1, 1975 through September 30, 1977, the final coverage date of the latest report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance at January 1, 1975 of \$12,727.42, total receipts for the period of \$205,817.24, total expenditures for the period of \$198,721.27, and a closing cash balance at September 30, 1977 of \$19,823.39.

This audit 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 this report and were available to Commissioners and appropriate staff for review.



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B. Key Personnel

The principal officers of the Committee were Marvin Risenhoover, Chairman; Seth Brassfield, Treasurer, during the period January 1, 1975 through March 6, 1975, and Joseph H. Carter, Sr., Treasurer from March 7, 1975 through the close of the period covered by 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

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 Risenhoover 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.

III. Findings and Conclusions

A. Expenditures Not Fully Supported

Section 432(d) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made in excess of \$100, and for expenditures 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 the Commission's 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.

A review of Committee records revealed that the Committee failed to obtain a bill, invoice or other contemporaneous memorandum for 114 expenditures in excess of, or aggregating in excess of \$100, (39.18% of the total number of expenditures requiring such supporting documentation) and totalling \$65,729.40 (36.66% of the total dollar amount of expenditures requiring such supporting documentation). The Committee did not provide any explanation for the lack of supporting documentation.

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Recommendation

The Committee obtained 61 of the 114 necessary documents, totaling \$50,021.85 and made them available to the Audit staff for review. In addition, the Committee officials presented evidence of their efforts to obtain the documentation for the remaining 53 items. It is the opinion of the Audit staff that the Committee has demonstrated its best efforts to obtain and submit the required documentation in accordance with Section 102.9(e) of the Commission's Regulations. Therefore, no further action is recommended.

B. Disclosure of Loans and Loan Repayments

Section 434(b)(5) of Title 2 of the United States Code requires a political committee to disclose in its reports each loan to or from any person within the calendar year in an aggregate amount or value in excess of \$100, with the full names and mailing addresses of the lenders, endorsers, and guarantors, and the date and amount of such loans.

Section 434(b)(7) of Title 2 of the United States Code states that each committee report shall disclose each contribution, rebate, refund, or other receipt in excess of \$100.

During the course of the audit, it was determined that the Committee failed to report three (3) loans to three (3) individuals and the loan repayments from the individuals. The loans were each in excess of \$100 and totalled \$808.00. The Treasurer of the Committee explained that at the time the report was prepared he was unaware of these transactions.

Recommendation

It is the recommendation of the Audit staff that no action be taken on this matter since the Commission received an amended report on November 21, 1977 disclosing the loans and loan repayments as required.

C. Disclosure of Contributions and Expenditures

Section 434(b)(3) and (11) of Title 2 of the United States Code states, in part, that a political committee must disclose in its reports the total sum of all receipts and the total sum of all expenditures by or for such committee or candidate during the reporting period.

During the course of the audit, it was determined that the Committee reported the same receipts and expenditures totalling \$2,176.00 on the July 1, 1976 through August 8, 1976 report and the August 9, 1976 through September 13, 1976 report, thereby overstating receipts and expenditures. The Committee Treasurer explained that the double reporting was due to a bookkeeping error.

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## Recommendation

It is the recommendation of the Audit staff that no action be taken on this matter, since the Commission received an amended report correcting the overstatement on November 21, 1977.

### D. Disclosure of Transfers from Political Committees

Section 434(b)(4) of Title 2 of the United States Code states, in part, that a political committee must disclose in its reports the name and address of each political committee which made any transfer of funds to the political committee, together with the amounts and dates of all transfers.

A review of Committee records revealed that the Committee failed to itemize three (3) transfers (1.38% of the total number of transfers) from political committees totalling \$300.00 (0.33% of total dollar amount of transfers). The Committee Treasurer explained that his understanding was that only transfers in excess of \$100 required itemization.

## Recommendation

It is the recommendation of the Audit staff that no action be taken on this matter since the Commission received an amended report on November 21, 1977 itemizing the three (3) transfers.

### E. Proper Reporting of Contributions In-Kind

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

In addition Section 104.3(a)(1) of the Commission's 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 and expenditures, identified as to its nature and listed as an in-kind contribution.

As a result of the review of Committee contribution and expenditure records, two (2) in-kind contributions totalling \$150.00 were not reported properly as receipts and expenditures. The contributions were disclosed as a memo entry on the reports but not included in the report totals. The Treasurer of the Committee stated that he was not aware of the reporting requirements for in-kind items at the time of the contribution.

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Recommendation

Since the Commission received an amended report on November 21, 1977, it is the recommendation of the Audit staff that no action be taken.

F. Other Matters

Presented below are matters noted during the audit for which the staff feels no further Commission action is warranted.

Our review disclosed that the fundraising events were not reported by the Committee on Schedule D as required. The Committee was unable to determine the total amount of proceeds from the fundraising events; however, the Committee was advised that in the future, all fundraising events should be disclosed as required.

In addition, it was determined that five (5) loan repayments to the candidate totalling \$1,920.00 were made in cash by the Committee from contributions received but not deposited in any of the Committee's accounts. The Audit staff determined that the repayments in cash were isolated instances. The Audit staff advised the Committee that in the future, all contributions received must be deposited into a designated committee checking account and all expenditures made by check drawn on such an account.

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