

*SENATE*  
CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Bill Brock

State: Tennessee

District: N/A

Location: N/A

Political Party Affiliation: Republican

Major Opponent(s): James R. Sasser (D)

Other Candidates Audited: James R. Sasser (D)

Votes Cast: General Election - James Sasser (D) - 751,180 - 52.51  
Bill Brock (R) - 673,231 - 47.49

Primary Election - Unopposed

Total Receipts for Period: \$1,528,622.18

Total Expenditures for Period: \$1,525,757.64

First Elected (if applicable): Senate 1970  
House 1962



# FEDERAL ELECTION COMMISSION

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

## REPORT OF THE AUDIT DIVISION ON THE CITIZENS FOR SENATOR BROCK AND THE CONCERNED TENNESSEANS

### I. Background

#### A. Overview

This report is based on an audit of the Citizens for Senator Brock and the Concerned Tennesseans ("the Committee(s)"), undertaken by the Audit Division of the Federal Election Commission in accordance 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 Citizens for Senator Brock registered with the Federal Election Commission on August 15, 1975 as the principal campaign committee designated by the Honorable William F. Brock, III, the Republican candidate for the United States Senate from the State of Tennessee. The Honorable William F. Brock, III authorized the Concerned Tennesseans on October 29, 1976. The Concerned Tennesseans filed a termination report on December 6, 1976, covering the period October 19, 1976 through November 22, 1976.



The audit covered the period August 15, 1975, the inception date of the principal campaign committee, through December 31, 1977, the final coverage date of the most recent report filed by the Committee at the time of the audit. During that period, the Committees reported the following activity:

<u>Committee</u>	<u>Beginning Cash</u>	<u>Total Receipts</u>	<u>Total Expenditures</u>	<u>Ending Cash</u>
Citizens for Senator Brock	\$-0-	\$1,478,622.18	\$1,475,757.64	\$2,864.54
Concerned Tennesseans	\$-0-	\$ 50,000.00	\$ 50,000.00	\$ - 0 -

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

B. Key Personnel

The principal officers of the Committees during the period audited were:

<u>Committee</u>	<u>Chairman</u>	<u>Treasurer</u>
Citizens for Senator Brock	S. L. Kopald	Marvin B. Hayes 8/15/75 - 2/2/76  Leroy Norton, Jr. 2/3/76 - Present
Concerned Tennesseans	Henry Loeb	Justin Wilson

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 the Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Auditor's Statement and Description of Findings With Respect To The Citizens for Senator Brock Committee

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 Citizens For Senator Brock 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. Contribution in Excess of Limitation

Section 441a(a)(1)(A) of Title 2, of the United States Code, states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000.

The Committee received and accepted a contribution of \$2,500.00 on October 28, 1976, from the F. F. Hutton Group Political Action Committee ("the PAC"). At the time the contribution was made, the PAC was not a multi-candidate political committee 1/ which is permitted to make a contribution(s) up to \$5,000.00 per candidate per election. Therefore, the PAC's contribution limit was \$1,000 per candidate per election.

Recommendation

Since we received a copy of the Committee's check, used to refund the excessive portion of the contribution to the contributor, we recommend no further action on this matter.

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1/ Sec 2 U.S.C. 441a(a)(4) for definition of multi-candidate political committee.

**B. Debts and Obligations not Properly Reported**

Section 434(b)(12) of Title 2 of the United States Code requires, in part, that a political committee disclose in its reports the amount and nature of debts and obligations owed by or to the committees, in such form as the Commission may prescribe and continually report their debts and obligations after the election at such periods as the Commission may require until such debts and obligations are extinguished.

Section 104.8(b) of the Commission's Regulations states, in part, that a debt shall be disclosed on Schedule C, if in excess of \$500, or more than 60 days old.

Upon review of the Committee's reported debts and obligations, it was determined that the final payments of 46 debts, totaling \$28,373.27, were not reported on Schedule C as required. We determined that a portion of these 46 debts did not require disclosure on Schedule C, as they were not in excess of \$500 or over 60 days old. However, it has been the Committee's policy to disclose all outstanding debts at the end of a reporting period. We recommended that the Committee file the necessary amendments to Schedule C to disclose the final payment of the reported debts, which were in excess of \$500 or over 60 days old. All expenditures requiring itemization were disclosed on Schedule B, as required.

**Recommendation**

Since the Committee filed the required amendments to Schedule C on July 20, 1978, disclosing the necessary transactions, we recommend no further action on this matter.

**C. Disclosure of In-Kind Contributions**

Section 434(b)(2) and (4) of Title 2 of the United States Code states, in part, that each report shall disclose the full name and mailing address of each person who has made one or more contributions to or for such committee or candidate within the calendar year in an aggregate amount or value in excess of \$100, and that each report shall 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 such contributions and transfers.

Section 104.2(b)(4) of the Commission's Regulations states, in part, that all transfers from political committees, including transfers from other political organizations, shall be disclosed in the period received.

Section 104.3(a) of the Commission's Regulations states, in part, that each in-kind contribution shall be valued at the usual and normal charge on the date received and reported on the appropriate receipt and expenditure schedules, identified and listed as an in-kind contribution.

During the course of the audit, it was determined that the settlement of a Committee debt owed to an individual resulted in an in-kind contribution from that individual. The original \$450 debt of the Committee was settled for \$200. The remaining \$250 portion of this debt represents an in-kind contribution from the individual which has not been reported by the Committee.

Additionally, we determined that the Committee did not itemize eight (8) in-kind contributions from other committees totaling \$310.40. These figures represent 3.04% of the total number and .14% of the total dollar amount of all transfers received.

#### Recommendation

Since we received copies of the Committee's amended schedules on July 20, 1978, disclosing the required transactions, we recommend no further action on this matter.

#### D. Other Matter

Presented below is a matter noted during the audit for which the Audit staff feels no action is warranted. The Committee has been advised of the discrepancy and informed of the respective requirements of the Act.

The Committee maintained separate records and bank depositories and filed separate reports for the primary and general elections. In addition, the Committee maintained separate aggregation systems for the primary and general election contributions. Hence, the Committee did not aggregate each contributor's primary contribution with his general election contributions on a calendar year basis as required by Section 434(b)(2) of Title 2 of the United States Code. We tested 655 contributor cards from the general election contributor file (representing approximately 10% of the contributor cards within this file) to all primary contributor cards and noted that 3.82% of these contributions, totaling \$1,598, were not itemized as required. The Committee's accountant stated that separate aggregation systems were maintained primarily as a result of reliance upon the 1975 Interim Guidelines for the Tennessee Special Elections.

III. Auditor's Statement with Respect to  
the Concerned Tennesseans Committee

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented, that the reports and statements of the Concerned Tennesseans Committee fairly present the financial activities of the Committee for the period covered by the audit. No material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.



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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 # 649.  
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF  
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



