



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 8, 1979

MEMORANDUM

TO: FRED EILAND  
PRESS OFFICE

THROUGH: BOB COSTA *R/C*

FROM: JUDY HAWKINS

SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -  
RON FAUCHEUX FOR CONGRESS (LA/01)

Attached please find a copy of the final audit report of the Ron Faucheux for Congress Committee (LA/01) which was approved by the Commission on October 18, 1979.

Informational copies of this report have been received by all parties involved and this report may be released to the public.

With this release, the Louisiana 1st District is now complete.

Attachment as stated

cc: FEC Library  
RAD  
Public Record

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## FEDERAL ELECTION COMMISSION

1155 K STREET, N.W.  
WASHINGTON, D.C. 20543

### REPORT OF THE AUDIT DIVISION ON THE RON FAUCHEUX FOR CONGRESS COMMITTEE

#### I. Background

##### A. Overview

This report is based on an audit of the Ron Fauchoux 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 17, 1977, as the principal campaign committee designated by Mr. Ron Fauchoux, a candidate in the 1977 Special Election held to fill a vacancy in the Office of United States Representative from the First District of Louisiana. The Committee maintains its headquarters in New Orleans, Louisiana.

The audit covered the period May 6, 1977, the beginning coverage date of the first report filed, through September 30, 1977, the ending coverage date of the last report filed by the Committee at the time of the audit. For this period, the Committee reported a beginning cash balance of \$-0-, total receipts of \$314,610.47, total expenditures of \$313,710.09, and a closing cash balance of \$900.38.

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 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 during the period covered by the audit were Mr. Mike Early, Chairman, Mr. Donald E. Theriot, Treasurer from May 6, 1977 through September 20, 1977, and Mr. Wiley G. Lastrapes, Jr., Treasurer from September 20, 1977 until the present.

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 Ron Faucheux 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.

Audit Findings and Recommendations

A. Supporting Documentation for Expenditures

Section 432(d) of Title 2, United States Code, requires a political committee to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee aggregating in excess of \$100 to the same person during a calendar year.

Section 102.9(c)(3) and (4) of Title II, Code of Federal Regulations, provides that when a receipted bill is not available, the treasurer may keep the cancelled check(s) showing payment(s) of the bill and the bill, invoice, or other contemporaneous memorandum of the transaction provided by the payee and containing the identification of the person to whom the expenditure was made and the amount, date and purpose of the expenditure.

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During the course of the audit, we found that:

(1) Received bills, invoices, vouchers or contemporaneous memoranda were not available to support 50 expenditures totaling \$30,701.55 (representing 14.9% of the number of expenditures requiring such documentation and 10.2% of the dollar value of such expenditures which totaled \$300,784.96).

(2) Thirty-six (36) expenditures (10.8% of the number of expenditures aggregating in excess of \$100 to a given payee) totaling \$3,505.25 (1.2% of the dollar value of such expenditures) were supported only by a cancelled check and a contemporaneous memorandum generated by the Committee rather than the payee. These expenditures consisted primarily of disbursements to individuals involved with the Committee's phone bank.

(3) A cancelled check and a contemporaneous memorandum was provided to support 41 other expenditures (12.2% of the number of expenditures aggregating in excess of \$100) totaling \$28,545.00 (9.5% of the dollar value of such expenditures) to payees who apparently made disbursements to other payees, both individuals and organizations, on behalf of the Committee. However, the identification and the amount and date of disbursements to the ultimate payees for canvassing, election day work, poll watchers, etc., was not maintained.

Committee officials were advised of the inadequate documentation for these expenditures. The former Treasurer stated that the Committee attempted to obtain documentation from persons who received payments from the Committee, although many did not provide it. The Committee officials were provided a listing of the inadequately documented expenditures by the Audit staff.

We recommended that the Committee obtain and provide to the Audit staff copies of adequate documentation to support the expenditures discussed in (1) and (2) above, or provide documentation of its efforts to obtain such receipts, bills, invoices, bills or contemporaneous memoranda. With regard to the expenditures discussed in (3) above, the Committee was advised that the information contained in the contemporaneous memoranda supporting those expenditures was being forwarded to the Office of General Counsel for a determination as to their adequacy. The Committee was further advised to provide any further documentation which might be obtained in support of those expenditures.

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In a letter dated April 11, 1978, the Committee submitted copies of letters which it sent to each of the payees in (1) and (2) above requesting confirmation of the receipt of funds from the Committee for the goods and services provided. On May 2, 1978, the Committee provided signed responses from the payees in support of 25 of the 50 expenditures discussed in (1). These 25 additional expenditures totaled \$19,089.46, thereby reducing the number and amount of expenditures for which there was no receipted bill, invoice, voucher, or contemporaneous memorandum to 25 items totaling \$11,612.09 (or 7.5% of the total number of expenditures requiring such documentation and 3.9% of the total dollar value).

Similarly, the Committee provided signed responses from the payees in support of 24 of the 36 expenditures described in (2). These 24 additionally supported expenditures totaled \$2,364.25 and reduced the number and amount of expenditures for which there was no contemporaneous memorandum generated from the payee to 12 items totaling \$1,141.00 (or 3.6% of the total number of expenditures requiring such documentation and .4% of the total dollar value). However, no further documentation was provided to support the 41 expenditures described in (3) above.

The matter of the remaining expenditures discussed in (3) was referred to the Office of General Counsel on June 6, 1978 for a determination as to whether the detail provided by the contemporaneous memoranda furnished by the Committee was adequate with regard to the ultimate payees and purposes. Matter Under Review 615(78) was initiated by that office on June 7, 1978. A determination was made by the Office of General Counsel that, of the referred 41 expenditures, 23 expenditures totaling \$8,485 (6.9% of the total number and 2.8% of the total dollar amount of expenditures requiring documentation) required additional detail regarding the eventual disbursements made by the individuals/agents to whom the payments were made.

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In response to further inquiries from the Commission regarding the remaining 23 unsupported expenditures, the Committee sent certified letters to the individuals/agents requesting an itemization of the amount(s) and purpose(s) for which the funds were expended. Responses from six (6) of the agents documented six (6) additional expenditures totaling \$2,425, thereby reducing the number of undocumented expenditures to 17 items (5% of the total number of expenditures requiring such documentation) totaling \$6,060 (2% of the total dollar value). Because the Committee made a prompt second attempt to obtain the required documentation, on October 18, 1978, the Commission determined that the Committee had made its best efforts to comply with the Act and Matter Under Review 615(78) was closed with respect to the Committee.

B. Apparent Corporate Contributions

Section 441b(a) of Title 2, United States Code, states, in part, that it is unlawful for a corporation to make a contribution in connection with a Federal election, or for any candidate, political committee, or other person knowingly to accept or receive such contributions. Section 103.3(b)(1) of Title 11, Code of Federal Regulations, requires contributions which appear to be prohibited to be returned to the contributor within 10 days.

Our review of Committee records revealed that 22 contributions were received by check drawn on the accounts of 19 business organizations and enterprises. The Corporate Division, Office of the Secretary of State, Baton Rouge, Louisiana, confirmed that two (2) businesses on which three (3) contribution checks totaling \$2,000 (.06% of total receipts) were made to the Committee were incorporated at the time the contributions were made.

We recommended that the Committee refund the corporate contributions and provide copies of each side of the cancelled refund checks to the Audit staff for review. On May 27, 1978 and also on June 13, 1978, the Committee furnished documentation regarding the refunded contributions. In consonance with Commission policy, the matter was referred to the Office of General Counsel on June 6, 1978 where Matter Under Review #615(78) was initiated on June 7, 1978 with respect to these contributions. Following a determination that the Committee did not knowingly accept these corporate contributions, together with their prompt refunds by the Committee, the Commission voted on October 18, 1978 to take no further action with respect to the matter.

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C. Itemization of Expenditures

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

Our review of Committee records showed that the Committee incurred 35 expenditures (10.45% of itemizable expenditures), each less than, but aggregating in excess of \$100 to each payee during 1977. The expenditures totaled \$1,857.95 or .6% of the total dollar value of itemizable expenditures of \$300,784.96.

The Committee's Bookkeeper explained that she was not aware that expenditures of \$100 or less must be itemized, when aggregate expenditures to a given payee exceed \$100.

The Audit staff recommended that the Committee file a comprehensive amendment for 1977 itemizing the 35 expenditures. On March 28, 1978, the appropriate amendment was filed.

Recommendation

Since the Committee filed the requested amendment, the Audit staff recommends that the Commission take no action with respect to this matter.

D. Disclosure of Committee Repository

Section 433(b)(9) of Title 2, United States Code, requires a political committee to list on its Statement of Organization filed with the Commission all banks, safety deposit boxes, or other repositories used. Section 433(c) requires a committee to report any change in information previously submitted in a Statement of Organization to the Commission within 10 days following the change.

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Our review of the Committee's records disclosed that the Committee maintained an account which was opened on July 18, 1977, at the First National Bank which was not designated by the Candidate on his Statement of a Candidate (FEC Form 2) filed on May 17, 1977, nor was it disclosed as a respository on the Committee's Statement of Organization or any amendments thereto. The Committee Treasurer stated that the account was opened by an individual without the knowledge of Committee officials; however, when the Committee became aware of its existence, the account was closed and the Committee reported all financial activity related to the account. Our review disclosed that the Committee reported \$1,099 each in receipts and disbursements through the account and that the account activity terminated on August 31, 1977, with the exception of the clearing of a minor overdraft.

We recommended that the Committee amend its Statement of Organization to disclose the account at the First National Bank as a Committee depository. On March 28, 1978, the requested amendment was filed to disclose the depository.

Recommendation

Since the appropriate amendment has been filed, the Audit staff recommends that the Commission take no action with respect to this matter.

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