



**FEDERAL ELECTION COMMISSION**  
WASHINGTON, DC 20541

October 5, 1979

MEMORANDUM

**TO:** FRED EILAND  
PRESS OFFICE

**THROUGH:** BOB COSTA *EC*

**FROM:** JUDY HAWKINS

**SUBJECT:** PUBLIC ISSUANCE OF AUDIT REPORT -  
DEMOCRATIC STATE COMMITTEE OF NEW JERSEY  
VOTERS REGISTRATION ACCOUNT - DEMOCRATIC  
STATE COMMITTEE OF NEW JERSEY TELETHON  
ACCOUNT

Attached please find a copy of the final audit report for the above named committee which was approved by the Commission on September 27, 1979.

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

Attachment as stated

cc: FEC Library  
RAD  
Public Record



## FEDERAL ELECTION COMMISSION

1155 K STREET NW  
WASHINGTON, D.C. 20543

### REPORT OF THE AUDIT DIVISION ON THE DEMOCRATIC STATE COMMITTEE OF NEW JERSEY - VOTERS REGISTRATION ACCOUNT

### DEMOCRATIC STATE COMMITTEE OF NEW JERSEY - TELETHON ACCOUNT

#### I. Background

##### A. Overview

This report is based on audits of the Democratic State Committee of New Jersey-Voters Registration Account ("the VRA Committee"), and the Democratic State Committee of New Jersey-Telethon Account ("the Telethon Account"), 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 Telethon Account registered with the Office of the Clerk of the United States House of Representatives on August 7, 1975, and maintained its headquarters in Trenton, New Jersey. The VRA Committee registered with the Federal Election Commission on September 3, 1976, and maintained its headquarters in Woodbridge, New Jersey.

Our audit covered the period January 1, 1976 through March 31, 1977, the ending date of the VRA termination report.

The VRA Committee filed reports of receipts and expenditures for the period 8/31/76 thru 3/31/77, the date of its termination report. During this period, the VRA Committee reported a beginning cash balance of \$-0-, total receipts of \$56,028.96, total expenditures of \$56,028.96, and an ending cash balance of \$-0-. <sup>1/</sup>

<sup>1/</sup> The VRA Committee amended its reports by letter on November 10, 1976, to reflect in-kind contributions from the Democratic National Committee of \$5,456.03. This amount, however, was not included in later year-to-date totals reported to the Commission (see Other Matter).

The Telethon Account filed reports of receipts and expenditures during the audit period from 1/1/76 thru 11/24/76, the date of its termination report. During the period, the Telethon Account reported a beginning cash balance of \$61.46, total receipts of \$363.04, total expenditures of \$424.50, and an ending cash balance of \$-0-.

This audit report is based on documents and working papers which support 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.

**B. Key Personnel**

The principal officers of both Committees during the audit period were James P. Dugan, Chairman, and Mr. G. Nicholas Venezia, 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**

**Democratic State Committee of New Jersey-  
Telethon Account**

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented, that the Democratic State Committee of New Jersey-Telethon Account was not a political committee as defined by Section 431(d) of Title 2 of the United States Code.

This opinion is based on the fact that the Telethon Account's receipt and expenditure activity for the audit period was less than the \$1,000 threshold included in the definition set forth in Section 431(d) of Title 2, United States Code. As stated above, the Telethon Account terminated its reporting status with the Commission on November 24, 1976.

Democratic State Committee of New Jersey-  
Voters Registration Account

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 deficiency noted below, the reports and statements of the Democratic State Committee of New Jersey-Voters Registration Account fairly present the financial activities of the Committee for the period covered by the audit. Furthermore, no material problems, except as noted below, in complying with the Federal Election Campaign Act were discovered during the course of the audit.

A. Documentation for Expenditures and  
Transfers to Other Committees

Section 432(d) of Title 2 of the United States Code requires the treasurer of a political committee to obtain and keep a receipted bill, stating the particulars, for every expenditure made 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. In addition, Section 102.9(c)(4) and (e) of the Commission's Regulations permit a treasurer to keep, when a receipted bill is not available, the cancelled check(s) showing payment of the bill and the bill, invoice or other contemporaneous memorandum of the transaction, and to be deemed in compliance if a treasurer uses his or her best efforts to obtain the required information and keeps a complete record of efforts to do so.

During the course of our review of VRA Committee expenditures, we noted 22 expenditures totaling \$27,846.29 for which the Committee did not retain the required documentation. These expenditures represent 50.2% of the total dollar value and 22.2% of the total number of expenditures requiring such documentation.

Included above were 15 transfers to 11 unregistered committees or organizations, totaling \$24,450, made for voter registration purposes. Eight (8) of the recipient organizations received in excess of \$1,000.

When questioned about this deficiency, the Treasurer responded that the absence of records was probably due to the fact that Party headquarters had been moved several times since the expenditures were made, and the applicable records misplaced.

We recommended, in our letter of audit findings of April 6, 1979, that the Committee obtain and submit for our review, within 30 days of notification, sufficient documentation to establish the ultimate purpose and use of these transfers and expenditures, as reported, or evidence of the Committee's efforts to obtain the documentation.

On May 29, June 1, June 11, and July 9, 1979, the Committee submitted adequate supporting documentation and evidence of best efforts to obtain same for 99.8% of the dollar value of the expenditures noted above.

#### Recommendation

It is the opinion of the Audit staff that the Committee's efforts to date have placed it in compliance with our recommendation. We therefore recommend no further action on this matter.

#### B. Other Matter

Presented below is a matter for which no further action is recommended.

1) The VRA Committee amended its reports by special letter on November 10, 1976, to disclose in-kind contributions from the Democratic National Committee of \$5,456.03 for voter registration materials provided by the DNC. However, subsequent VRA Committee reports did not disclose this amount in year-to-date total.

