



FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

May 21, 1980

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

THROUGH: BOB COSTA

FROM: JUDY HAWKINS

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
OHIO DEMOCRATIC PARTY VOTER REGISTRATION DRIVE

Attached please find a copy of the final audit report of the Ohio Democratic Party Voter Registration Drive which was approved by the Commission on May 12, 1980.

Informational copies of the report have been received by all parties involved and this report may be released to the public as of today, May 21, 1980.

Attachment as stated

cc: FEC Library
RAD
Public Record



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE OHIO DEMOCRATIC PARTY VOTER REGISTRATION DRIVE

I. Background

A. Overview

This report is based on an audit of the Ohio Democratic Party Voter Registration Drive ("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 August 18, 1976 as a state committee of the Democratic Party. The Committee maintains its headquarters in Columbus, Ohio.

The audit covered the period from August 24, 1976 through February 4, 1977, the termination date of the Committee. The Committee reported a beginning cash balance on August 24, 1976 of \$-0-, total receipts for the period of \$145,750.60, total expenditures of \$145,750.60, and a closing cash balance of \$-0-.

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.

B. Key Personnel

The principal officers of the Committee during the period audited were Mr. Arnold Pinkney, Chairman and Ms. Rita Smith, Treasurer.

C. Scope

The audit included such tests as verification of total reported receipts and expenditures and individual transactions; review of required supporting documentation and analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Receipt of Prohibited Transfers

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any labor organization to make a contribution in connection with any Federal election, or for any political committee to knowingly accept or receive any contribution prohibited by this section.

Section 102.6(a) (2) of Title 11 of the Code of Federal Regulations states, in part, that any political committee which has received contributions or made expenditures to or on behalf of any candidate for Federal office, shall either establish a separate campaign committee which shall register and maintain a segregated Federal account, or establish a single committee which may only accept contributions permissible under the Act.

Section 102.6(b) (2) of Title 11 of the Code of Federal Regulations states, in part, that committees which make contributions or expenditures for or on behalf of candidates in Federal elections may not receive transfers from an account or committee, except from a committee or account set out in paragraphs (a) (i) and (ii) of this section.

During the review of Committee reports and records, it was determined that the Committee received transfers totaling \$16,700 (11.4% of total Committee receipts), from the Ohio Democratic Party State Campaign Account (State Committee) an unregistered State party committee. The transfers received were for \$15,200 on November 1, 1976; \$500 on November 5, 1976; and \$1,000 on December 21, 1976. Contributions from labor organizations are permissible in the state, and \$69,049.00 in labor contributions were identified as received during the period February 16, 1976 through October 17, 1977 by the State committee.

According to Committee officials, the transfers were used for get-out-the-vote (GOTV) operations, and to satisfy the Committee portion of a GOTV contract held with the 1976 Democratic Presidential Campaign Committee, Inc. However, the Committee was not aware that the transfers were prohibited until October 20, 1978 when they received a surface violation letter from the Reports Analysis Division. At that date, a refund was not possible, due to the Committee's termination on February 4, 1977.

The Committee's Executive Director, Mr. James Patrick Leahy, stated that the \$16,700 was transferred by the State committee because the Ohio Democratic Federal Campaign Account (the Federal campaign account) maintained by the State party did not have sufficient funds to make the transfer. He also stated, that if the Committee had been aware of the prohibition, additional funds could have been directed to the Federal Campaign account.

To determine the extent of Federal support derived from GOTV and Voter Registration activities, the Audit staff reviewed newspaper clippings maintained in Committee files, and Committee expenditure documentation. No support of any clearly identified Federal candidate was noted.

In addition, the staff was able to determine that for 1976, union contributions represented 13.7% of total receipts of the State committee. Mr. Leahy made available to the staff all records requested.

On January 4, 1980, the Audit staff informed Committee officials that the Office of General Counsel, in its legal analysis, had recommended that an appropriate remedy would be for the Ohio Democratic Federal campaign account to refund the transfers to the State party committee. The Committee officials expressed a willingness to comply with this recommendation but stated that the Ohio Democratic Federal campaign account did not have sufficient funds at present to make the refund.

Based on the facts presented above, the Audit staff, in concert with the Office of General Counsel recommended, that the Ohio Democratic Federal Campaign Account refund the three (3) transfers totaling \$16,700 to the Ohio Democratic Party State Campaign Account on behalf of its terminated affiliate.

The Audit staff also recommended that until such time that the Ohio Democratic Federal Campaign Account has funds available to make the refund, the amount of the transfers be reported as a debt owed to the Ohio Democratic Party State Campaign Account, beginning with an amendment to the most recent report filed by the Ohio Democratic Federal Campaign Account.

Based on the Audit staff's recommendation, the Ohio Democratic Party Federal Campaign Account filed an amended 1979 year end report on February 19, 1980, disclosing the \$16,700 as a debt owed to the Ohio Democratic Party State Campaign Account.

Recommendation

The Audit staff recommends that no further action be taken on this matter.

B. Retention of Supporting Documentation
for Expenditures

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 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.

In addition, Part 102.9(c)(4) of Title 11 of the Code of Federal Regulations states, in part, that when a receipted bill is not available, the treasurer may keep the cancelled check showing payment of the bill; and the bill, invoice, or other contemporaneous memorandum.

Our review of the Committee's expenditure records identified 35 expenditures each aggregating in excess of \$100 and totaling \$34,550.53, not supported by receipted bills, or other contemporaneous memoranda. This represents 21.7% of the number, and 24.1% of the dollar amount of expenditures requiring supporting documentation. A cancelled check was provided for each committee expenditure. The following is a breakdown of the unsupported expenditures:

1. Twenty-one (21) expenditures totaling \$9,850 were transfers to non-reporting county committees for voter registration.

2. One (1) expenditure totaling \$6,500 was to an individual for get-out-the-vote purposes.

3. Thirteen (13) expenditures totaling \$18,200.53 were for operating expenditures such as advertising, printing and travel reimbursement.

On April 5, 1979, the Committee forwarded to the Audit staff receipted bills, and/or contemporaneous memoranda for 21 of the 35 unsupported expenditures. For the remaining 14 expenditures, the Committee submitted copies of first request and follow-up letters, along with notations of additional telephone contact with selected vendors and individuals as evidence of their efforts to obtain the required documentation.

Recommendation

The Audit staff recommends that the Committee's attempts to obtain the expenditure documentation be considered "best efforts", and that no further action be required.

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