



# FEDERAL ELECTION COMMISSION

1325 K STREET N.W.  
WASHINGTON, D.C. 20463

10/28/76

REPORT OF THE COMPLIANCE REVIEW SECTION  
OFFICE OF DISCLOSURE AND COMPLIANCE  
FEDERAL ELECTION COMMISSION  
ON  
UNITED STEELWORKERS OF AMERICA  
POLITICAL ACTION FUND

## I. Background

This report covers an audit of the United Steelworkers of America Political Action Fund undertaken by the Compliance Review Section staff of the Federal Election Commission to determine whether there has been compliance with the Federal Election Campaign Act ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of the Act which directs the Commission to conduct audits and field investigations with respect to reports and statements filed under the Act.

The United Steelworkers of American (USWA) is an affiliated member of the AFL-CIO. The USWA Political Action Fund was established for the purpose of receiving contributions from local union members and friends to be used to further the interests of the organization in the fields of political action and education.

The Political Action Fund Committee is financially administered by a committee of the International Officers of the USWA. The Committee is financed by voluntary contributions from its members by (1) a payroll check-off plan, (2) special fundraising activities, and (3) ongoing subscriptions. Campaign disbursements are made via written approval of the USWA Treasurer in response to requests generally originating at the district and local union levels.

During the period audited, January 1, 1975 through March 31, 1976, the USWA reported total receipts of \$348,117.61 and total expenditures of \$142,895.74. The officers of the Committee are Walter J. Burke, Treasurer, and I.W. Abel, Chairman. Committee offices are located at 5 Gateway Center, Pittsburgh, Pennsylvania, 15222.

## II. Findings and Conclusions

A. The Committee Statement of Organization indicates that it has a single depository. Committee records indicate that several district and



local unions maintain transmittal accounts into which political contributions are deposited and from which transfers are made to the depository reflected on the Statement of Organization.

Title 2, U.S.C. Section 437b(a) (2) requires that all contributions received by a political committee be deposited in designated depositories, and all expenditures, except for petty cash, be made by check drawn on such account. Section 433(b) (9) requires that all banks, safety deposit boxes, and other depositories used by the committee be recorded on the Statement of Organization.

All expenditures made by a political committee must be made from a campaign depository unless the expenditure is made from treasury funds. If the local unions make expenditures (other than expenditures from treasury funds), either before or after the contributions are deposited in the "transmittal account," the account should be considered a campaign depository. The national union can either pay the local expenses from its designated campaign depository or designate the "transmittal account" a campaign depository and allow the local to pay for expenses from contributions received.

B. Committee records indicate that many local unions receive political contributions which are deposited in personal checking accounts, local union accounts, and in accounts of employer organizations, some of which are incorporated, and subsequently transferred to the Committee. Title 2, U.S.C. 432(b) states in part that funds of a political committee shall be segregated from and may not be commingled with the personal funds of any officers, members or associates of such committee. Members of local unions should be instructed not to deposit political contributions received in personal, union or corporate accounts for subsequent transfer to the Committee depository.

The Committee has advised their collectors at the local level that the USWA Political Action Fund will not accept any checks drawn on their personal accounts or union or corporate accounts.

C. Committee records indicate that the Committee is not consistent in reporting political contributions received from the voluntary payroll check-off program. Itemized contributions are reported in the time period during which the funds are withheld from the contributor's salary, but not yet received by the Committee. The unitemized contribution figure represents total receipts for the period less the amount of the itemized contributions. All contributions should be reported during the period received by the Committee (2 U.S.C. 434(b) (2)).

The Committee has advised that they are now reporting all contributions received by the Fund on a cash reporting basis.

D. Committee records indicate that political contributions received by the local and district unions are not transferred and reported to the Committee promptly. Title 2 U.S.C. 432(b) requires that any person

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who receives a contribution in excess of \$50.00, including those deposited in a transmittal account not considered a committee depository, shall make a detailed accounting to the committee of such receipts no more than five (5) days after receipt. The Committee should instruct fundraisers to make such an accounting.

Committee officials have stated that their fundraisers will be advised of the requirements of 2 U.S.C. 432(b).

E. Committee records indicate that some political contributions are received by local and district unions through collections and fund-raising activities. Our review of Committee reports, however, discloses neither a separate reporting of the proceeds from such events, nor the expenditures made in connection with the events. Title 2, U.S.C. Section 434(b) (6), (9), (10) and (11) require the listing of all receipts and expenditures from collections and fundraising activities. Total receipts from such activities would be reported by date and event on FEC Schedule D and the expenses involved with such activities would be reported on FEC Schedule B.

Assuming the fundraising costs are being paid out of voluntary money, the Committee would be required to list the expenditures relating to each event. This can be accomplished by requiring the local union to inform the Committee of that part of the contribution total retained to meet expenditures. That figure would then be reported by the Committee as a fundraising expenditure. If the expenditures are not reported by the Committee, the local union will have been deemed to have made the expenditure.

### III. Recommendations

It is recommended that the Commission accept the Compliance Review Section staff's position outlined above. It is further recommended that the Commission advise the Committee of these findings, particularly Finding A in which the Commission determined that, if expenditures are made from the "transmittal accounts," these accounts are in fact depositories of the Committee and Finding E, in which the Commission determined that collection and fundraising expenditures, paid from voluntary money, have to be reported by the Committee.

FEC  
DOCUMENT  
SEPARATOR