



FEDERAL ELECTION COMMISSION

1155 K STREET NW
WASHINGTON, DC 20463

REPORT OF THE AUDIT DIVISION ON THE AREA WIDE RALLY

I. Background

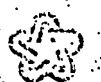
A. Overview

This report is based on an audit of the Area Wide Rally, ("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 June 28, 1977 as a joint fundraising Committee, the proceeds of which were evenly divided by the principal campaign committees of the Honorable James R. Sasser, Democratic candidate for United States Senate from Tennessee and the Honorable Ed Jones, Democratic candidate for United States House of Representatives from the Seventh Congressional District of Tennessee. The Committee maintained its headquarters in Milan, Tennessee.

The audit covered the period April 1, 1977 through September 30, 1977, the final coverage date of the most recent report filed by the Committee at the time of the audit. ^{1/} During the period, the Committee reported a beginning cash on hand balance of \$ -0-, total receipts of \$10,343.08, total expenditures of \$10,343.08 and closing cash on hand balance of \$ -0-.

^{1/} The Committee's activities were terminated on September 30, 1977.



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. Herb Davis, Chairman and Mrs. Imogene Harris, 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. 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 Area Wide Rally 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. Receipt of Corporate Contributions

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any Federal election to political office and unlawful for any candidate, political committee, or other person to knowingly accept or receive any such contributions from a corporation.

A review of the committee's contribution records, including copies of contributor checks, and verification with the appropriate Secretary of State indicated that three (3) corporations made three (3) contributions, totaling \$220.00 to the Area Wide Rally committee.

Recommendation

Based upon the Audit staff's recommendation, the Honorable James R. Sasser's principal campaign committee, Sasser For Senate Committee, refunded its allocated portion of the corporate contribution and submitted copies of the refund checks to the Audit staff as evidence of the refunds.

The matter was referred to the Office of General Counsel on June 22, 1978 where Matter Under Review 625 was initiated. On July 27, 1978 the Commission found reason to believe that the Sasser For Senate Committee and the corporate contributors had violated Section 441b(a) of Title 2 of the United States Code, which prohibits the use of corporate funds in connection with Federal elections.

On September 28, 1978, the Office of General Counsel recommended that the Commission take no further action and close the file on this matter since the facts of this case, supported by statements obtained from each respondent, indicated that no knowing violations occurred, and the recipients acted promptly to refund corporate monies mistakenly accepted. Based upon the recommendation, the Commission determined on October 4, 1978 to take no further action on the matter.

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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 # 625.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



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