



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION
ON THE
AMERICAN CONSERVATIVE UNION

I. Background

A. Overview

This report is based on an audit of the American Conservative Union ("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 American Conservative Union registered with the Office of the Clerk of the United States House of Representatives on April 13, 1972, and filed a termination notice on April 14, 1977. The Committee maintained its headquarters in Washington, D.C.

The audit covered the period January 1, 1977, through March 31, 1977, the final coverage date of the termination report. During the period the Committee reported a beginning cash balance of negative \$2,717.53 ^{1/}, total receipts of \$270,242.58, total expenditures of \$261,020.11, and a closing cash balance of \$6,734.94. ^{2/}

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.

^{1/} The Committee reported a negative cash balance on January 1, 1977, as a result of outstanding checks at the beginning of the period.

^{2/} The Committee filed a letter on April 14, 1977 stating that all debts of the Committee had been retired and all residual funds were to be used by the Committee in non-political (reportable) activities.

B. Key Personnel

The principal officers of the Committee during the period covered by the audit were: M. Stanton Evans, Chairman, Daniel F. Joy III, Treasurer, and James C. Roberts, Executive Director.

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. Audit Findings and Recommendations

A. Matters Referred to the Office of General Counsel

Certain matters noted during the audit were referred to the Commission's Office of General Counsel for consideration on September 29, 1979.

B. Preservation of Receipts

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 \$100.00 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 \$100.00.

In addition, Section 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 of the transaction supplied to the Committee by the payee.

Our review of the Committee's expenditure records disclosed 29 expenditures totaling \$48,827.35 not supported by receipted bills or other contemporaneous memoranda. The unsupported expenditures represent 21.74% of the total dollar amount and 9.35% of the number of expenditures in excess of or aggregating in excess of \$100. A list identifying each expenditure was presented to the Committee.

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The Committee provided for our review supporting documentation for 18 of the 29 expenditures and evidence of its efforts to obtain the documentation for the remainder of these expenditures on August 16, 1979 and September 11, 1979.

Recommendation

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

C. Disclosure of Occupation, Principal Place of Business or Mailing Address

Section 434(b)(2) of Title 2 of the United States Code states, in part, that each report shall disclose the full name and mailing address (occupation and the principal place of business, if any) of each person who has made one or more contributions to or for such committee or candidate within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contribution.

During the review of the reports and statements filed by the Committee it was noted that the Committee failed to disclose the occupation, principal place of business or mailing address for 35 contributors, accounting for 27.93% of the dollar amount and 37.63% of the number of contributions in excess of or aggregating in excess of \$100.

The Committee provided evidence of its efforts to obtain the required contributor information for the aforementioned 35 contributors, on August 16, 1979. On November 7, 1979 the Committee filed an amended report disclosing the contributor information which was obtained through the efforts outlined above, for 22 of the 35 contributors.

Recommendation

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

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D. Disclosure of Debts and Obligations

Section 434(b)(12) of Title 2 of the United States Code requires the disclosure in a continuous manner of debts and obligations owed by or to the Committee until such debts and obligations are extinguished, together with the circumstances and conditions under which any such debt is extinguished and the consideration therefor.

During the course of the audit the following matters relating to loans were noted:

a) The Committee reported a payment of a loan as both an operating expenditure and a loan repayment thereby overstating expenditures by \$300.

b) The Committee reported a \$6,000 loan repayment as \$5,000 thereby understating expenditures by \$1,000.

c) The Committee did not itemize the receipt of a \$5,000 loan or the subsequent repayment of that loan.

d) The Committee did not itemize the disbursement of a \$5,000 loan or the receipt of the repayment.

The Committee filed an amended report on August 16, 1979, disclosing and/or correcting the aforementioned transactions.

Recommendation

The Audit staff recommends no further action on this 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 # 1071.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



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