



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

July 25, 1989

MEMORANDUM

TO: FRED EILAND
CHIEF, PRESS OFFICE

FROM: ROBERT J. COSTA *Plu Fw RJC - 7/25/89*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE REPORT OF THE
AUDIT DIVISION ON THE NEVADA REPUBLICAN
STATE CENTRAL COMMITTEE

Attached please find a copy of the final Report of the Audit Division on the Nevada Republican State Central Committee, which was approved by the Commission on July 17, 1989.

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

Attachments as stated

cc: Office of General Counsel
Office of Public Disclosure
Reports Analysis Division
FEC Library

89070164690

Comml

RL#2/071989



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

A87-21

July 19, 1989

Mr. Dan J. Peterson, Treasurer
Nevada Republican State Central
Committee
Fish Lake Valley Via
Tonopah, N.V. 89049

Dear Mr. Peterson:

Enclosed for your information is a copy of the final audit report of the Nevada Republican State Central Committee which was approved by the Commission on July 17, 1989.

Upon confirmation that your informational copy of the report has been received (within approximately three days), it will be released publicly by the Commission.

Should you have any questions regarding the public release of this report, please contact Mr. Fred Eiland of the Commission's Press Office at (202) 376-3155 or toll free at (800) 424-9530. Any questions you may yet have related to matters covered during the audit or in the audit report should be directed to Mr. Raymond Lisi or Mr. Rick Halter of the Audit Division at (202) 376-5320 or toll free at (800) 424-9530.

Sincerely,

Robert J. Costa
Assistant Staff Director
for the Audit Division

Enclosure as stated

89070164691



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

REPORT OF THE AUDIT DIVISION
ON THE
NEVADA REPUBLICAN STATE CENTRAL COMMITTEE

I. Background

A. Overview

8
9
0
7
0
1
6
4
5
9
2

This report is based on an audit of the Nevada Republican State Central Committee ("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(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this section, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

The Committee registered with the Federal Election Commission on November 28, 1977. The Committee maintains its headquarters in Reno, Nevada. The audit covered the period January 1, 1985 through December 31, 1986. The Committee reported a cash balance on January 1, 1985 of \$26,317.00; total receipts of \$475,348.00; total disbursements of \$447,435.00; and a cash balance on December 31, 1986 of \$54,230.00.

This audit report is based on documents and workpapers 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 the Commissioners and appropriate staff for review.

B. Key Personnel

The Treasurers of the Committee during the period covered by the audit were Mr. Kenneth Sawyer from January 1, 1985 to June 30, 1985 and Mr. Robert Seale from July 1, 1985 to December 31, 1986.

C. Scope

The audit included such tests as verification of total 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. Prohibited Transfer of Funds

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

Section 102.5(a)(1)(i) of Title 11 of the Code of Federal Regulations states in part that organizations that are political committees under the Act may establish a separate federal account in a depository in accordance with 11 CFR Part 103. Such account shall be treated as a separate federal political committee which shall comply with the requirements of the Act including the registration and reporting requirements of 11 CFR Parts 102 and 104. Only funds subject to the prohibitions and limitations of the Act shall be deposited in such separate federal account. All disbursements, contributions, expenditures and transfers by the committee in connection with any federal election shall be made from its federal account. No transfers may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections.

Nevada State Law, Section 294.A does not prohibit political committees from accepting contributions from corporate and labor union sources.

The Committee maintains separate bank accounts for its federal and non-federal activity. The Audit staff's review of transactions between the Committee's federal and non-federal accounts revealed that on 12/31/85 the non-federal account transferred \$5,000 to the federal account. The purpose of the transfer was for the repayment of a 12/5/85 loan made to the non-federal account by the federal account. On April 9, 1986, inquiry was made to the Committee regarding the transaction by the Federal Election Commission's Reports Analysis Division. On April 25, 1986, the Committee in response to the inquiry returned \$5,000 to the non-federal account from the federal account. In addition, in a letter accompanying documentation relative to the April 25th transfer, the Treasurer stated the Committee would refrain from making loans from the federal account to the non-federal account.

8 2 7 0 1 6 4 5 9 3

In the interim audit report, the Audit staff recommended that within 30 days of service of this report that the Committee provide the Audit staff with any additional comments which the Committee deems appropriate regarding these transactions. As of June 30, 1989, no response was received.

Recommendation #1

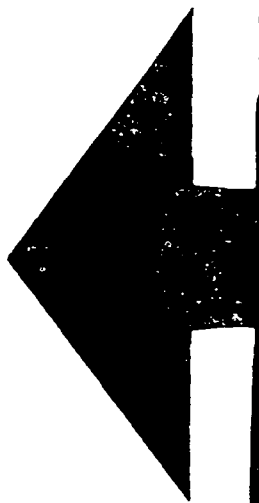
The Audit staff recommends no further action on this matter.

B. Matters Referred to the Office of General Counsel

Certain matters noted during the audit have been referred to the Commission's Office of General Counsel.

8 9 0 7 0 1 6 4 5 9 4

89070164695



FEC
DOCUMENT
SEPARATOR

