



FEDERAL ELECTION COMMISSION

1325 K STREET NW
WASHINGTON, D.C. 20463

July 12, 1977

REPORT OF THE AUDIT DIVISION ON THE CHURCH FOR PRESIDENT COMMITTEE, INC.

I. Background

This report covers an audit of the Church for President Committee, Inc., undertaken by the Audit Division, to determine whether there has been compliance with the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of the Act, which directs the Commission to give priority to auditing of the verification for, and the receipt and use of, any payments received by a candidate under Chapters 95 or 96 of the Internal Revenue Code of 1954, and by authority of Section 9038(a) which directs the Commission after each matching payment period to conduct a thorough examination and audit of the qualified campaign expenses of every candidate and his authorized committees that received payments under Section 9037.

The audit covered the period from December 12, 1975, through June 7, 1977. During the period December 12, 1975, through March 31, 1977, the Committee reported total receipts of \$1,771,079.71 and total expenditures of \$1,746,105.00 ^{1/}.

As of June 7, 1977, the Committee had \$7,641.87 in cash on hand and \$8,727.16 in remaining debt.

The principal officers of the Committee during the period covered by the audit were Mr. Carl Burke, Chairman; Mr. Henry Kimelman, Finance Chairman; and Mr. William Landau, Treasurer.

This audit report is based on documents and working papers supporting each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in this report, and were available to Commissioners and appropriate staff for review.

^{1/} Total reported receipts and expenditures figures are overstated per the report due to arithmetical errors. After correcting the arithmetic, the correct receipts are \$1,743,776.32 and the expenditures are \$1,732,095.05.



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II. Findings and Conclusions

A. Disclosure of Contributor Information

Section 434(b)(2) of the Act requires that disclosure reports contain the full name and mailing address (occupation and the principal place of business, if any) of each person who has contributed in excess of \$100 to a committee within a calendar year, together with the amount and date of such contributions. Also Section 434(b) of the Act states the committee treasurer shall be deemed to be in compliance when they can show best efforts have been used to obtain the information required by Section 434(b).

We reviewed the Committee's contribution records and disclosure reports to determine whether the Committee had properly disclosed the identity of individuals contributing in excess of \$100.00. Our review showed that 49 of the 452 contributors (10.84%) tested were not properly disclosed. The Committee filed an amendment to Schedule A on November 11, 1976, which listed 40 of the 49 contributors not previously itemized as contributing in excess of \$100.00.

Similarly, we reviewed the Committee records and reports to determine whether it had obtained and reported the occupation and principal place of business of reported contributors. Of the 154 contributors tested, the occupation and principal place of business was not disclosed for 44 (28.57%), although the information was available in the Committee records for 19 of the contributors. Again, the Committee filed an amendment to disclose the occupation and principal place of business for 30 of the 44 contributors, and it has requested such information from the reported contributors for which it was lacking.

B. Contribution In Excess Of Limit

Section 441a(a)(1)(A) of the Act states that no person shall make contributions to any candidate and his authorized political committees in excess of \$1,000 for any Federal election.

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The review of the Committee's contributor records disclosed one individual who had contributed \$1,110 to the Committee, or \$110 in excess of the \$1,000 limit. After we informed the Committee of the excessive contribution, they stated they would refund the excessive amount of the contribution. The Committee's records and the January 31 report reflect the return of \$110 to the contributor on October 25, 1976.

C. Failure To Itemize Receipts Aggregating In Excess Of \$100

Sections 434(b)(4) and (7) of the Act state all transfers received from political committees and each rebate, refund or other receipt in excess of \$100.00 shall be itemized including the amounts and dates.

The review disclosed the Committee did not itemize rebates, refunds, or other receipts exceeding \$100.00 or aggregating in excess of \$100.00 during the period January 1976 through June 1976. The number of receipts and the associated dollar amounts are categorized as follows:

<u>Category</u>	<u>No. Of Receipts</u>	<u>Amount</u>
Secret Service	9	\$26,212.92
Transfers from non-affiliated political committees	4	4,794.62
Refunds, sale of assets and press reimbursements	23	14,393.01
		<u>\$45,400.55</u>

At our request the Committee filed an amendment on October 13, 1976, itemizing the receipts noted above.

D. Failure to Report Fundraising Events

Section 434(b)(6) of the Act requires the Committee to report the amount of proceeds from fundraising events. Also, Section 434(b) of the Act states the committee treasurer shall be deemed to be in compliance when he can show that "best efforts" have been used to obtain and submit the information required by Section 434(b).

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Our review disclosed that the Committee held eight fundraising events for which the proceeds were not itemized separately by event. At our request the Committee filed an amendment on November 1, 1976, disclosing the existence of the events. However, the date of one fundraising event and the amounts collected at three of the events were not separately itemized although they were reported in the Committee's total receipts and expenditures. A Committee representative stated that they were unable to obtain the missing information after the fact.

E. Failure to Itemize the Receipt of a Loan

Sections 434(b)(5) and (12) of the Act require each loan aggregating in excess of \$100 from any person to be itemized with the full name and mailing address of the lender along with the amount, date, and the Committee's reporting of the amount and nature of debts owed by the Committee.

Our review disclosed a \$15,000 loan received on June 5, 1976, from the Idaho for Church Committee; however, the loan was not reported as a debt, nor itemized as a receipt by the Church for President Committee. At our request, the loan was itemized as a debt on the October 10, 1976 Report.

F. Repayments

Part 134.3(c)(2) of the Commission's Regulations provides that if on the last day of candidate eligibility there are net outstanding campaign obligations, any matching payments received may be retained for a period not exceeding six months after the end of the matching payment period in order to liquidate those obligations. Any amounts paid which are not used to liquidate the net outstanding campaign obligations within six months shall be repaid to the Treasury.

Section 9038(b)(2) of the Act provides that if the Commission determines that any portion or amount of any payment made to a candidate from the matching payment account was used for any purpose other than:

(1) to defray the qualified campaign expenses with respect to which such payment was made; or

(2) to repay loans, the proceeds of which were used or otherwise to restore funds (other than contributions to defray qualified campaign expenses which were received and

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expended) which were used, to defray qualified campaign expenses; shall notify the candidate of the amount so used, and the candidate shall pay to the Secretary or his delegate an amount equal to such amount.

The Commission preliminarily determined June 14, 1976, to be the day on which Senator Church's candidacy terminated. Senator Church was so informed by letter and did not object to the preliminary determination, thereby making it conclusive. He then became ineligible to receive matching payments other than to defray qualified campaign expenses after that date. On the date of Senator Church's ineligibility, (June 14, 1976), his Committee had \$203,540.00 in net outstanding campaign obligations.

The Committee still had net outstanding campaign obligations in the amount of \$19,527.65 on January 21, 1977, the date of the Committee's final submission for matching funds and the Commission subsequently certified \$17,921.50 for payment to the Committee on March 8, 1977. Since the net outstanding campaign obligations exceeded the amount of the matching funds payments, no repayment is required under the provisions of Part 134.3(c)(2), and our review disclosed no expenditures nor debts owed which were other than "qualified campaign expenses".

G. Recommendation

Based on the number of instances of the Committee's failure to satisfy the disclosure requirements of the Act, the audit staff recommends the Commission determine that the Committee's disclosure prior to our audit was not acceptable. However, subsequent Committee action in filing amended reports has corrected the public record and, therefore, we recommend that the Commission find that the Committee is now in substantial compliance with the Act.

H. Auditor's Opinion

Except for the matters specifically noted in this report, the audit disclosed that the Church for President Committee, Inc., conducted their activities in accordance with the Federal Election Campaign Act of 1971, as amended, and Chapter 96 of Title 26, U.S.C., in all material aspects.

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SEPARATOR