



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

June 11, 1981

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

FROM: BOB COSTA *BC*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
CITIZENS COMMITTEE FOR THE DEMOCRATIC
NATIONAL CONVENTION, INC.

Attached please find a copy of the final audit report of the Citizens Committee for the Democratic National Convention, Inc., which was approved by the Commission on May 27, 1981.

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

Attachment as stated

cc: FEC Library
RAD
Public Record



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE CITIZENS COMMITTEE FOR THE DEMOCRATIC NATIONAL CONVENTION, INC.

I. Background

A. Overview

This report is based on an audit of the Citizens Committee for the Democratic National Convention, Inc. ("the Committee") 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 9008.9 of Title 11 of the Code of Federal Regulations which states, in part, that the Commission shall conduct an examination and audit of each host committee.

The Committee registered with the Federal Election Commission on October 13, 1979 as the New York City host committee for the 1980 Democratic National Convention. The Committee maintains its headquarters in New York, New York. The audit covered the period October 13, 1979 through December 31, 1980. During this period, the Committee reported a beginning cash balance of \$3,438.76 ^{1/}, total receipts of \$549,142.80, total expenditures of \$500,675.01, and an ending cash balance on December 31, 1980 of \$51,906.55.

This report is based on documents and working papers which support 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/} The beginning cash balance consists of funds remaining after the host committee for the 1976 Democratic National Convention ceased operations.

B. Key Personnel

The principal officers for the period audited were: Mr. Preston R. Tisch, Chairman and Mr. Charles Gillett, 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; review of contribution and expenditure limitations; and such other audit procedures as deemed necessary under the circumstances.

II. Findings and Recommendations

A. Possible Prohibited Contribution

Section 9008.7(d)(2) of Title 11 of the Code of Federal Regulations states, in relevant part, that a local business may donate funds to a host committee for the purpose of promoting the convention city and its commerce.

Section 9008.7(d)(2)(iv), in relevant part, states that any business entity within the Standard Metropolitan Statistical Area ("SMSA") shall be considered local and any business entity located outside the SMSA is not local, absent a showing that the volume of business in an area lying outside the SMSA would be directly affected by the presence of the convention.

During the course of the audit, the Audit staff noted one (1) contribution of \$1,000.00 from a business apparently located outside of the SMSA.

In response to the interim audit report the Committee returned the contribution to the business, and on April 6, 1981 submitted a copy of the front of the check as evidence of the refund. A copy of the reverse side of the refund check will be provided once the check clears the bank.

Recommendation

Provided that the Committee submits a copy of the negotiated refund check, it is the recommendation of the Audit staff that no further action be taken on this matter.

B. Disclosure of In-kind Contributions

Section 434(b)(3)(A) of Title 2 of the United States Code states, in relevant part, that each report shall disclose the identification of each person who makes a contribution to the committee during the reporting period which has an aggregate amount or value in excess of \$200.00 within the calendar year, together with the date and amount thereof.

Further, Section 104.13(a)(1) and (2) of Title 11 of the Code of Federal Regulations states that the amount of the in-kind shall be equal to the usual and normal charge on the date received and shall be reported as a contribution and an expenditure in accordance with 11 C.F.R. 104.3(a) and (b).

During the course of the audit, it was determined that volunteers assigned by the Committee to be "host couples" to each of the state delegations at the 1980 Democratic National Convention were encouraged by the Committee to hold at least one event for their respective delegation. The type of event was left entirely to the discretion of the "host couple" as well as the financial responsibility for the event. The Committee did not consider the costs incurred by these individuals to be in-kind contributions to the Committee since they exercised no control over the type or cost of each event and, furthermore, maintained no records from which the auditors could determine the dollar value involved. The Committee stated that "host couples" held events for the delegations in 1976, the costs of which were not reported as in-kind contributions. The Committee further stated that since this activity was not mentioned by the FEC auditors during the audit of the 1976 host committee, they did not consider it necessary to maintain records or report this activity as in-kind contributions.

In response to the interim audit report the Committee contacted each of the "host couples" to request statements of the costs incurred by them. Of the 59 letters sent, responses to 31 were received by the Committee. On April 6, 1981, the Committee submitted amendments to its disclosure reports properly disclosing in-kind contributions totaling \$25,853.37. In addition, the Committee has submitted a copy of the letter sent to the "host couples" and a list of their names and addresses to demonstrate their efforts to obtain the requested information. Additional amendments to the disclosure reports will be filed if further responses are received.

Recommendation

It is the opinion of the Audit staff that the Committee has demonstrated its best efforts to obtain the requested information from the "host couples", therefore, we recommend that no further action be taken on this matter.

C. Disclosure of the Purpose of Expenditures

2 U.S.C. 434(b)(5)(A), in relevant part, requires that each report filed under 2 U.S.C. 434 shall disclose the name and address of each person to whom an expenditure in an aggregate amount of value in excess of \$200.00 within the calendar year is made, together with the date, amount and purpose of such expenditure.

11 C.F.R. 104.3(b)(3)(i)(A) defines purpose as a brief statement or description of why the disbursement was made.

During the review of expenditures, the Audit staff noted that, in its disclosure reports, the Committee listed the purpose of 128 expenditures totaling \$285,307.18 as either delegate services, public relations or convention expense. This figure represents 37.76% of the number and 62.76% of the dollar figure of expenditures requiring itemization.

In response to the interim audit report the Committee filed amendments to its disclosure reports on April 6, 1981 to include more detailed descriptions of those expenditures originally disclosed as delegate services, public relations or convention expense.

Recommendation

It is the recommendation of the Audit staff that no further action be taken on this matter.



FEDERAL ELECTION COMMISSION

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

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 # 1375.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



