



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 21, 1981

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

THROUGH: BOB COSTA *[Handwritten initials]*

FROM: JOE STOLTZ *[Handwritten initials]*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT
REPORT-CARTER/MONDALE PRESIDENTIAL
COMMITTEE, INC.

Attached please find a copy of the final audit report of the Carter/Mondale Presidential Committee, Inc., which was approved by the Commission on January 19, 1981.

Informational copies of the report have been received by all parties involved and this report may be released to the public as of today, January 21, 1981.

Attachment as stated

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION
ON
THE CARTER/MONDALE PRESIDENTIAL COMMITTEE, INC.

I. Background

A. Overview

This report is based on an audit of the Carter/Mondale Presidential Committee, 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 9038 (a) of Title 26 of the United States Code which states that "after each matching payment period, the Commission shall conduct a thorough examination and audit of the qualified campaign expenses of every candidate and his authorized committees who received payments under Section 9037."

In addition, Section 9039(b) of Title 26 of the United States Code, and Section 9038.1(b) of Title 11 of the Code of Federal Regulations state that the Commission may conduct other examinations and audits from time to time as it deems necessary to carry out the provisions of this subchapter.

The Committee registered with the Federal Election Commission as the principal campaign committee for President James E. Carter on March 16, 1979. The Committee maintains its headquarters in Washington, D.C.

The audit covered the period from October 1, 1979 through August 31, 1980, the final coverage date of the last report filed at the time of the audit. ^{1/} The Committee reported a beginning cash balance of \$867,934.82, total receipts for the period of \$16,524,673.86, total expenditures for the period of \$17,336,473.23 and a closing cash balance on August 31, 1980 of \$56,135.45. As of September 30, 1980 the Committee reported expenditures of \$13,749,225.45 subject to the overall limitation.

^{1/} A review was made to determine the accuracy of the Committee's reported net outstanding campaign obligations and qualified campaign expenditures as of September 28, 1980.

B. Key Personnel

The principal officers of the Committee during the period audited were: Mr. Evan S. Dobelle, Chairman, from October 1, 1979 to December 1, 1979; and Mr. Robert S. Strauss from December 1, 1979 to the present; and Mr. John H. Dalton, Treasurer from October 1, 1979 to November 15, 1979; and Mr. S. Lee Kling from November 15, 1979 to the present.

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. Audit Findings and Recommendations
Relating to Title 2 of the United States Code

On November 7, 1980, the Committee received the interim post-primary audit report requiring either a 15 or 30 day response as specified in the recommendation section for each finding. Committee personnel met with Commission staff within the 15 day period as required. The response to the remaining findings was due on December 8, but the Committee responded on December 11.

A. Allocation of Expenditures to States

Sections 441a(b)(1)(A) and 441a(c) of Title 2 of the United States Code provides, in part, that no candidate for the office of President of the United States who is eligible to receive and has received matching funds may make expenditures in any one state aggregating in excess of the greater of 16 cents multiplied by the state voting age population or \$200,000.00, adjusted by the Consumer Price Index.

Section 106.2(a) of Title 11 of the Code of Federal Regulations states, in part, that expenditures made by a candidate's authorized committee(s) which seek to influence the nomination of that candidate for the Office of President of the United States with respect to a particular State shall be allocated to that State.

In addition, Section 106.2(b) and (c) of Title 11 of the Code of Federal Regulations states, in part, that expenditures for staff, media, printing and other services used in a campaign in a specific state shall be attributed to that State, and that expenditures by a Presidential Candidate for use in two (2) or more States, shall be attributed to each State based on the voting age population in each state which can reasonably be expected to be influenced by such expenditures.

During the threshold audit, the Committee was made aware of several areas (media allocation, and national staff payroll allocation) which appeared to pose future allocation problems. Through statistical sampling and other review procedures during the post primary audit, these and additional areas were identified as containing State expenditure allocation errors. Since only the limitations relating to the States of Iowa, Maine, and New Hampshire were approached by the Committee, an extensive review was made of allocations to these States.

1. Media Expense Allocations

The Committee did not allocate by voting age population various media charges such as freight, buttons and bumper stickers. The review also determined that the Committee had recently received amended allocation statements from the advertising firm which had not been reflected in the Committee's state allocation totals.

These media allocation adjustments require that an additional \$783.09 be allocated to Iowa, \$15,717.08 be allocated to Maine, and \$157.15 be allocated to New Hampshire.

In its December 11, 1980 response, the Committee adjusted the state expenditure totals for Iowa, Maine, and New Hampshire to include the media allocation adjustments noted above.

2. Travel Expense Reimbursements

A review of the Committee's payments to individuals for travel expenses identified \$10,214.82 in payments relating to Iowa, \$7,453.70 relating to Maine, and \$5,505.03 relating to New Hampshire which had not been allocated as required. Generally, the payments consisted of reimbursements for lodging, car rental, and per diem for individuals doing advance and scheduling work in those states.

In its December 11, 1980 response, the Committee did not contest the Audit staff's allocations relating to travel expense reimbursements, and adjusted the state totals accordingly.

3. Outstanding Debt

A review of the Committee's Statement of Net Outstanding Campaign Obligations filed as of September 28, 1980 identified outstanding debts totaling \$3,068.25 which were related to the Committee's campaign in Iowa, \$1,869.98 which related to Maine, and \$1,188.56 which related to New Hampshire. As payments are made on these debts, the expenditures will be required to be allocated.

In its December 11, 1980 response, the Committee did not contest the outstanding debt allocations noted above, and adjusted the state totals accordingly.

4. Other Vendor Payments

Analysis of payments from the headquarter's operating accounts to vendors for telephone, car rental, postage, etc., revealed that additional payments totaling \$8,145.27 should be allocated to Iowa, \$29,902.65 to Maine, and \$7,909.08 to New Hampshire.

In its December 11, 1980 response, the Committee did not contest these allocations, and adjusted the state totals accordingly.

5. Payments to the United States Treasurer

The Committee did not allocate intrastate travel connected with the use of Air Force II by the Vice President and the First Lady. In addition, several payments for the cost of White House luncheons for "State delegates" or "constituents" had not been allocated as required.

Our review determined that an additional \$7,862.28 should be allocated to Iowa, \$4,388.35 should be allocated to Maine, and \$2,185.86 to New Hampshire.

On December 11, 1980, the Committee in its response stated that the Audit staff had erroneously allocated to Iowa \$1,700 of interstate travel to Illinois and Nebraska. The Audit staff allocated the flights in question to Iowa after review of the itineraries for each trip. On two occasions, the Vice President while campaigning in Iowa, used airports outside Iowa, and then immediately returned to Iowa to continue campaigning. The itineraries indicated no campaign activity in Illinois or Nebraska. It should also be noted that amounts allocated by the Audit staff were invoiced to the Committee by the Office of the Vice President as intrastate travel related to Iowa.

The Committee also stated in its response that the delegate luncheons which the Audit staff had allocated to Iowa and New Hampshire were held after the date of the primaries in those states, and should not therefore be allocated to Iowa or New Hampshire.

The Audit staff allocated these costs because 11 C.F.R. Section 106.2(a) requires that expenditures made with respect to a particular state shall be allocated to that state made prior to or after the date of the primary. In addition, the Committee should note that according to White House invoices, the New Hampshire luncheon took place between February 1-14, 1980, prior to the New Hampshire primary.

6. Long Distance Telephone Calls

Our review determined that the Committee deleted telephone calls made from Iowa and New Hampshire to locations outside of those states.

Allocation of these calls to Iowa and New Hampshire increases each state's total expenditures by \$21,881.20 and \$18,595.37 respectively.

In the Committee's December 11, 1980, response, the Committee argued that interstate communication is a "necessary ingredient" of a national campaign, and as with interstate travel, should not be allocable. Therefore, as previously done in Iowa and New Hampshire, amendments filed with the response deleted an additional \$7,962.05 in interstate telephone calls from Maine.

The Audit staff allocated the interstate phone calls noted above because the Regulations require that expenditures for services used in a campaign in a specific state shall be attributed to that state and because telephone calls are not one of those specific expenditures exempted by the regulations from state allocations.

7. Miscellaneous

Various tests including a review of the Committee's draft allocation system, the allocation of payroll for headquarter's staff when traveling, Committee clerical errors and other tests of expenditures, identified \$1,852.81 which should be allocated to Iowa, an over-allocation of \$700.27 to Maine, and \$9,350.22 which should be allocated to New Hampshire.

In its December 11, 1980 response the committee stated that travel by national headquarters staff to a particular state is not justification for allocating a portion of their salaries to that state. According to the committee, national ~~officers who travel are involved with national campaign activity~~ even when traveling from state to state. However, the Audit staff allocated a portion of these salaries since it is reasonable to assume that travel of headquarters staff to a particular state would involve work related to that state.

8. Availability of State Expenditures Limitations

In addition, in its response, the Committee reiterated their position that in order to effectively campaign in the early primaries, actual campaigning was necessary several months prior to the publication of the state expenditure limitations. Therefore, in order to comply with the spirit of the law, a Committee consultant from Peat, Marwick and Mitchell on February 1, 1980, estimated the state limitations by using the 1978 voting act population figures, and the 1979 inflation factor of 13.3%. The Committee's estimates were higher than the actual limitations, and if considered, would reduce the excessive total of expenditures by \$13,759.72. 2/

In amendments filed with its December 11, 1980 response, the Committee used these estimated state expenditure limitations to calculate the value of excessive expenditures in Iowa, Maine, and New Hampshire. On January 13, 1981, the Commission reaffirmed their determination that the actual state limitations must be used to determine the total expenditure figure for each state.

Recommendation

The Committee has complied with the Audit staff's recommendation for A.1,2,3 and 4; therefore, no further action is recommended. In its response to the interim audit report the Committee contested the recommendations in items A.5 - A.7. On January 13, 1981, the Commission considered the arguments contained in the Committee response, and reaffirmed their initial determination that the allocations and resulting amended reports are required. Since, this allocation results in a matching fund repayment determination (see Section III.B.3 below), pursuant to 11 C.F.R. Section 9038.2(b) the candidate may submit additional legal or factual materials to demonstrate that the allocations are not required within 30 days of receipt of this report.

2/ The expenditure limitations for Maine and New Hampshire are not affected by the Voting Age Population, and the cost of living factor was available shortly after the Committee made their calculation.

B. Excessive Contributions From Registered Committees

Section 441a(a)(1)(A) of Title 2 of the United States Code states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000. Section 431(11) in part, defines the term person to include a partnership, committee, association, corporation, or any other organization or group of persons.

In reviewing contributions received by the committee from other committees, the Audit staff identified three (3) contributions in excess of \$1,000 which according to the Commission's Reports Analysis Division, were from committees that were not qualified as multi-candidate committees under Section 441a(a)(4). The Committee was notified, and refunded the excessive portion of 2 contributions totaling \$4,000. At the final date of fieldwork, the excessive portion (\$1,000) of the remaining contribution had not been refunded.

The Committee has stated that upon receipt of these transfers, inquiry was made to the Commission's Office of Public Records as to the status of the transferring committees, and were informed that they were qualified as multi-candidate committees, which would allow the receipt of contributions up to \$5,000 from these Committees.

The Audit staff recommended that the committee refund the excessive portion of the remaining contribution from the unqualified committee, and provide copies of the cancelled check (front and back) for verification.

On December 11, 1980, the Committee responded that a form signed by the unqualified committee allowing for the transfer of the excessive portion of the contribution from the primary committee to the General Election Compliance Fund had been misplaced. Pending receipt of a duplicate copy of that letter, the Committee reported the excessive contribution as a debt owed to the unqualified Committee.

Recommendation

The Audit staff recommends no further action on this matter.

C. Disclosure of Earmarked Contributions

Section 434(b)(3) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the identification of each person who makes a contribution to the Committee during the reporting period, whose contributions have an aggregate amount or value in excess of \$200 within the calendar year, together with the date and amount of any such contribution.

Section 110.6(c)(3) of Title 11 of the Code of Federal Regulations states that the intended recipient of an earmarked contribution shall disclose, on his next report, each conduit through which an earmarked contribution passed.

A review of reports filed with the Federal Election Commission by Committees reporting passage of earmarked contributions to this Committee identified 37 earmarked contributions in excess of \$200 which were required to be itemized with the name of the conduit on the Committee reports. Of these contributions, 23 were not found itemized, and 13 were itemized without being designated as earmarked, or identifying the conduit.

The Committee stated that many of the earmarked contributions had been received without being noted by the conduits as being earmarked.

The Audit staff recommended that the Committee file an amendment to the appropriate reports, itemizing the contributions as required.

On December 11, 1980, the Committee filed amended reports properly reporting the noted earmarked contributions.

Recommendation

The Audit staff recommends no further action.

D. Itemization of Transfers

Section 434(b)(2)(D) and 434(b)(3)(B) of Title 2 of the United States Code states in part, that each report shall disclose the total amount of contributions from other political committees, together with the identification of each political committee which makes a contribution to the reporting committee during the reporting period, including the date and amount of any such contribution.

Section 104.3(a)(3)(iv) & (4)(iii) of Title 11 of the Code of Federal Regulations states, in part, that an authorized committee of a candidate for Federal office shall report the total amount of receipts received during the reporting period and during the calendar year from committees. For all committees which make contributions to the reporting committee during the reporting period, the report shall identify the committee, the aggregate year-to-date total for such contribution, and the date of receipt and amount of the contribution.

In reviewing transfers made to the Committee, the Audit staff identified 31 transfers totaling \$27,911 which were reported by the transferring committees but not disclosed on committee reports. The Committee was provided with a list of these transfers, and submitted documentation showing that some

had been reported erroneously as contributions under the treasurer's name, some had been reported as earmarked contributions, and others had not been received by the committee and were being referred to the transferring committee for a letter of explanation. At the final date of fieldwork, two (2) transfers totaling \$1,100 had not been explained and were still being researched by the committee.

The Audit staff recommended that the committee amend their reports to properly itemize the noted transfers.

On December 11, 1980, the Committee filed amended Schedule A's to correctly disclose those transfers received.

Recommendation

The Audit staff recommends no further action.

E. Itemization of Expenditures

Section 434(b)(5)(A) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made to meet a committee operating expense, together with the date, amount, and purpose of such operating expenditure.

A review of Committee expenditures from the operating and payroll accounts identified nine (9) expenditures totaling \$125,105.40 which were not itemized on Committee reports. Seven (7) of the expenditures were required to be itemized in the 1979 year-end report, and appear to have resulted from Schedule B-P programming errors. Five (5) of the expenditures were for withholding taxes related to legal and accounting payroll. Two (2) were payments to a hotel for fundraising activities, and the remaining two (2) were for hotel and equipment rental during the convention.

Three (3) additional expenditures totaling \$17,456.92 were incorrectly itemized under a different vendor name.

Due to the programming errors identified with the 1979 year-end report, the Audit staff recommended that the Committee file an amended 1979 year-end Schedule B-P, and an amendment itemizing the two (2) convention related expenditures omitted from the September, 1980 monthly report.

On December 11, 1980, the Committee filed an amendment itemizing the noted expenditures. The Committee did not file an amended 1979 year-end Schedule B-P in its entirety as requested, due to the computer costs involved with producing the expenditure schedules.

Recommendation

It is the opinion of the Audit staff that the Committee has materially complied with the Audit staff's recommendation, therefore, the Audit staff recommends no further action.

F. Matters Referred to the Office of General Counsel

Certain other matters noted during the audit were referred to the Commission's Office of General Counsel for consideration on October 3 and December 18, 1980.

III. Findings Related to Title 26 of the United States Code
Determination of Net Outstanding Campaign Obligations
and Repayment to the U.S. Treasury

A. Determination of Net Outstanding Campaign Obligations

Section 9034.5(a)(1) and (b) of Title 11, Code of Federal Regulations requires that the candidate submit a statement of net outstanding campaign obligations (NOCO) which contains, among other items, the total of all outstanding obligations for qualified campaign expenses and an estimate of necessary winding down costs within 15 days of the candidate's date of ineligibility.

Section 9038(b)(1) of Title 26 of the United States Code provides that if the Commission determines that any portion of the payments made to a candidate from the matching payment account was in excess of the aggregate amount of payments to which such candidate was entitled under Section 9034, it shall notify the candidate, and the candidate shall pay to the Secretary an amount equal to the amount of the excess payments.

On August 13, 1980, President James E. Carter's candidacy terminated for the purpose of incurring qualified campaign expenses. 3/

3/ Commission regulations at 11 C.F.R. Section 9032.6 provide that the date on which a party nominates its candidate for president is the end of the matching payment period for a candidate seeking the presidential nomination of that party. 11 C.F.R. Section 9033.5(c) provides that the last day of the matching payment period is the date of ineligibility for candidates who have not previously been determined ineligible pursuant to 11 C.F.R. Sections 9033.5(a) or (b). Since President Carter was nominated as the Democratic Party's presidential candidate at its national convention on August 13, 1980, that date is the date of President Carter's ineligibility.

At the final date of audit fieldwork, the Committee had filed statements of net outstanding campaign obligations from August 15, 1980 through September 28, 1980. During the course of the audit, the Audit staff made necessary adjustments to the NOCO statement to reflect the candidate's cash position as of September 28, 1980, and other adjustments to correct mis-statements of the accounts receivable, accounts payable and winding down costs (see Attachment 1).

The Committee represented its outstanding debts as stated in the September monthly report to be the amount of outstanding accounts payable at September 28, 1980. Our audit of the NOCO statement indicated that the accounts payable at September 28, 1980 was mis-stated partly as a result of the inaccurate disclosure of campaign debts on the September 30, 1980 Schedule C-P September monthly report.

As of September 28, 1980, the Committee's reported net outstanding campaign obligations, as adjusted, totaled \$756,589.20. Based on this outstanding debt, the Committee received matching fund payments of \$208,638.32. Therefore, as of that time the Candidate has received no matching fund payments in excess of his entitlement.

On November 6, 1980, the Commission determined that no payments in excess of the candidate's entitlement had been made.

B. Apparent Unqualified Campaign Expenses

Section 9038(b)(2) of Title 26 of the United States Code provides that if the Commission determines that any amount of any payment made to a candidate from the matching payment account was used for any purpose other than: to defray the qualified campaign expenses with respect to which such payment was made; or 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 expended) which were used, to defray qualified campaign expenses; it shall notify such candidate of the amount so used, and the candidate shall pay to the Secretary an amount equal to such amount.

Section 9032(9)(A) and (B) of Title 26 of the United States Code defines a qualified campaign expense as a purchase, payment, distribution, loan advance, deposit, or gift of money or of anything of value incurred by a candidate, or by his authorized committee, in connection with his campaign for nomination or election; and neither the incurring or payment of which constitutes a violation of any law of the United States or the state in which the expense is incurred or paid.

Section 9038.2(b) of Title 11 of the Code of Federal Regulations states that if the candidate deposes the Commission's determination that a repayment is required, he or she shall be given an opportunity to submit in writing, within 30 days of receipt of the Commission's notice, legal and factual materials to demonstrate that a repayment is not required.

1. Payment of General Election Expenses By The Primary Election Committee

Section 9003.4(b)(4)(i) of Title 11 of the Code of Federal Regulations states in part, that a candidate who has received federal funding may borrow from his or her primary election campaign an amount not to exceed the residual balance projected to remain in the candidate's primary account. 4/

Prior to the candidate's nomination on August 13, 1980, the Committee made 12 expenditures totaling \$5,947.82 for lodging, transportation, and other payments to individuals relating to the General Election campaign. As evidenced by the Statement of Net Outstanding Campaign Obligations filed as of September 28, 1980 (see Attachment 1), no residual existed from which funds could be borrowed by the General Election Committee.

The Committee also made an additional 36 expenditures totaling \$21,183.73 which related to, or a portion of which related to the General Election Campaign during the period 8/14/80 through 9/28/80. These expenditures were frequently identified in Committee records as General Election related and consisted of consulting fees, expense reimbursements, equipment rental, and advertising.

In lieu of repayment to the U. S. Treasury, the Committee expressed a willingness to refund the \$27,131.55 to the primary campaign.

The Audit staff recommended that the Commission determine that the \$21,183.73 in general election expenses after the candidate's date of ineligibility be considered non-qualified campaign expenses, and that an equal amount be deducted from the candidate's remaining entitlement.

The Audit staff recommended that the Commission determine that the \$5,947.82 in General Election expenses prior to the date of nomination are non-qualified campaign expenses, and that an equal amount be repayable to the Secretary of the United States Treasury.

4/ Section 9003.4(b)(4)(i) was pending before Congress at the time of the transactions and became effective on September 6, 1980.

On December 11, 1980, the Committee presented a written response to finding III.B.1. in which they stated the following objections (summarized) to the Audit staff's recommendations:

- Because the General Election Regulations were not effective until September 6, 1980, the Committee was unable to get definitive guidance from the Commission on possible funding of General Election start-up expenses via primary funds.

- At the time the non-qualified expenditures were made, the Committee was not in a position to accurately project its residual net assets.

- The general election expenditures made by the primary committee represents loans that were substantially in compliance with the regulations, with the exception that the general election committee did not reimburse the primary committee within the required 15 days.

- The Commission's recommendation regarding these expenditures is inconsistent with their treatment of the Ford Committee in 1976 regarding legal services, when the Commission allowed reimbursement of the Ford Committee account by the Compliance Fund.

- If the Commission does require relief, the Committee urges that no distinction be made between pre- and post-nomination expenditures, and a reduction be made in matching fund entitlement for the entire amount of the unqualified campaign expenses rather than require a repayment of \$5,947.82 to the Treasury.

Recommendation

On January 13, 1980, the Commission determined that the \$21,183.73 in general election expenses after the candidate's date of ineligibility are non-qualified campaign expenses, and that an equal amount will be deducted from the candidate's remaining entitlement.

On January 13, 1980, the Commission determined that the \$5,947.82 in General Election expenses prior to the date of nomination are non-qualified campaign expenses and that an equal amount is repayable to the United States Treasury.

2. Payment of Parking Violations

The Audit staff identified Committee payments totaling \$255.00 for parking tickets received during the campaign.

Payments to a limousine service hired during the week of the convention accounted for \$195.00 of this amount. Of the tickets received, \$60.00 was paid prior to the date of ineligibility and \$195.00 was paid after the date of ineligibility.

~~The Committee did not include in its December 11, 1980, response any evidence that the \$255.00 in parking citations are qualified campaign expenses.~~

Recommendation

On January 13, 1980, the Commission determined that the \$255.00 in parking citations are non-qualified campaign expenses, of which \$60.00 in tickets paid prior to the date of ineligibility is repayable to the United States Treasury and \$195 paid after the date of ineligibility will be deducted from the candidate's remaining entitlement.

3. Expenditures In Excess of State Limitation

The Audit staff identified expenditures in excess of the state limitations for Iowa totaling \$53,477.12, for Maine totaling \$35,781.49, and for New Hampshire totaling \$34,177.27. (see Attachment 2)

The Audit staff reviewed the Committee response to the interim report on December 11, 1980, and did not find any evidence that these expenditures totaling \$123,435.88 should be allocated other than as determined by the Audit staff.

Recommendation

On January 13, 1980, the Commission determined that these expenditures totaling \$123,435.88 are non-qualified campaign expenses, and that the amount be repaid in full to the United States Treasury.

Repayment Summary

Finding III B1	General Election Expenses Paid By The Primary Election Committee (pre ineligibility)	\$ 5,947.82
Finding III B2	Payment of Parking Violations (pre ineligibility)	60.00
Finding III B3	Expenditures In Excess of State Limitation	<u>123,435.88</u>
Total Repayment		\$129,443.70 <u>5/</u>

5/ This amount is subject to change pending the disposition of matters noted in II F above.

Pursuant to Section 9038.2 of the Code of Federal Regulations the amounts noted above in the Repayment Summary, totaling \$129,443.70, are repayable to the United States Treasury within 90 days of receipt of this report. If the candidate disputes the Commission's determination that a repayment is required, he may submit in writing, within 30 days of receipt of this report, legal or factual materials to demonstrate that a repayment is not required.

107010

Expenditure Limitation State Allocation Summary

	<u>Iowa</u>	<u>Maine</u>	<u>New Hampshire</u>
Original Committee Allocated Total	\$489,551.00	\$271,550.00	\$283,686.00
U.S. Treasurer	7,862.28	4,388.35	2,185.86
Telephone	21,881.20	-0- <u>1/</u>	18,595.37
Media	783.09	15,717.08	157.15
Travel Expense Reimbursements	10,214.82	7,453.70	5,505.03
Outstanding Debt	3,068.25	1,869.98	1,188.56
Other Vendors	8,145.27	29,902.65	7,909.08
Miscellaneous	<u>1,852.81</u>	<u>(700.27)</u>	<u>9,350.22</u>
Adjusted Total	543,358.72	330,181.49	328,577.27
State Limitation	489,881.60	294,400.00	294,400.00
Amount In Excess of Limit	<u>\$ 53,477.12</u>	<u>\$ 35,781.49</u>	<u>\$ 34,177.27</u>
Total In Excess Per FEC	\$123,435.88		

1/ No adjustment is necessary in the Maine expenditure total since the amount discussed in Finding II.A.6. is included in the original Committee allocated total above.

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Attachment 1

CARTER/MONDALE PRESIDENTIAL COMMITTEE, INC.
STATEMENT OF NET OUTSTANDING CAMPAIGN OBLIGATIONS
SEPTEMBER 28, 1980

<u>ASSETS</u>	<u>ORIGINALLY STATED</u>	<u>ADJUSTED BY AUDIT</u>	
Cash in Bank	\$ 29,799.00	\$ 21,297.58 ^{1/}	
Accounts Receivable	30,000.00	83,685.47 ^{2/}	
Unqualified Campaign Expenditures	-	21,378.73 ^{4/}	<u>\$126,361.78</u>
	<u>\$ 59,799.00</u>		
 <u>OBLIGATIONS</u>			
Accounts Payable for Qualified Campaign Expenses	\$ 649,385.00	\$736,185.98 ^{3/}	
Estimated Winding Down Costs 9/28/80 to 6/30/81 (Projected Termination Date)			
Salaries	34,479.00	34,479.00	
Computer Services	105,000.00	94,286.00 ^{5/}	
Supplies, Rent, Telephones	18,000.00	18,000.00	
	<u>157,479.00</u>	<u>146,765.00</u>	<u>882,950.98</u>
Net Outstanding Campaign Obligation-Deficit	<u>\$747,065.00</u>		<u>\$756,589.20</u>

- 1/ Cash in bank was adjusted to accurately reflect the candidates cash position at 9/28/80.
- 2/ Accounts receivable was increased by the amount of certain deposits, refunded to the Committee subsequent to 9/28, but which had been omitted from the Committee's stated receivables on the 9/28 NOCO.
- 3/ The Committee had used the 9/30/80 report, line 13, outstanding debts and obligations as a source for the accounts payable stated on the NOCO. In examining documentation for each item included in the Committee's total, the Audit staff revised the accounts payable by eliminating items that had actually been paid prior to 9/28 and were no longer liabilities, and adding debts that had previously been undisclosed or understated.
- 4/ Unqualified campaign expenditures representing post-ineligibility General Election expenditures made from primary funds and parking violations are added back to adjust the Committee's matching funds entitlement. See Finding III.B.1 & 2.
- 5/ In the absence of any evidence presented by the Committee for a change in their original estimate, the winding down cost of computer services is reduced to reflect the Committee's original estimate of computer expenses which the Audit staff had analyzed and found to be reasonable.



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 # 1340.1361 1353
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.**



SECRET



FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

November 9, 1981

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

FROM: BOB COSTA - *RJC*

SUBJECT: PUBLIC ISSUANCE OF AN ADDENDUM TO THE
REPORT ON THE CARTER/MONDALE PRESIDENTIAL
COMMITTEE, INC.

Attached please find a copy of an Addendum to the Audit Report of the Carter/Mondale Presidential Committee, Inc., which was approved by the Commission on October 22, 1981.

Informational copies of the report have been received, and this Addendum may be released to the public as of today, November 9, 1981.

Attachment as stated

cc: FEC Library
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✓ Public Record



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

October 19, 1981

MEMORANDUM

TO: THE COMMISSIONERS

THROUGH: B. ALLEN CLUTTER
STAFF DIRECTOR

FROM: BOB COSTA *RJC*

SUBJECT: CARTER/MONDALE PRESIDENTIAL COMMITTEE, INC.
TELEPHONE ALLOCATION

I. Summary of Issues and Recommendation

On August 14, 1981 the Audit Division received from the Carter/Mondale Presidential Committee, Inc. ("the Committee"), documentation relating to long distance telephone calls made from Iowa, Maine and New Hampshire to national headquarters totalling \$23,944. This documentation reduces the Committee's repayment for expenditures in excess of state limitations from \$122,236.96 ^{1/} to \$98,292.96. The Audit staff recommends that the Commission approve the revised repayment amount, and send the attached letter notifying the Committee of the Commission's determination.

Further, it is recommended that this document be placed on the public record as an addendum to the publicly released final audit report.

II. Background

In response to the final audit report, the Committee questioned the reasonableness of including as allocable to state expenditure limitations, long distance telephone calls made from a state to the national headquarters. On June 9, 1981 the Commission reconsidered its previous determination, and determined that expenditures for calls emanating from a state office to the national headquarters did not require allocation

^{1/} The final audit report contained a repayment amount for expenditures in excess of state limitations of \$123,435.88. On June 9, 1981, the Commission determined that national staff payroll was exempt from state allocation. Therefore, the amount in excess of state limitations was reduced by \$1,198.92 to \$122,236.96.

to that state. On July 2, 1981, affected committees were informed by letter of the Commission decision, and provided 30 days in which to submit an amended state allocation schedule along with documentation supporting the change in allocations. On July 29, 1981, the Committee requested and received an extension of time to submit the material. On August 14, 1981 the Committee provided the documentation for Audit staff review.

III. Support For The Recommendation

The Committee provided an amended state allocation schedule copies of summary bills produced by the C&P Telephone Company, and adding machine tapes (by telephone number) identifying individual telephone calls to be exempted from allocation to the states of Iowa, Maine, and New Hampshire. For verification, the Committee provided Audit staff access to the original telephone billings. The Audit staff sampled the material provided, and found no material errors in the Committee's amended allocations.

Therefore, in the opinion of the Audit staff, the amount in excess of state expenditure limitations, and repayable to the U. Treasury, should be reduced by \$23,944.00, to \$98,292.96 (see Attachment 1).

IV. Staff Coordination

A. Office of General Counsel

Review by the Office of General Counsel is not required.

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Expenditure Limitation State Allocation Summary
(as of September 28, 1980)

	<u>Iowa</u>	<u>Maine</u>	<u>New Hampshire</u>
Original Committee Allocated Total	\$489,551.00	\$271,550.00	\$283,686.00
U.S. Treasurer	7,862.28	4,388.35	2,185.86
Telephone	14,669.20	(7,579.00)	9,442.37
Media	783.09	15,717.08	157.15
Travel Expense Reimbursements	10,214.82	7,453.70	5,505.03
Outstanding Debt	3,068.25	1,869.98	1,188.56
Other Vendors	8,145.27	29,902.65	7,909.08
Miscellaneous	<u>1,101.61</u>	<u>(827.83)</u>	<u>9,030.06</u>
Adjusted Total	\$535,395.52	\$322,474.93	\$319,104.11
State Limitation	489,881.60	294,400.00	294,400.00
Amount In Excess of Limit	<u>\$ 45,513.92</u>	<u>\$ 28,074.93</u>	<u>\$ 24,704.11</u>
Total In Excess Per FEC	\$ 98,292.96		

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