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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 2, 2000

MEMORANDUM

TO: The Commission

THROUGH: James A. Pehrkon
Staff Director

FROM: Lawrence M. Noble
General Counsel

Kim Leslie Bright
Associate General Counsel

Rhonda J. Vosdingh
Assistant General Counsel

Delbert K. Rigsby
Attorney

SUBJECT: Audit Division Analysis of Apparent Permissible Host Committee Expenses Paid by the 1996 Democratic National Convention Committee, Inc. dated February 1, 2000 (LRA #471)

AGENDA ITEM
For Meeting of: 2-3-00

SUBMITTED LATE

At the Open Session Commission meeting of January 27, 2000, the Commission directed the Audit Division to review expenses that the 1996 Democratic National Convention Committee, Inc. paid, but that could have been permissibly paid by the Chicago Host Committee. The Audit Division has prepared an analysis of the expenses. Attachment. The Office of General Counsel concurs with the Audit Division's analysis of permissible host committee expenses.

The telephone expenses that comprise the repayment were paid by the Chicago Host Committee (\$600,325) and the City of Chicago (\$126,510). Based upon the Commission's regulations, the Office of General Counsel believes that the City of Chicago could have paid for any expenses that the Chicago Host Committee could have paid. The regulation, which concerns receipts and disbursements of government agencies and municipal corporations for party conventions, permits those government agencies and municipal corporations to receive donations for expenses listed in 11 C.F.R. § 9008.52(c), the permissible host committee expenses. 11 C.F.R. § 9008.53(b). Therefore, if the Commission allows the offset based on the Audit Division's analysis, the entire repayment could be eliminated.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 1, 2000

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
FEB 1 12 22 PM '00

Memorandum

To: Lawrence M. Noble
General Counsel

Through: James A. Pehrkon 
Staff Director

From: Robert J. Costa 
Assistant Staff Director
Audit Division

Subject: Expenses Paid by the 1996 Democratic National Convention
Committee Inc. (DNCC) that May Have Been Permissibly Paid by the
Chicago Host Committee.

At the Commission meeting held on January 27, 2000, the Audit Staff was directed to review expenses paid by the DNCC to identify any that may have been permissibly paid by the Chicago Host Committee (Host Committee). The request was made because the Commission may consider whether to permit the DNCC to offset the impermissible expenses paid by the Host Committee with other expenses paid by the DNCC that may have been permissibly paid by the Host Committee. This is in order to reduce the amount repayable to the US Treasury by the DNCC.¹

The Audit staff, based on our review of materials in-house, identified expenses totaling \$729,280 paid by the DNCC for security services and modifications to the media pavillon (See Exhibit A). Expenses related to security included security contracts, security supplies, security guards, uniforms, fire and safety plan and consulting. Security falls within the categories of expenses which may have been paid by the Host Committee pursuant to 11 CFR §9008.52(c)(vii). Likewise, expenses related to the media pavillon are also permissible Host Committee expenses pursuant to 11 CFR §9052(c)(v). This amount is sufficient to offset the \$726,835 in expenses involved in the Commission's repayment determination.

Attachment: Exhibit A Expenses Paid for by the DNCC that May Have Been Permissibly Paid for by the Host Committee

¹ On June 25, 1998, the Commission determined that the DNCC must repay the US Treasury \$726,835. The DNCC made interim repayments totaling \$166,706. The net repayment due is \$560,129.

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1996 Democratic National Convention Committee, Inc.
Expenses Paid for by the DMCC that May Have Been Permissibly Paid by the Host Committee

VENDOR	DATE	AMOUNT	PURPOSE
Aggreko	08/29/96	\$24.70	Security Supplies
Financial Innovations	08/20/96	\$19,135.00	Uniforms
Garcia Security	07/22/96	\$4,455.01	Security Supplies
Gibraltar Financial	09/16/96	\$45,185.25	Security Supplies
Gibraltar Financial	10/08/96	\$19,028.75	Security Supplies
Gibraltar Financial	10/08/96	\$26,458.25	Security Supplies
Gibraltar Financial	10/08/96	\$19,665.75	Security Supplies
Gibraltar Financial	10/21/96	\$30,027.75	Security Supplies
HighPoint Security	08/09/96	\$325.00	Security Contract
HighPoint Security	09/05/96	\$28,848.00	Security Contract
HighPoint Security	09/10/96	\$4,200.00	Security Contract
HighPoint Security	10/09/96	\$9,360.00	Security Contract
Norman Security Sys	08/07/96	\$4,637.50	Security Contract
Pinkerton Security	06/28/96	\$19,868.20	Consulting
Pinkerton Security	07/22/96	\$26,490.93	Security Contract
Pinkerton Security	08/22/96	\$26,490.93	Security Contract
Pinkerton Security	08/23/96	\$17,000.00	Fire & Safety Plan
Pinkerton Security	09/10/96	\$26,490.93	Security Contract
Pinkerton Security	09/10/96	\$3,151.90	Security Contract
Satellite Shelters	08/23/96	\$2,816.92	Security Supplies
Satellite Shelters	09/10/96	\$16.64	Security Supplies
Security Professionals	08/23/96	\$172,480.00	Security Contract
Security Professionals	09/04/96	\$176,320.00	Security Contract
Sgt. C. Ritter Hq., KC, MO	08/23/96	\$576.00	Security Contract
The John Buck Co.	08/23/96	\$576.00	Security Contract
United Center	09/24/96	\$7,333.12	Security Guards
United Center	09/24/96	\$6,280.96	Security Guards
WCI, Inc.	09/10/96	\$8,100.00	Security Contract
Subtotal		\$707,143.49	
HDO Productions	9/10/96	\$ 22,136.43	Modifications-Media Pavilion
Total		\$729,279.92	

