

FEDERAL ELECTION COMMISSION

- Routing slips
- materials concerning the settlement negotiations

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

83040395253

- | | | | |
|-------------------------------------|---|--------------------------|--|
| <input type="checkbox"/> | (1) Classified Information | <input type="checkbox"/> | (6) Personal privacy. |
| <input type="checkbox"/> | (2) Internal rules and practices | <input type="checkbox"/> | (7) Investigatory files |
| <input checked="" type="checkbox"/> | (3) Exempted by other statute <i>NSC 437</i> | <input type="checkbox"/> | (8) Banking Information |
| <input type="checkbox"/> | (4) Trade secrets and commercial or financial information | <input type="checkbox"/> | (9) Well Information (geographic or geophysical) |
| <input checked="" type="checkbox"/> | (5) Internal Documents | | |

Signed: Cornelius Edwards Jr
 Date: 4/22/83



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 17, 1983

Robert P. Visser, Esquire
One Lafayette Centre
1120 Twentieth Street, N.W.
Suite 205 South
Washington, D.C. 20036

RE: MUR 1365
George Bush for President

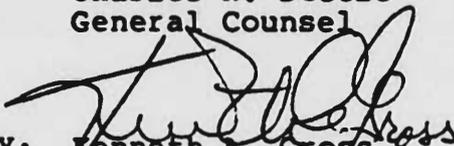
Dear Mr. Visser:

On February 16, 1983, the Commission accepted the conciliation agreement signed by your client, and a civil penalty in settlement of violations of 2 U.S.C. §§ 433(b)(6) and 441a(f), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

33040395254



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Robert P. Visser, Esquire
One Lafayette Centre
1120 Twentieth Street, N.W.
Suite 205 South
Washington, D.C. 20036

RE: MUR 1365
George Bush for President

Dear Mr. Visser:

8 3 0 4 0 3 9 5 2 5 2
On , 1983, the Commission accepted the conciliation agreement signed by your client, and a civil penalty in settlement of violations of 2 U.S.C. §§ 433(b)(6) and 441a(f), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
George Bush for) MUR 1365
President, et al.)

CONCILIATION AGREEMENT

6
5
2
5
9
3
4
0
4
3
0
8

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe was found that George Bush for President (hereinafter "the Respondent") violated: 2 U.S.C. § 433(b)(6) by failing to file an amended Statement of Organization designating as campaign depositories thirty-seven state advance accounts utilized by the Respondent during its campaign; 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3) by failing to provide complete bank records for its state advance accounts; and 2 U.S.C. § 441a(f) by receiving and accepting contributions from individual contributors in excess of the contribution limitations as set forth in 2 U.S.C. § 441a(a)(1)(A).

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i) do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding.

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this Agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Respondent was the principal campaign committee of George Bush.

2. Respondent had established, maintained, and utilized thirty-seven (37) state advance accounts during its 1979-1980 presidential campaign.

3. Respondent required that the thirty-seven (37) state advance accounts be personal accounts opened in the names of individuals.

4. Respondent did not designate the thirty-seven (37) state advance accounts as campaign depositories.

5. Respondent violated 2 U.S.C. § 433(b)(6) by failing to designate its thirty-seven (37) state advance accounts as campaign depositories.

6. It is the position of the Respondent that they had no intent or purpose to violate the Act, and at all times acted in good faith in the belief that the Committee's State Advance -reimbursement procedure was in full compliance with the reporting and disclosure requirements of the Act. The procedures were developed for the purpose of ensuring centralized control and effective restraints on unauthorized expenditures within the State Committees. Nonetheless, the Respondent has agreed to file an amended Statement of Organization designating the accounts as campaign

83040395257

depositories, and the Respondent admits to an inadvertent, unintentional violation of the reporting requirements of the Act.

7. Respondent failed to provide complete bank records for its thirty-seven (37) state advance accounts in a timely fashion.

8. Respondent has continued to fail to provide complete bank records for eight (8) of its thirty-seven (37) state advance accounts.

9. Respondent violated 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3) by failing to provide a complete set of its bank records for its thirty-seven (37) state advance accounts in a timely fashion.

10. Respondent received and accepted \$20,195.00 in excessive contributions from eighty-one (81) individual contributors during its presidential campaign.

11. Respondent violated 2 U.S.C. § 441a(f) by receiving and accepting contributions from individual contributors in excess of the contribution limitations as set forth in 2 U.S.C. § 441a(a)(1)(A).

WHEREFORE, Respondent agrees:

V. Respondent failed to designate thirty-seven (37) state advance accounts as campaign depositories in violation of 2 U.S.C. § 433(b)(6).

VI. Respondent has filed an amended Statement of Organization designating as campaign depositories the aforesaid

83040395238

thirty-seven (37) state advance accounts as campaign depositories as required by 2 U.S.C. § 433(b)(6).

VII. Respondent failed to provide a complete set of bank records for its thirty-seven (37) state advance accounts in a timely fashion, and has continued to fail to provide complete bank records for the remaining eight (8) of its thirty-seven (37) state advance accounts in violation of 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3).

VIII. Respondent received and accepted \$20,195.00 in excessive contributions from eighty-one (81) individual contributors in violation of 2 U.S.C. § 441a(f).

IX. Respondent has refunded all excessive contributions to the individuals to whom the excessive contribution was credited.

X. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Dollars (\$200), pursuant to 2 U.S.C. § 437g(a)(5)(A).

XI. Respondent agrees that it shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

XII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this Agreement. If the Commission believes that this Agreement or any requirement thereof has been violated, it may institute a

83040395259

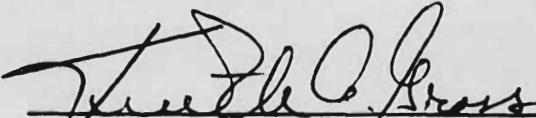
civil action for relief in the United States District Court for the District of Columbia.

XIII. This Agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire Agreement.

XIV. Respondent shall have no more than thirty (30) days from the date this Agreement becomes effective to comply with and implement the requirements contained in this Agreement and to so notify the Commission.

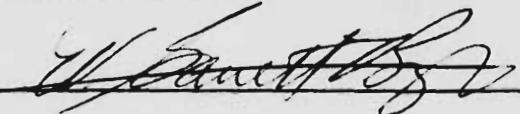
Charles N. Steele
General Counsel

Feb. 16, 1983
Date

BY: 
Kenneth A. Gross
Associate General Counsel

2/7/83
Date

George Bush for President

BY: 

ITS: Treasurer

83040395250

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
George Bush for President, et. al.) MUR 1365

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 16, 1983, the Commission decided by a vote of 6-0 to take the following actions in MUR 1365:

1. Accept the conciliation agreement as submitted with the General Counsel's February 14, 1983, Memorandum to the Commission.
2. Close the file.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter.

Attest:

2-16-83

Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

33040395261

Received in Office of Commission Secretary:
Circulated on 48 hour tally basis:

2-14-83, 11:22
2-14-83, 4:00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM *JCR*

DATE: DECEMBER 13, 1982

SUBJECT: OBJECTION - MUR 1365 General Counsel's
Report signed December 9, 1982;
Received in OCS, 12-10-82, 8:52

The above-named document was circulated to the
Commission on December 10, 1982 at 2:00 .

Commissioner Elliott submitted an objection at 12:26,
December 13, 1982.

This matter will be placed on the agenda for the
executive session of Tuesday, January 4, 1983.

83040395262

December 9, 1982

MEMORANDUM TO: Marjorie Emmons
FROM: Steven Barndollar
SUBJECT: MUR 1365

Please have the attached General Counsel's Report distributed to the Commission on a 48 hour tally basis.
Thank you.

Attachment

830403345269

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
George Bush for) MUR 1365
President, et al.)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. STATEMENT OF THE CASE

On April 30, 1981, the Commission found reason to believe that George Bush for President, et al. (hereinafter "the Committee") violated 2 U.S.C. § 433(b)(6) and 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3) by continuing to fail to provide full and complete disclosure of its thirty-seven (37) state advance accounts and failing to provide complete bank records for seventeen (17) of the thirty-seven (37) state advance accounts; and 2 U.S.C. § 441a(f) by accepting excessive contributions from seven (7) individual contributors. This matter was internally generated as a result of a referral from the Audit Division to the Office of General Counsel.

The George Bush for President Committee was established in 1979 as the principal campaign committee of George Bush. Mr. Bush was an unsuccessful candidate for the Republican nomination to the Office of President of the United States.

An audit of the Committee's campaign records for the period covering January 1, 1980 through June 30, 1981, revealed several violations of the Act. On November 17, 1980, the Audit Division formally notified the Committee that it had thirty (30) days to respond to the audit report; said report recommended that the

33040395264

Committee do the following: 1) file an amended Statement of Organization disclosing thirty-seven (37) banks as Committee designated depositories and to obtain the missing records for the remaining seventeen (17) of the Committee's thirty-seven (37) state advance accounts for Commission review; and 2) to submit additional contributor information concerning several possible excessive contributions.

Since the issuance of the reason to believe findings, several meetings have been held with the Committee's treasurers and its counsel, and the Committee, [REDACTED] [REDACTED] has made certain reporting amendments and offered additional information concerning the missing records and contributor information regarding the excessive contributions.

However, it was and continues to be the Committee's position that many of the excessive contributions were due to the inability of its keypunch operators to accurately aggregate where contributors shared the same first and last names, e.g., failure to pick up both "Seniors and Juniors" or "Seniors, II's or III's" which resulted in erroneous aggregating of individual contributions.

The audit staff had previously found 105 apparent excessive contributions; however, 74 excessive contributions totaling \$17,690.50 have been refunded by the Committee. Another 24 contributions totaling \$8,285.00 have been sufficiently

8304039526

documented to demonstrate that they were not excessive. Two of the refunded contributions were loans made by individuals to the Committee in an amount greater than \$1,000. The other 72 excessive contributions resulted when multiple individual contributions, none of which were greater than \$1,000, aggregated in excess of \$1,000. Of the remaining seven excessive contributions, two involving reattributions of \$250 and \$500 submitted by respondents have reduced the unaccounted for excessive contribution total to \$1,754.50. Respondent Committee contends that such a low excessive contribution figure is de minimus when considered in light of the amount of activity during the period in question; total receipts were \$16,760,929.42 and expenditures were \$16,753,914.29.

Respondent Committee has also filed an amended statement of organization which now designates its thirty-seven (37) State Advance Accounts as campaign depositories -- the Committee's formerly held legal position that these were not campaign depositories has been put aside for conciliation purposes. Although the Committee has been unable to provide complete records for eight (8) of these bank accounts, the Audit Division has been able to reconstruct these accounts through Committee records.

33040395256

83040395267

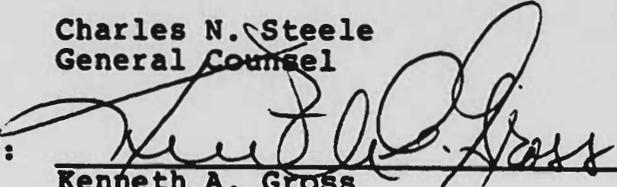
RECOMMENDATION

Subject: The proposed consolidation of Independent Counsel and
placement of the existing process.

Charles N. Steele
General Counsel

Dec. 9, 1982
Date

BY:


Kenneth A. Gross
Associate General Counsel

Attachment
Letter to Robert P. Visser, Esquire

83040395268

W. Garrett Boyd

George Bush for President Committee
1120 20th Street, N.W.
Suite 205
Washington, D.C. 20036

July 27, 1982

Conley Edwards, Jr., Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR/1365

Dear Mr. Edwards:

Pursuant to our meeting at the Federal Election Commission on June 29th, I am pleased to describe the basic operation of the George Bush for President Committee as it related to the handling and processing of contributions to the campaign:

1. All receipts were forwarded directly to our bank's lock box where deposits were generally made on a daily basis. During periods of heavy activity (i.e. the period from February 1980 through August 1980) there were times of backlog which never exceeded a week, but might well have approached a week on fairly frequent occasions. You have been furnished a copy of our instructions to the bank as to how they were to review and handle the return of corporate checks as well as apparent excess contributions.
2. Contribution check copies were then forwarded to our Houston office for a second visual check.
3. Contribution batches were then forwarded to our keypunch personnel who transferred this information to tape to be forwarded to our Maryland data processor for inclusion in the master file.
4. Following our closing on the last day of the month, we received a list (approximately ten days later) before our 20th of the month filing deadline of contributors from the previous period and their accumulated total of contributions. This list was then "cleaned" (i.e. refunds made or errors corrected) and forwarded to the Commission.

83040395269

5. Immediately upon notification or recognition of error, in the handling of any excessive or improper contribution, the check or excess amount was refunded. The small margin of error in our process came from the coding process used for contributions. The ten spaced code consisted of five digit zip codes, a four letter code made up of the first letter of the last name and the first three consonants following in the last name, the last three numbers of the street address and a numerical title code. The most common errors that came to light during the campaign were:

- A. Two addresses (i.e. a summer and a winter home would produce two records). These were visually checked, but would only have been caught if the two contributions were made in the same reporting period.
- B. Use of different title codes for different contributions. We had numerous title codes which included Miss, Ms., Mrs., Mr., and Dr. which could also create multiple records. Again, as these were visually checked for the reporting period, they would not have been caught unless two contributions were made in the same reporting period.
- C. We had no method for determining "Junior" or the "III", etc. If such a contributor had the same residence address as the parent, we would have shown only one contributor which would have been incorrect. This became an error only when the combined contributions exceeded the maximum limitation. I feel certain that the committee lost matching funds on account of this kind of error.

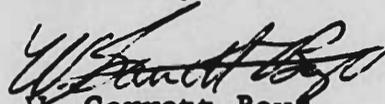
Certainly, as our records and your audits fully support, a refund was made as soon as we were aware of any excess contribution. The lag time was very short except in cases where we were not immediately aware of the error. Our heaviest period of activity was from February 1980 through August 1980 and I feel sure that our records will reflect an average short turn around, even in our period of heaviest activity, on those excesses that we were aware of at the time. We did not hold such funds for campaign use, but attempted to use the quickest methods possible (including telephone contact) to verify and make appropriate refunds. We also discussed with the audit staff, as well as the data processing staff, methods that will alleviate this type error in the future.

In sum, I believe our procedures were well-developed, professional, and in accordance with the requirements of the FEC. Moreover, our staff and bank did an excellent job of implementing our system.

83040395270

I trust this will give you a better feel for our over all operations, but would be pleased to provide any further information you may require.

Sincerely,



W. Garrett Boyd
Treasurer

83040395271

George Bush for President.

710 North Post Oak Road, Houston
Texas 77024 (713)467-1980

Dear Mrs. ~~Stassen~~ Copeland

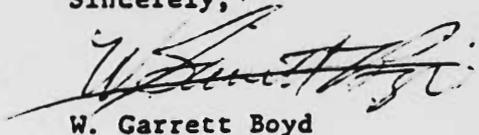
Thank you so very much for your generous contribution to George Bush for President. Mr. Bush is extremely grateful for your support.

The Federal Election Commission requires that we have the signature of each contributor as well as the contributor's confirmation of the following statements:

- 1) The account upon which the check was drawn is not controlled by an incorporated organization.
- 2) The contribution represents the personal funds of the contributor.

Please sign your name in the space provided if the above information is correct. Once again, thank you for your help.

Sincerely,



W. Garrett Boyd
Treasurer's Office

I made a contribution in the amount of \$500.00 to George Bush for President and the above statements 1) and 2) are correct.

^(Stassen)
Wiles D. Copeland
(Signature of contributor)

Miles ~~D.~~ (Stassen) Copeland

(Date)

Page 1 #15
I further certify that this is the only contribution made to this campaign.

1/7/80/96

83040395271

**George Bush
for President.**

710 North Post Oak Road, Houston
Texas 77024 (713)467-1980

Dear *Mrs. Pickett*

Thank you so very much for your generous contribution to George Bush for President. Mr. Bush is extremely grateful for your support.

The Federal Election Commission requires that we have the signature of each contributor as well as the contributor's confirmation of the following statements:

- 1) The account upon which the check was drawn is not controlled by an incorporated organization.
- 2) The contribution represents the personal funds of the contributor.

Please sign your name in the space provided if the above information is correct. Once again, thank you for your help.

Sincerely,

W. Garrett Boyd
Treasurer's Office

I made a contribution in the amount of \$250⁰⁰ to George Bush for President and the above statements 1) and 2) are correct.

John S. Pickett

(Signature of contributor)

Mrs. John Pickett

7/21/82

(Date)

Page 2# 11

2/20/87

Amendment to Form No. 9, Statement of Organization

The George Bush for President Committee

c/o Robert P. Visser
1120 20th Street, N.W.
Suite No. 205
Washington, D.C. 20036

FEC Identification Number
00106922

DEPOSITORY

ADDRESS

First Alabama Bank of Birmingham	Birmingham, Alabama
Crocker National Bank	San Francisco, California
Hartford National Bank and Trust	Hartford, CT
Wilmington Trust Company	Wilmington, DEL
Sun Bank and Trust	St. Petersburg, FLA
Bank of Hawaii	Honolulu, HI
Unknown	Indianapolis, IND
First National Bank of Deerfield	Deerfield, IL
Northeast Bank of Westbrook	Portland, ME
Louisville Trust	Louisville, KY
United Kentucky Bank	Louisville, KY
Bankers Trust of Des Moines	Des Moines, IA
Merchants National Bank	Topeka, KS
Equitable Bank	Silver Spring, MD
State Street Bank and Trust	Boston, MASS
Michigan National Bank	Lansing, MICH
First Edina Bank	Edina, MINN
First National Bank of Jackson	Jackson, MISS
Charter Bank of La Due	St. Louis, MO

83040395273

Concord Savings Bank	Concord, NH
National State Bank	Woodbridge, NJ
Huntington National Bank	Columbus, OH
U.S. National Bank of Portland	Portland, OR
Girard Bank	Philadelphia, PA
Pittsburg National Bank	Pittsburg, PA
Bankers Trust of Greenville	Greenville, SC
First American National	Nashville, TN
Howard Bank	Montpiller, VT
First Virginia - Colonial	Richmond, VA
National Bank of Fairfax	Alexandria, VA
Pacific National Bank of Washington	Seattle, WA
Old National Bank	Spokane, WA
Marshall and Isely Bank	Milwaukee, WISC
Banco Popular	San Juan, P.R.
Barclays Bank Limited	Berkshire, Eng.
First National Bank of Oregon	Lake Oswego, OR

33040395276



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS *mwe*
OFFICE OF THE SECRETARY TO THE COMMISSION

DATE: April 21, 1982

SUBJECT: OBJECTION - MUR 1365 - GENERAL COUNSEL'S REPORT
dated April 16, 1982; Received in OCS on April
16, 1982 at 5:08

You were notified previously of an objection by
Commissioner Reiche's ~~objection~~ on April 20, 1982.

Commissioner Elliott has also submitted an objection on
on April 21, 1982 at 9:36.

This matter will be discussed in executive session
on April 27, 1982.

33040595277



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 15, 1982

MEMORANDUM

TO : The File
FROM : Thomas J. Whithead 
SUBJECT: MUR 1365

I received a call from Bob Visser today in Conley's absence and was told that:

- 1) Two of the contributors of excessives have been contacted and information should be forthcoming.
- 2) The Committee will file reports by 7/19/82 designating the subject bank accounts as campaign depositories.
- 3) He will be meeting with Garrett Boyd on 7/15/82 and the Committee will submit a written statement on 7/19/82.

23040395278

April 16, 1982

MEMORANDUM TO: Marjorie Emmons
FROM: Steven Barndollar
SUBJECT: MUR 1365

Please have the attached General Counsel's Report distributed to the Commission on a 48 hour tally basis.

Thank you.

Attachment

83040395273



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE, GENERAL COUNSEL
FROM: MARJORIE W. EMMONS/JODY CUSTER *JC*
DATE: April 20, 1982
SUBJECT: OBJECTION - MUR 1365 - General Counsel's
Report dated April 16, 1982; Received in
OCS, 4-16-82, 5:08

The above-named document was circulated to the Commission on a 48 hour basis at 11:00 on April 19, 1982.

Commissioner Reiche submitted an objection on April 20, 1982 at 11:26.

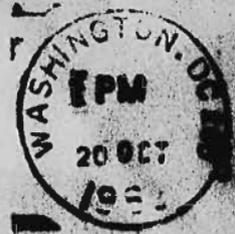
This matter will be placed on the agenda for the Executive Session of April 27, 1982.

Attachment:

Vote sheet with comments

830403952300

Robert P. Visser, Esquire
One Lafayette Centre
1120 20th Street, N.W.
Suite 205 South
Washington, D.C. 20036



8 3 0 4 0 3 9 5 2

Conley Edwards, Jr., Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

SENSITIVE

82 APR 23 11:00
RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
ALL: 26

Date & Time Transmitted: MONDAY, APRIL 19, 1982 11:00

COMMISSIONER: MCGARRY, AIKENS, McDONALD, ELLIOTT, REICHE, HARRIS

RETURN TO COMMISSION SECRETARY BY WEDNESDAY, APRIL 21, 1982 at 11:00 a.m.

SUBJECT: MUR 1365 General Counsel's Report dated April 16, 1982

- I approve the recommendation in the attached report.
- I object to the recommendation.

83040

Date: 4/19/82 Signature: Frank V. Kerche

ALL BALLOTS MUST BE SIGNED AND DATED. PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY. PLEASE RETURN THE BALLOT NO LATER THAN THE DATE AND TIME SHOWN ABOVE.

From the Office of the Commission Secretary

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

In the Matter of)
George Bush for)
President, et al.)

MUR 13682 APR 16 P 5: 08

GENERAL COUNSEL'S REPORT

I. STATEMENT OF THE CASE

On April 30, 1981, the Commission found reason to believe that George Bush for President, et al. (hereinafter "the Committee") violated 2 U.S.C. § 433(b)(6) and 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3) by continuing to fail to provide full and complete disclosure of its thirty-seven (37) state advance accounts and failing to provide complete bank records for seventeen (17) of the thirty-seven (37) state advance accounts; and 2 U.S.C. § 441a(f) by accepting excessive contributions from seven (7) individual contributors. This matter was internally generated as a result of a referral from the Audit Division to the Office of General Counsel.

The George Bush for President Committee was established in 1979 as the principal campaign committee of George Bush. Mr. Bush was an unsuccessful candidate for the Republican nomination to the Office of President of the United States.

An audit of the Committee's campaign records for the period covering January 1, 1980 through June 30, 1981, revealed several violations of the Act.

As a result, on November 17, 1980, the Audit Division formally notified the Committee that it had thirty (30) days to respond to the audit report. The report recommended, among other

33040595292

substantive and procedural recommendations, that the Committee do the following: 1) file an amended Statement of Organization disclosing thirty-seven (37) banks as Committee designated depositories and to obtain the missing records for the remaining seventeen (17) of the Committee's thirty-seven (37) state advance accounts for Commission review; and 2) to submit additional contributor information concerning several possible excessive contributions.

On December 15, 1980, the Committee responded to the audit report by outlining its efforts to achieve compliance.

On June 12, 1981, pursuant to the Commission's reason to believe findings and communication with this Office, we received a request for a meeting from Committee counsel.

On July 9, 1981, staff members of this Office and the Audit Division met with the Committee's counsel, as well as the Committee's past and present treasurers. During this meeting, the respondents stated that they were still attempting to obtain evidence to show that any excessive contributions were refunded or in the process of being refunded. Additionally, they stated that many of the excessive contributions were due to the inability of the keypunch operators to accurately aggregate where contributors shared the same first and last names, e.g., failure to pick up both "Seniors and Juniors" or "Seniors, II's or III's" which resulted in erroneous aggregating of individual contributions.

8304039528

As was previously reported, a test sample of the Committee's contributions indicated that the Committee did not receive a significant number of excessive contributions. However, the audit staff did find 105 apparent excessive contributions. As of this date, 74 excessive contributions totaling \$17,690.50 have been refunded by the Committee. Another 24 contributions totaling \$8,285.00 have been sufficiently documented to demonstrate that they were not excessive. The Committee is in the process of researching whether the seven (7) remaining contributions are excessive and should be refunded. The amount of the excessive portion for these seven (7) contributions totals \$2,504.50. Two of the refunded contributions were loans made by individuals to the Committee in an amount greater than \$1,000. The other 72 excessive contributions resulted when multiple individual contributions, none of which were greater than \$1,000, aggregated in excess of \$1,000.

Further, the respondents stated that they were still attempting to secure the bank records of the eight (8) remaining state advance accounts utilized by the Committee, but, because those accounts were personal checking accounts, expressed doubt as to their ultimate success of these efforts.

It should be noted, however, that the Committee was willing and has provided the Commission with the bank records of twenty-nine (29) of the total thirty-seven (37) state advance accounts.

Finally, counsel stated the Committee's legal position concerning the aforementioned thirty-seven (37) state advance

3304059523

accounts. According to counsel, those accounts were not designated campaign depositories of the Committee because they were viewed by the Committee as state advance accounts and/or cash advances to the state chairmen and, therefore, non-disclosable. However, this Office disagreed with the Committee's contention that because the accounts were state advance accounts and/or cash advances they were not disclosable as campaign depositories.

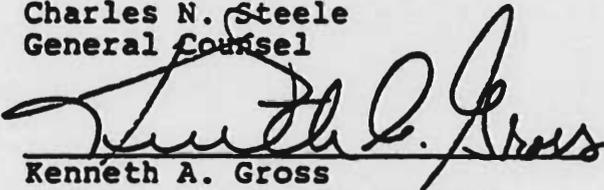
After a lengthy discussion, the respondents agreed to file an amended Statement of Organization disclosing the thirty-seven (37) state advance accounts as designated campaign depositories. Additionally, the respondents agreed to reduce this agreement to writing and

83040395236

83040395297

April 16, 1982
Date

Charles N. Steele
General Counsel

BY: 
Kenneth A. Gross
Associate General Counsel

LAW OFFICES

PEABODY, RIVLIN, LAMBERT & MEYERS

A PROFESSIONAL CORPORATION

CONNECTICUT BUILDING-TWELFTH FLOOR

1150 CONNECTICUT AVENUE, N.W.

WASHINGTON, D. C. 20036

90067-025

BY HAND DELIVERY

Conley Edwards, Jr., Esquire
Federal Election Commission
1325 K Street NW
Washington DC 20463

8304039520

LAW OFFICES
PEABODY, RIVLIN, LAMBERT & MEYERS
A PROFESSIONAL CORPORATION
WASHINGTON, D. C. 20036

Collect 5763

NOV 4 P4:44

ENDICOTT PEABODY
LEWIS A. RIVLIN
JEREMIAH D. LAMBERT
TEDSON J. MEYERS
CHARLES T. DUNCAN
DAVID J. TAYLOR
MICHAEL W. FABER
JOHN R. FERGUSON
TIMOTHY J. WATERS
JOHN T. SCHELL
CHARLES R. WORK
JOHN A. HODGES
ROBERT H. MORSE
ROBERT A. WARDEN
ROBERT N. JENSEN
COLLISTER JOHNSON, JR.
JOHN LOCKIE
ROBERT P. VISSER
TIMOTHY L. MARKER
NATHALIE P. GILFOYLE
RONALD J. DOLAN

TWELFTH FLOOR
CONNECTICUT BUILDING
1150 CONNECTICUT AVENUE, N.W.
TELEPHONE (202) 457-1000
CABLE ADDRESS "EXCELSIOR"
TELEX 887413

LAWRENCE WHITE
JEANNE A. CARPENTER
JOHN MARK JANSEN
NANCY MARIE STILES
MICHAEL W. BEASLEY
ROBERT J. MILLER
GLENN R. REICHARDY
JOEL S. WINNIK
WILLIAM D. COSTON
RALPH A. SIMMONS
JEFFREY N. MARTIN
ROBERT A. HAZEL
DIANE GILBERT WEINSTEIN
JAY D. PEDELTY
ROBERT C. GODBEY
KATHRYN E. PAULI
JANINE H. COWARD
MYRON L. DALE
OF COUNSEL
JORGE L. CORDOVA, JR.

November 4, 1981

WRITER'S DIRECT DIAL NUMBER
(202) 457-1019

BY HAND DELIVERY

Conley Edwards, Jr., Esquire
Federal Election Commission
1325 K Street NW
Washington DC 20463

NOV 5
A10:27

Re: MUR 1365

Dear Mr. Edwards:

Reference is made to Chairman McGarry's letter dated May 5, 1981, addressed to W. Garrett Boyd, Treasurer of the George Bush for President Committee (the "Committee"). In his letter, Mr. McGarry advised the Committee that the Federal Election Commission (the "Commission") had determined that there is reason to believe that (a) the Committee violated Section 433(b)(6) and 441(a)(f) of the Federal Election Campaign Act of 1971, as amended (the "Act"), by continuing to fail to amend the Committee's Statement of Organization to disclose thirty-seven (37) state and local bank accounts used by the Committee during the 1980 Presidential campaign; and (b) the Committee violated Sections 104.14(b)(1) and 9033.1(a)(3) of Title 11 of the Code of Federal Regulations by failing to provide a complete set of bank records for seventeen (17) of said thirty-seven (37) state and local bank accounts. In addition, similar findings were made with regard to alleged acceptance by the Committee of contributions in excess of the thousand dollar Federal Election contribution limitation from eighty-one (81) individual contributions. Following receipt of that letter a meeting was arranged between Tom Roberts and Garrett Boyd, Treasurers for the Committee, myself, as well as you, Ken Gross, and Steve Stanford of the Commission to discuss these matters.

83040395230

PEABODY, RIVLIN, LAMBERT & MEYERS

A PROFESSIONAL CORPORATION

Conley Edwards, Jr., Esquire
November 4, 1981
Page Two

83040395270

(a) When these matters were brought to the attention of Committee officials, they stated that it was their opinion that, since the accounts were held in the name of the individuals, they were not Committee depositories requiring disclosure under the Act and Regulations. Nonetheless, they agreed to file an amendment disclosing the accounts forthwith. They believed that the Commission's concerns did not relate to an issue of disclosure, but rather to one of methodology, procedure and reporting requirements.

(b) It is the position of the Committee that they had no intent or purpose to violate the Act. They, at all times, acted in good faith in the belief that the advance-reimbursement procedure that they had developed was in full compliance with the reporting and disclosure requirements of the Act. In particular, the Committee's primary concern was in developing the state advance procedure in order to provide for maximum control and maximum traceability of all funds collected and expended by the Committee.

PEABODY, RIVLIN, LAMBERT & MEYERS

A PROFESSIONAL CORPORATION

Conley Edwards, Jr., Esquire

November 4, 1981

Page Three

(c) The Committee primarily conducted its operations from two locations: Houston, Texas, and Alexandria, Virginia. In general, the political press, legal, scheduling and research operations were conducted out of the Virginia office; and the office of the Treasurer, responsible for the collection, distribution and reporting of all campaign funds, was assigned to Houston. The Committee's Treasurer at the time, Tom Roberts, believed that there would be enough difficult administrative and management problems regarding control stemming from the bifurcated operation of the Committee in two locations and that he did not want to exacerbate the situation by establishing multi-bank accounts in various states. The purpose for the state advances was to void commingling of funds with regard to operations and to improve the accountability and control of the monies expended from Houston.

(d) To that end, the Committee established three bank accounts in Houston: (1) a payroll account; (2) a deposit account for contributions; and (3) an operating account from which vendors and advances were made. The Committee endeavored to always ensure that all major campaign expenses were paid directly by Houston. It established certain simple oneday turn-around and wire transfer procedures for the payment of all major expenditures. State advances were made to the Chairman of the state campaign committee for emergency and smaller items requiring immediate payment. These advances were generally in the amount of approximately Six Thousand Dollars (\$6,000). The concept was that as these advances were expended within the state, the person responsible must give a full and immediate accounting to Houston in order to have his state advance replenished. The ultimate lever conceived of with regard to this procedure was that, if the individual failed to properly account for the expenditure of the state advance, the unsubstantiated amount would be designated "salary" to that individual and an appropriate

83040395291

PEABODY, RIVLIN, LAMBERT & MEYERS

A PROFESSIONAL CORPORATION

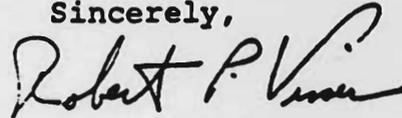
Conley Edwards, Jr., Esquire
November 4, 1981
Page Four

I.R.S. form 1099 prepared and delivered to the individual resulting in earned taxable income. It was felt that this would ensure centralized control and effective restraints on unauthorized expenditures.

(e) It is the belief of the Committee that there should be flexibility in the operation of a Presidential campaign and that the state depository provisions set forth in the Act is not in conflict with a more centralized receipt and expenditure program as described above. Nonetheless, in order to avoid lengthy and expensive proceedings with regard to this sole remaining issue, the Committee admits to an inadvertent, unintentional technical violation of the Act. Following this audit, the Commission recognizes that the Committee generally has held to an extremely high standard of disclosure and reporting procedures in the conduct of its campaign.

I would be happy to discuss this matter further with you at your convenience and very much appreciate the time and consideration you have given us with regard to these matters.

Sincerely,



Robert P. Visser

cc: Ken Gross, Esq.
W. Garrett Boyd

83040395292

83040392

LAW OFFICES

PEABODY, RIVLIN, LAMBERT & MEYERS

A PROFESSIONAL CORPORATION
CONNECTICUT BUILDING - TWELFTH FLOOR
1180 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20006

70-002-00

BY HAND DELIVERY

Conley Edwards, Esquire
Federal Election Commission
1325 K Street NW
Washington DC 20463

81 1111 P4:46

100811 GCC#4868

LAW OFFICES
PEABODY, RIVLIN, LAMBERT & MEYERS
A PROFESSIONAL CORPORATION
WASHINGTON, D.C. 20036

ENDICOTT PEABODY
LEWIS A. RIVLIN
JEREMIAH D. LAMBERT
TEDSON J. MEYERS
CHARLES T. DUNCAN
DAVID J. TAYLOR
MICHAEL W. FABER
JOHN R. FERGUSON
TIMOTHY J. WATERS
JOHN T. SCHELL
PETER B. ARCHIE
CHARLES R. WORK
JOHN A. HODGES
ROBERT H. MORSE
ROBERT A. WARDEN
ROBERT N. JENSEN
COLLISTER JOHNSON, JR.
JOHN LOCKIE
ROBERT P. VISSER
TIMOTHY L. HARKER
NATHALIE P. GILFOYLE
RONALD J. DOLAN

TWELFTH FLOOR
CONNECTICUT BUILDING
1180 CONNECTICUT AVENUE, N.W.

TELEPHONE (202) 457-1000
CABLE ADDRESS: "EXCELSIOR"
TELEX: 887413

June 11, 1981

LAWRENCE WHITE
JEANNE A. CARPENTER
JOHN MARK JANSEN
NANCY MARI STILES
MICHAEL W. CONLEY
ROBERT J. MILLER
GLENN R. REICHARDT
JOEL S. WINNIK
WILLIAM D. COSTON
RALPH A. SIMMONS
JEFFREY N. MARTIN
ROBERT A. HAZEL
DIANE GILBERT WEINSTEIN
JAY D. PEDELT
ROBERT C. GODBEY
KATHRYN E. PAULI
JANINE H. COWARD
MYRON L. DALE
OF COUNSEL
JORGE L. CORDOVA, JR.

WRITER'S DIRECT DIAL NUMBER

(202) 457-1019

JUN 12 10:37

BY HAND DELIVERY

Conley Edwards, Esquire
Federal Election Commission
1325 K Street NW
Washington DC 20463

Dear Mr. Edwards:

Re: MUR 1365

I apologize for the delay, caused by illness, in forwarding this written request for a meeting with you and other appropriate Federal Election Commission attorneys involved in the above-captioned Matter Under Review. I have contacted both Messrs. Thomas Roberts and Garrett Boyd, the initial and successor Treasurer of the George Bush for President Committee, and they are available to join me for a meeting at your office at any time next week to review this matter. Accordingly, I would appreciate it if you would please advise me by telephone as to a day and time convenient to your schedule. In my absence, please advise my secretary, Ms. Lewis, as to your preference for this meeting.

Sincerely,

Robert P. Visser

8304039527



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 4, 1981

MEMORANDUM

TO: The File

FROM: Charles N. Steele
General Counsel

SUBJECT: Errata Sheet
MUR 1365

This memorandum is to correct a typographical error on page 6 in the second paragraph on line four of MUR 1365, dated April 21, 1981, this report was approved on April 30, 1981.

The number in error now reads \$20,1943, it should read \$20,194.00. The sentence with the correct figure should read as follows:

"However, the Committee apparently accepted \$20,194.00 from eighty-one contributors in violation of 2 U.S.C. § 441a(f)."

This correction does not affect the recommendation.

93040395275



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 5, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

W. Garrett Boyd, Treasurer
George Bush for President
710 North Post Oak Road
Houston, Texas 77024

RE: MUR 1365

Dear Mr. Boyd:

On April 30, 1981, the Federal Election Commission determined that there is reason to believe that your Committee violated section 433(b)(6) and 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act") by continuing to fail to amend your statement of organization to disclose thirty-seven (37) state and local bank accounts (depositories) used by the Committee during your 1980 presidential campaign; and by accepting contributions in excess of the \$1,000.00 per election contribution limitation as set forth in 2 U.S.C. § 441a(a)(1)(A) from eighty-one (81) individual contributions. Additionally, the Committee violated sections 104.14(b)(1) and 9033.1(a)(3) of Title 11 of the Code of Federal Regulations by failing to provide a complete set of bank records for seventeen (17) of its thirty-seven (37) state and local bank accounts. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

83040395296

Letter to W. Garrett Boyd
Page Two
MUR 1365

In the absence of any additional information which demonstrates that no further action should be taken against your Committee, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Conley Edwards, Jr., the staff member assigned to this matter, at 202/523-4060.

Sincerely,



JOHN WARREN MCGARRY
Chairman

Legal Analysis

83040495117

MUR 1365 Edwards

1. The following service is requested (check one):

- Return to whom and date delivered.....
- Return to whom, date and address of delivery.....
- RESTRICTED DELIVERY
Date to whom and date delivered.....
- RESTRICTED DELIVERY
Date to whom, date, and address of delivery.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLES ADDRESSED TO:
Honorable George Bush

3. ARTICLE DESCRIPTION:
REGISTERED NO. 949819 CERTIFIED NO. INSURED NO.

(Always obtain signature of addressee or agent)

I have examined the article described above

RECEIVED
MAY 7 1981

CLERK'S INITIALS

RECEIVED

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

W. Garrett Boyd, Treasurer
George Bush for President
710 North Post Oak Road
Houston, Texas 77024

RE: MUR 1365

Dear Mr. Boyd:

On _____, 1981, the Federal Election Commission determined that there is reason to believe that your Committee violated section 433(b)(6) and 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act") by continuing to fail to amend your statement of organization to disclose thirty-seven (37) state and local bank accounts (depositories) used by the Committee during your 1980 presidential campaign; and by accepting contributions in excess of the \$1,000.00 per election contribution limitation as set forth in 2 U.S.C. § 441a(a)(1)(A) from eighty-one (81) individual contributions. Additionally, the Committee violated sections 104.14(b)(1) and 9033.1 (a)(3) of Title 11 of the Code of Federal Regulations by failing to provide a complete set of bank records for seventeen (17) of its thirty-seven (37) state and local bank accounts. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

8 3 0 4 0 3 9 5 2 7 8

Letter to W. Garrett Boyd
Page Two
MUR 1365

In the absence of any additional information which demonstrates that no further action should be taken against your Committee, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Conley Edwards, Jr., the staff member assigned to this matter, at 202/523-4060.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

cc: Honorable George Bush

CEdwards, Jr.:ano 4/14/81
KAGross

33040695299

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE May 5, 1981

MUR NO. 1365
STAFF MEMBER & TEL. NO.

Conley Edwards, Jr.
202/523-4060

RESPONDENT George Bush for President

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

This matter was referred to the Office of General Counsel by the Audit Division as a result of the findings made by that Division during the audit of George Bush for President (hereinafter "the Committee").

The audit covered the period commencing on January 1, 1980, up to and including June 30, 1980.

The audit referral reveals that there were possible violations of 2 U.S.C. §§ 433(b)(6); 441a(a)(1)(A); and 441a(f) and violations of 11 C.F.R. §§ 104.14(6)(1) and 9033.1(a)(3) during the Committee's 1980 presidential campaign.

FACTUAL AND LEGAL ANALYSIS

A. State Advance Accounts

1. Disclosure of Depositories

2 U.S.C. § 433(b)(6) states that the statement of organization for a political committee shall include a listing of all banks, safety deposit boxes, or other depositories used by the Committee.

The Committee has failed to disclose thirty-seven (37) state and local bank accounts used by the Committee.

2. Maintenance of Records

11 C.F.R. § 104.14(b)(1) requires that each political committee which is required to file any report under this

83040395300

subchapter shall maintain records, including bank records, with respect to the matters required to be reported from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness. Additionally, 11 C.F.R. § 9033.1(a)(3) requires a candidate receiving matching funds to keep and furnish to the Commission any records, including bank records for all accounts.

In addition to the Committee's failure to disclose its campaign depositories, the Committee has failed to present for review and audit complete bank statements, cancelled checks, and/or deposit slips for seventeen (17) of the thirty-seven (37) state accounts utilized by it for its 1980 presidential campaign. The absence of these records did not allow the staff to verify the total amount of activity disclosed on the Committee's Schedules G-P, Liquidation of Advances.

B. Excessive Contribution

2 U.S.C. § 441a(a)(1)(A) states that no person shall make contributions to any candidate and his authorized political committee with respect to any election for Federal office which, in the aggregate, exceed \$1,000.00; and 2 U.S.C. § 441a(f) provides that a political committee shall not knowingly accept an excessive contribution in violation of the contribution and expenditure limitation.

The audit staff found 105 apparent excessive contributions. As of this date, 74 excessive contributions totaling \$16,690.50 have been refunded by the Committee. Another 24 contributions totaling \$8,285.00 have been sufficiently documented to demonstrate that they were not excessive. The Committee is in the process of researching whether the seven (7) remaining contributions are excessive and should be refunded. The amount of the excessive portion for these seven contributions totals \$2,504.50. Two of the refunded contributions were loans made by individuals to the Committee in an amount greater than \$1000. The other 72 excessive contributions resulted when multiple individual contributions, none of which was greater than \$1000, aggregated in excess of \$1,000. According to the auditors, the Committee failed to review its computer printout of contributor information which accurately reflected the total amount each individual contributed to the campaign.

Therefore, the General Counsel recommends that the Commission find reason to believe that George Bush for President violated 2 U.S.C. § 433(b)(6) by continuing to fail to amend its statement of organization to disclose thirty-seven (37) state and local bank accounts used by the Committee during its 1980 presidential campaign; and

83040395301

violated 2 U.S.C. § 441a(f) by accepting contributions in excess of the \$1,000.00 per election contribution limitation as set forth in 2 U.S.C. § 441a(a)(1)(A) from eighty-one (81) individual contributors totaling \$20,194.00. Additionally, it is recommended that the Commission find reason to believe that the Committee violated 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3) by failing to provide complete bank records for seventeen (17) of its thirty-seven (37) state and local bank accounts.

Recommendations

1. Find reason to believe that George Bush for President violated 2 U.S.C. § 433(b)(6).

2. Find reason to believe that George Bush for President violated 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3).

3. Find reason to believe that George Bush for President violated 2 U.S.C. § 441a(f).

8 3 0 4 0 3 9 5 3 0 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
George Bush for President, et al)

MUR 1365

CERTIFICATION

I, Lena L. Stafford, Recording Secretary for the Federal Election Commission's Executive Session on April 30, 1981, do hereby certify that the Commission decided in a vote of 6-0 to take the following actions in the above-titled matter:

1. FIND REASON TO BELIEVE that George Bush for President violated 2 U.S.C. § 433(b)(6), 11 C.F.R. § 9033.1(a)(3), 11 C.F.R. 104.14(b)(1) and 2 U.S.C. § 441a(f).
2. Send the letter and General Counsel's Factual and Legal Analysis attached to the First General Counsel's Report dated April 21, 1981.

Commissioners Aikens, Harris, McGarry, Reiche, Thomson, and Tiernan voted affirmatively in this determination.

Attest:

5-4-81

Date

Lena L. Stafford

Recording Secretary

33040395303

April 29, 1981

MEMORANDUM TO: Marjorie W. Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 1365

Please have the attached Memo distributed to the
Commission on an informational basis as soon as possible.

Thank you.

8304039530



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

81 APR 29 P 3: 34

April 29, 1981

MEMORANDUM

TO: The Commission
FROM: Charles N. Steele *MS by Kelly*
SUBJECT: MUR 1365 on April 30, 1981 agenda by
objection

The purpose of this memorandum is to clarify that the final released audit report on the George Bush for President Committee deletes the section of the audit report which discusses "maintenance of records", in that that issue is part of MUR 1365 as a result of the Commission's rejection of the Audit Division's recommendation to take no further action with regard to that section.

The audit report attached to the First General Counsel's report in MUR 1365 is a copy of the audit report as it was referred to our office not as it was released to the public. This explains why the MUR pursues the issue of "maintenance of records" and the audit report as attached to the First General Counsel report indicates no further action on that issue.

83040695303



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *MWE*
FROM: MARJORIE W. EMMONS/JODY CUSTER *JC*
DATE: APRIL 22, 1981
SUBJECT: OBJECTION - MUR 1365 First General Counsel's
Report; Received in OCS, 4-21-81, 5:00

The above-named document was circulated on a 48
hour vote basis at 11:00, April 22, 1981.

Commissioner Harris submitted an objection at 3:38,
April 22, 1981.

This matter will be placed on the Executive Session
Agenda for Tuesday, April 28, 1981.

83040395306

April 21, 1981

MEMORANDUM TO: Marjorie W. Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 1365

Please have the attached First GC Report distributed to the Commission on a 48 hour tally basis. Thank you.

83040395307

SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

31 APR 21 P 5: 00

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 4-21-81

MUR # 1365
STAFF MEMBER

Conley Edwards, Jr.

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

RESPONDENT'S NAME: George Bush for President, et al

RELEVANT STATUTES: 2 U.S.C. § 433(b)(6)
11 C.F.R. §§ 104.14(6)(1) and 9033.1(a)(3)
2 U.S.C. § 441a(a)(1)(A)
2 U.S.C. § 441a(f)

INTERNAL REPORTS CHECKED: Audit Report, Committee's Reports
of Receipts and Disbursements

FEDERAL AGENCIES CHECKED: NONE

GENERATION OF MATTER

On February 3, 1981, this matter was internally generated as a result of a referral by the Audit Division. The referral is based on findings made by that Division during the audit of George Bush for President (hereinafter "the Committee"). See Attachment I.

SUMMARY OF ALLEGATIONS

The audit covered the period from January 1, 1980, up to and including June 30, 1980.

The audit referral reveals possible violations of 2 U.S.C. §§ 433(b)(6); 441a(a)(1)(A); and 441a(f) and violations of 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3) during the Committee's 1980 presidential campaign.

FACTUAL AND LEGAL ANALYSIS

A. State Advance Accounts

1. Disclosure of Depositories

2 U.S.C. § 433(b)(6) states that the statement of organization for a political committee shall include a listing of all banks, safety deposit boxes, or other depositories used by the committee.

83040395308

According to the audit report the Committee has failed to disclose the following thirty-seven (37) state and local bank accounts used by the Committee.

<u>STATE</u>	<u>DEPOSITORY</u>
1. Alabama	First Alabama Bank of Birmingham
2. California	Crocker National Bank
3. Connecticut	Hartford National Bank and Trust
4. Delaware	Wilmington Trust Company
5. Florida	Sun Bank and Trust
6. Hawaii	Bank of Hawaii
7. Indiana	Unknown
8. Illinois	First National Bank of Deerfield
9. Maine	Northeast Bank of Westbrook
10. Kentucky	Louisville Trust
11. Kentucky	United Kentucky Bank
12. Iowa	Bankers Trust of Des Moines
13. Kansas	Merchants National Bank
14. Maryland	Equitable Bank
15. Massachusetts	State Street Bank and Trust
16. Michigan	Michigan National Bank
17. Minnesota	First Edina Bank
18. Mississippi	First National Bank of Jackson
19. Missouri	Charter Bank of La Due
20. New Hampshire	Concord Savings Bank

33040395309

<u>STATE</u>	<u>DEPOSITORY</u>
21. New Jersey	National State Bank
22. North Carolina	North Carolina National Bank
23. Ohio	Huntington National Bank
24. Oregon	U.S. National Bank of Portland
25. Pennsylvania (Philadelphia)	Girard Bank
26. Pennsylvania (Pittsburgh)	Pittsburgh National Bank
27. South Carolina	Bankers Trust of Greenville
28. Tennessee	First American National Bank
29. Vermont	Howard Bank
30. Virginia	First Virginia - Colonial
31. Virginia (National Political)	National Bank of Fairfax
32. Washington (Seattle)	Pacific National Bank of Washington
33. Washington (Spokane)	Old National Bank
34. Wisconsin	Marshall and Isely Bank
35. Puerto Rico	Banco Popular
36. England	Barclays Bank Limited
37. Western States	Unknown

33040395310

The Commission, in a recommendation contained in the interim audit report dated September 26, 1980, requested that the above stated depositories be disclosed on an amended statement of organization. However, on December 16, 1980, the Audit staff was informed that the Committee, on advice of counsel, would not amend its statement of organization to disclose these accounts.

It should be noted that all the above accounts, are personal bank accounts because the Committee's policy was ". . . not to open bank accounts in the name of the Committee in any of the various states where offices may be opened." See Attachment I, p. 12.

2. Maintenance of Records

11 C.F.R. § 104.14(b)(1) requires that each political committee which is required to file any report under this subchapter shall maintain records, including bank records, with respect to the matters required to be reported from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness. Additionally, 11 C.F.R. § 9033.1(a)(3) requires a candidate receiving matching funds to keep and furnish to the Commission any records, including bank records for all accounts.

The audit report also states that the Committee has failed to present for review and audit complete bank statements, cancelled checks, and/or deposit slips for seventeen (17) of the thirty-seven (37) state accounts utilized by it for its 1980 presidential campaign. The absence of these records did not allow the staff to verify the total amount of activity disclosed on the Committee's Schedules G-P, Liquidation of Advances.

The state accounts for which bank records are incomplete are as follows:

<u>State Account</u>	<u>Bank</u>
1. Alabama	First Alabama Bank of Birmingham
2. Connecticut	Hartford National Bank and Trust
3. Delaware	Wilmington Trust Company
4. Indiana	Unknown
5. Maine	Northeast Bank of Westbrook
6. Massachusetts	State Street Bank and Trust
7. Minnesota	First Edina Bank
8. Missouri	Charter Bank of La Due
9. Ohio	Huntington National Bank

83040395311

<u>State Account</u>	<u>Bank</u>
10. Oregon	U. S. National Bank of Oregon
11. Pennsylvania-Philadelphia	Girard Bank
12. Tennessee	First American National of Nashville
13. Vermont	Howard Bank
14. Washington-Spokane	Old National Bank
15. Puerto Rico	Banco Popular
16. England	Barclays Bank Limited
17. Western States	Unknown

Based on the information provided in the audit report, the Office of General Counsel recommends that the Commission find reason to believe that the Committee violated 2 U.S.C. § 433(b)(6) and 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3) by **continuing** to fail to provide full and complete disclosure of its thirty seven (37) state advance accounts and failing to provide complete bank records for seventeen (17) of the thirty-seven (37) state bank accounts.

B. Excessive Contributions

2 U.S.C. § 441a(a)(1)(A) states that no person shall make contributions to any candidate and his authorized political committee with respect to any election for Federal office which, in the aggregate, exceed \$1,000.00; and 2 U.S.C. § 441a(f) provides that a political committee shall not knowingly accept an excessive contribution in violation of the contribution and expenditure limitation.

According to the audit report, a test sample of the Committee's contributions indicates that the Committee did not receive a significant number of excessive contributions. However, as the result of other audit procedures, the audit staff found 105 apparent excessive contributions. As of this date, 74 excessive contributions totaling \$16,690.50 have been refunded by the Committee. Another 24 contributions totaling \$8,285.00 have been sufficiently documented to demonstrate that they were not excessive. The Committee is in the process

33040395312

of researching whether the seven (7) 1/ remaining contributions are excessive and should be refunded. The amount of the excessive portion for these seven (7) contributions totals \$2,504.50. Two of the refunded contributions were loans made by individuals to the Committee in an amount greater than \$1000. The other 72 excessive contributions resulted when multiple individual contributions, none of which was greater than \$1000, aggregated in excess of \$1,000. According to the auditors, the Committee failed to review its computer printout of contributor information which accurately reflected the total amount each individual contributed to the campaign.

In that no individual contribution which has not been reviewed exceeded the limit by more than \$1,000, we recommend not taking any action against the contributors. However, the Committee apparently accepted \$20,1943 from eighty-one contributors in violation of 2 U.S.C. § 441a(f).

Thus, we recommend the Commission find reason to believe that the Committee violated 2 U.S.C. § 441a(f).

RECOMMENDATIONS

1. Find reason to believe that George Bush for President violated 2 U.S.C. § 433(b)(6), 11 C.F.R. § 9033.1(a)(3), 11 C.F.R. § 104.14(b)(1) and 2 U.S.C. § 441a(f).

2. Send attached letter and General Counsel's Factual and Legal Analysis.

Attachments

- Audit Referral (12 pp)
- Letter to Boyd
- General Counsel's Factual and Legal Analysis

<u>1/ Contributor</u>	<u>Total Contributions</u>	<u>Excessive Portion</u>
Carl Henry Buhl	\$1,200.00	\$ 200.00
Hunter Copeland	1,500.0	500.00
John D. Pickett, Jr.	1,250.00	250.00
Stanley R. Resor	1,029.50	29.50
Russell S. Reynolds, III	1,025.00	25.00
Charles P. Williams, Jr.	1,500.00	500.00
Eugene F. Williams, III	2,000.00	1,000.00
TOTAL	<u>\$9,504.00</u>	<u>\$2,504.00</u>

33040395310



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

-A- 883

December 24, 1980

MEMORANDUM

TO: CHARLES STEELE
GENERAL COUNSEL

THROUGH: B. ALLEN CLUTTER, III
STAFF DIRECTOR

FROM: BOB COSTA *RJC*

SUBJECT: FINAL AUDIT REPORT -
GEORGE BUSH FOR PRESIDENT

Attached for your review is the Final Audit Report on the George Bush For President Committee. The Committee response to the interim audit report recommendations have been incorporated and recommendations for referral of certain matters to your office have been added. If your analysis agrees that the findings should be referred, the substance of the findings will be deleted and replaced by a statement that other matters were referred. These changes will be made prior to Commission consideration.

In addition findings II.B. & II.C. are included to recognize the Committee response to recommendations contained in the threshold audit report. Since the amendments requested by the threshold report were not filed timely, no recognition was made in the final threshold report released to the public on October 3, 1980.

If you have any questions, please contact Steve Sanford or Joe Stoltz on 3-4155.

Attachment as stated

ATTACHMENT I

3304039531



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION
ON
GEORGE BUSH FOR PRESIDENT (COMMITTEE)

I. Background

A. Overview

8 3 0 4 0 3 9 5 3 1 E

This report covers an audit of the George Bush For President committee ("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 states 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 on January 5, 1979. The Committee maintains its financial headquarters in Houston, Texas and maintained its national political headquarters in Alexandria, Virginia.

The audit covered the period from January 1 through June 30, 1980. The Committee reported during the audit period: an opening cash balance of \$75,307.79; total receipts of \$16,760,929.42; total expenditures of \$16,753,914.29; and a closing cash balance of \$82,322.92. 1/ As of August 31, 1980, the Committee reported expenditures of \$13,565,496.18 subject to the overall limitation.

1/ In addition, a review was made to determine the accuracy of the Committee's reported net outstanding campaign obligations as of July 16, 1980 and July 18, 1980 and other limited audit procedures were performed for the period through August 15, 1980.

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.

B. Key Personnel

The principal officers of the Committee during the audit were: Mr. James A. Baker, III, Chairman from January 1, 1980 through the present; Mr. Thomas M. Roberts, Treasurer from January 1, 1980 through June 30, 1980; and Mr. W. Garrett Boyd, Treasurer from July 1, 1980 through 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

A. State Advance Accounts

During the period audited, it was determined that the Committee used 37 state and local bank accounts. The Committee's national office sent instructions to the field person who was responsible for each one of these accounts. (See Attachment I). These instructions stated that the accounts used should make "no reference to George Bush For President" and did not provide clear instructions concerning the disposition of bank records relating to the accounts. 2/ The Audit staff noted problems in disclosure of these bank accounts as depositories, maintenance of adequate records, and possible excessive personal loans by some Committee field people. (See finding II.D.3).

2/ In certain respects the Committee's instructions conflict with pages 132-133, 161-163, and 180-181 of the Commission's Financial Control and Compliance Manual For Presidential Candidates Receiving Public Financing which recommends that accounts be held in the name of the Committee, that they be disclosed within 10 days, and that all bank records be submitted to headquarters when the account is closed.

33040395316

1. Disclosure of Depositories

Section 433(b)(6) of Title 2 of the United States Code states, in part, that each political committee's Statement of Organization shall include a listing of all banks or depositories used by the committee.

A review of the 37 state bank accounts used by the Committee showed that none of the depositories had been included on the Committee's Statement of Organization. When this matter was brought to the attention of Committee officials, they stated it was their opinion that, since the accounts were held in the names of individuals, they were not Committee depositories. However, they agreed to file an amendment disclosing the depositories.

The interim audit report contained a recommendation that the Committee file an amended Statement of Organization disclosing the 37 banks as Committee designated depositories within 30 days of receipt of that report. On December 16, 1980, the Committee informed the Audit staff that on the advice of their counsel they would not file an amended Statement of Organization disclosing these accounts.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel.

2. Maintenance of Records

Section 104.14(b)(1) of Title 11 of the Code of Federal Regulations states, in part, that each political committee which is required to file any report under this subchapter shall maintain records, including bank records, with respect to the matters required to be reported from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness.

In addition, Section 9033.1(a)(3) of Title 11 of the Code of Federal Regulations requires a candidate receiving matching funds to keep and furnish to the Commission any records, including bank records for all accounts.

33040395317

Section 432(h)(2)(i) of Title-2 of the United States Code states that "when a Treasurer of a Political Committee shows that best efforts have been used to obtain, maintain, and submit the information required by this Act for the political committee, any report or any record of such Committee shall be considered in compliance with this Act or Chapter 95 or Chapter 96 of Title 26."

The records presented for 17 of the 37 accounts were not complete as to bank statements, cancelled checks, and/or deposit slips. The absence of these records did not allow the staff to verify the total amount of activity disclosed on the Committee's Schedules G-P, Liquidation of Advances.

This matter was brought to the Committee's attention during the post-primary fieldwork and Committee officials agreed to attempt to obtain the missing records. On September 24, September 30, and October 9, the Committee submitted a portion of the documentation noted above. As a result, the Audit staff was able to verify the activity for seven (7) of these accounts. Records were still not complete for the remaining ten (10) accounts.

The interim audit report contained a recommendation that the Committee obtain the missing records and submit them for our review within 30 days of receipt of that report.

On December 16, 1980 and December 22, 1980, the Committee submitted necessary records for two (2) these accounts.

For the remaining 8 accounts the Committee has submitted a portion of the records and/or demonstrated their efforts to obtain the required records.

Recommendation

Since the Committee has submitted the required records or demonstrated their best efforts to do so, no further action is recommended.

B. Allocation of Expenditures to States

Sections 441a(b)(1)(A), and 441a(c) of Title 2 of the United States Code provides that no candidate for the Office of President of the United States who 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.

83040395318

Section 106.2(a) of Title 11 of the Code of Federal Regulations states that expenditures made by a Presidential candidate's authorized committee which seek to influence the nomination of the candidate in a particular state shall be attributed to that state. This section further requires that the allocation of expenditures shall be reported on FEC form 3Pc.

Section 106.2(c) of Title 11 of the Code of Federal Regulations requires that an expenditure by a Presidential candidate for use in two or more states, which cannot be attributed in specific amounts to each state, 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 an expenditure.

1. Response to Threshold Audit Findings

The threshold audit report requested that the Committee's allocation of expenditures to state limitations be amended. These additional allocations were both for specific expenditures relating to specific states (\$192,947.06) and expenditures relating to two or more states to be allocated based on voting age population (\$289,050.38). Though the Committee disagreed with the recommended allocations, an amended report reflecting the requested changes was received on August 14, 1980.

2. Post Primary Audit

During the post primary audit a test of the Committee's allocation of expenditures to the state expenditure limitations was conducted. Though amounts which were not properly allocated were identified, no state limitation was exceeded.

On November 13, 1980 the Commission approved the Audit staff's recommendation that, since the Committee filed the requested amendments for the threshold audit, and since the misallocations to state limitations in the post primary period did not affect the Committee's compliance with the state expenditure limitations, no further action be required.

C. Expenditures Attributable to Exempt Legal and Accounting and Fundraising

Section 441a(b)(1)(A) and 441a(c) of Title 2 of the United States Code states, in part, that no Presidential candidate who is eligible to receive matching funds payments may make expenditures in excess of \$10,000,000 (as adjusted by the Consumer Price Index) during a campaign for nomination.

83040395319

Section 431(9)(B)(vii)(II) of Title 2 of the United States Code and Section 100.8(b)(15) of Title 11 of the Code of Federal Regulations state, in part, that the term "expenditure" does not include the payment for legal or accounting services rendered to or on behalf of a political committee solely for the purpose of ensuring compliance with Title 2 of the United States Code or Chapters 95 and 96 of the Internal Revenue Code of 1954. Although they must be reported, these compliance expenditures are exempt from the limitations imposed by Section 441a(b)(1)(A) of Title 2 of the United States Code.

Section 431(9)(B)(vi) of Title 2 of the United States Code, and Section 100.8(b)(21) of Title 11 of the Code of Federal Regulations state, in part, that fundraising costs are not subject to the expenditure limitation of 441a(b) of Title 2 of the United States Code unless they exceed 20% of that limitation. All such costs, however, shall be reported in accordance with Section 434(b) of Title 2 of the United States Code.

1. Response to Threshold Audit Findings

The threshold audit report concluded that the allocations to exempt legal and accounting and fundraising categories were overstated. This conclusion was based on a review of the Committee's allocation of overhead expenses and the allocation of expenditures for accounting services. It was recommended the Committee amend their reports to correct a \$35,159.64 overallocation to exempt fundraising and a \$30,415.23 overallocation to exempt legal and accounting. On August 14, 1980, the Committee filed the requested amended reports.

2. Post Primary Audit

During the post primary audit a test of the Committee's allocation of expenditures to exempt legal and accounting and exempt fundraising was conducted. Though some overallocations were identified, the Committee's compliance with the overall expenditure limitation was not affected.

On November 13, 1980 the Commission approved the Audit staff's recommendation that, since the Committee has filed the amended reports requested in the threshold audit report, and since the overallocations in the post primary period did not affect the Committee's compliance with the expenditure limitations, no further action be required.

83040395320

D. Acceptance of Contributions In Excess of Limitations

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 110.1(a)(1) of Title 11 of the Code of Federal Regulations states that no person (except multicandidate committees under Section 110.2) shall make contributions to any candidate, his or her authorized political committees or agents with respect to any election to Federal office which in the aggregate exceed \$1,000.

Section 110.9(a) of Title 11 of the Code of Federal Regulations states, in part, that no candidate or political committee shall accept any contribution in violation of the provisions of Part 110.

Our testing of contributions indicated that the Committee had not received a significant number of excessive contributions. However, as a result of other audit procedures the following were identified:

1. Eighty-two contributions were received from individuals which in the aggregate appeared to be in excess of \$1,000.00. The excessive portions of these contributions were \$21,213.00.
2. One (1) contribution of \$1,250.00 was received from a political committee which was not a multicandidate committee (excessive portion \$250.00).
3. Two (2) loans were received from two (2) field persons which caused them to exceed their contribution limits. Along with a \$25.00 contribution by one of these field persons, these loans were in excess of the limitation by \$3,425.00 until repaid. The loans resulted from field persons transferring personal funds to their state advance accounts when additional funds were needed.

8304039531

4. The threshold audit identified 19 contributions totaling \$2,592.00 from six (6) individuals which were in excess of the limitations. During the post primary fieldwork, records were reviewed to determine if the Committee had refunded these excessive contributions as recommended in our threshold audit report. Our review indicated that the refunds had not been made.

These matters were brought to the Committee's attention during the post primary fieldwork and in the interim audit report.

For the apparent excessive contributions, the interim audit report contained a recommendation that the Committee submit both sides of cancelled checks issued to refund the excessive contributions or provide evidence that the contributions are not excessive within 30 days of the receipt of the interim report. For the refunds for which we had only reviewed the copies of the non-negotiated checks, the interim audit report contained a recommendation that the Committee submit copies of both sides of the cancelled refund checks within 30 days of receipt of the interim report.

On September 24, September 30, October 9, and December 16, 1980 the Committee submitted documentation in response to these matters as follows:

For 74 of the 105 apparent excessive contributions noted above, the Committee made refunds. The Audit staff has reviewed both sides of cancelled checks for 70 of these refunds. For the other four (4) refunds we have reviewed only copies of the non-negotiated checks. For 19 of the 105 apparent excessive contributions the Committee submitted evidence demonstrating that the contributions are no longer excessive. For the remaining 12 apparent excessive contributions we have not yet received sufficient evidence demonstrating that these contributions are no longer excessive.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel.

E. Failure to Itemize Refunds and Rebates

Section 434(b)(3)(F) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each person who provides a rebate, refund, or other offset to operating expenditures to the reporting

83040395322

Committee in an aggregate amount or value in excess of \$200.00 within the calendar year together with the date and amount of such receipt.

For the period January 1, 1980 through June 30, 1980, the Audit staff found that the Committee failed to itemize 148 refunds and rebates totaling \$35,364.02. This represents 28.5% of the number and 5.1% of the dollar amount of refunds and rebates required to be itemized. Of this amount, 25 items totaling \$25,350.01 were in excess of \$200.00. The remaining items were in amounts less than \$200.00 but in the aggregate exceeded \$200.00 from each person.

Committee officials stated that they did not have a system to aggregate refunds and rebates. Committee officials also stated that they were informed by a consultant that receipts from sales of office equipment need not be itemized as refunds and rebates on the Committee's reports. On October 3, 1980, the committee filed an amendment itemizing the 148 refunds and rebates.

On November 13, 1980, the Commission approved the Audit staff's recommendation that since the committee filed an amendment itemizing the refunds and rebates, no further action be required.

F. Disclosure of Intermediary For Earmarked Contributions

Section 110.6(a) of Title 11 of the Code of Federal Regulations states that all contributions by a person made on behalf of or to a candidate, including contributions which are in any way earmarked or otherwise directed to the candidate through an intermediary or conduit, are contributions from the person to the candidate.

Section 110.6(b) of Title 11 of the Code of Federal Regulations states, in part, that for purposes of Section 110.6, earmarked means a designation, instruction, or encumbrance which results in all or any part of a contribution being made to a clearly identified candidate or a candidate's authorized committee.

Section 110.6(c)(3) of Title 11 of the Code of Federal Regulations requires the recipient of such earmarked contributions to disclose each intermediary or conduit through which the contribution passed.

Our review of earmarked contributions indicated that the intermediaries for 34 contributions totaling \$3,958.50 were not disclosed as required.

33040395312

These 34 represent 21.79% of the number and 22.27% of the dollar value of earmarked contributions received by the Committee during the period covered by the audit.

On December 16, 1980, the Committee filed an amendment disclosing the intermediaries through which the 34 earmarked contributions passed.

Recommendation

Since an amendment disclosing the intermediaries has been filed, no further action is recommended.

III. Repayment of Matching Funds

Section 9038(b)(1) of Title 26 of the United States Code requires that if the Commission determines that a candidate received matching funds in excess of the aggregate amount to which the candidate was entitled, the candidate shall pay to the Secretary of the Treasury an amount equal to the excess payments.

The Candidate became ineligible to incur further qualified campaign expenses on July 16, 1980, the date on which the Republican National Convention nominated a candidate for the Office of President.

As of July 18, 1980, the Committee's Net Outstanding Campaign Obligations as adjusted, totaled \$183,146.16. Based on this outstanding debt the Committee received a matching fund payment of \$107,591.73. Therefore, with the exception of the amount discussed below, the Candidate has received no matching fund payments in excess of his entitlement.

Based on the Audit Division holdback procedure for expedited payment of matching fund requests, the Committee received excess payments for matching fund submissions #11 and #12 totaling \$39,691.01. This resulted from the percentage of unmatchable contributions contained in these submissions exceeding the average percentage contained in the four (4) previous submissions. Since no subsequent matching fund requests have been received, the excessive amount had not been recovered. On September 25, 1980, the committee voluntarily repaid the \$39,691.01 to the United States Treasury.

On November 13, 1980, the Commission approved the Audit staff's recommendation that since the committee repaid the excess matching funds, no further action be required.

8304039532

**George Bush
for President.**

710 North Post Oak Road, Houston
Texas 77024 (713)467-1980

Dear

At the request of David Keene enclosed herewith please find our check payable to you for . This check should be deposited in a separate personal bank account, opened for this purpose, which has no reference to George Bush for President, and the money handled as explained on the enclosed State Advance Procedures.

Also enclosed are the State Advance Check Register, Schedule G-P, and Schedule G-P instructions. The Federal Election Commission requires that we have documentation for every campaign expenditure and account for all state advances on Schedule G-P. Therefore, any funds advanced to an individual and not documented as allowable campaign expenditures will be construed as taxable income to that individual and reportable by us to the I.R.S. on Form 1099.

It is the policy of George Bush for President not to open bank accounts in the name of the Committee in any of the various states where offices may be opened. Major invoices will be paid out of the Houston office upon receipt of invoices and supporting documentation. In those instances where a vendor requires payment C.O.D., we will make a direct wire transfer through the Federal Reserve System from our Houston bank to the vendor's bank. In all circumstances we must have Expense Authorization Requests properly filled out with an authorized cost center manager's signature. Route all Expense Authorization Requests through David Keene, except for requests for state advance replenishments which should be sent to this office.

Thank you for your helpfulness and cooperation.

Sincerely,

Thomas M. Roberts
Treasurer

Enclosures

8
3
3
0
4
0
3
9
5
3
2
8



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

W. Garrett Boyd, Treasurer
George Bush for President
710 North Post Oak Road
Houston, Texas 77024

RE: MUR 1365

Dear Mr. Boyd:

3
3
0
4
0
3
9
5
3
2
6

On , 1981, the Federal Election Commission determined that there is reason to believe that your Committee violated section 433(b)(6) and 441a(f) of the Federal Election Campaign Act of 1971, as amended ("the Act") by continuing to fail to amend your statement of organization to disclose thirty-seven (37) state and local bank accounts (depositories) used by the Committee during your 1980 presidential campaign; and by accepting contributions in excess of the \$1,000.00 per election contribution limitation as set forth in 2 U.S.C. § 441a(a)(1)(A) from eighty-one (81) individual contributions. Additionally, the Committee violated sections 104.14(b)(1) and 9033.1(a)(3) of Title 11 of the Code of Federal Regulations by failing to provide a complete set of bank records for seventeen (17) of its thirty-seven (37) state and local bank accounts. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Your response should be submitted within ten days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

Letter to W. Garrett Boyd
Page Two
MUR 1365

In the absence of any additional information which demonstrates that no further action should be taken against your Committee, the Commission may find probable cause to believe that a violation has occurred and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

The investigation now being conducted will be confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Conley Edwards, Jr., the staff member assigned to this matter, at 202/523-4060.

Sincerely,

Enclosures
General Counsel's Factual and Legal Analysis
Procedures

cc: Honorable George Bush

83040395327

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1365
STAFF MEMBER & TEL. NO.

Conley Edwards, Jr.
202/523-4060

RESPONDENT George Bush for President

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

SUMMARY OF ALLEGATIONS

This matter was referred to the Office of General Counsel by the Audit Division as a result of the findings made by that Division during the audit of George Bush for President (hereinafter "the Committee").

The audit covered the period commencing on January 1, 1980, up to and including June 30, 1980.

The audit referral reveals that there were possible violations of 2 U.S.C. §§ 433(b)(6); 441a(a)(1)(A); and 441a(f) and violations of 11 C.F.R. §§ 104.14(6)(1) and 9033.1(a)(3) during the Committee's 1980 presidential campaign.

FACTUAL AND LEGAL ANALYSIS

A. State Advance Accounts

1. Disclosure of Depositories

2 U.S.C. § 433(b)(6) states that the statement of organization for a political committee shall include a listing of all banks, safety deposit boxes, or other depositories used by the Committee.

The Committee has failed to disclose the following thirty-seven (37) state and local bank accounts used by the Committee.

2. Maintenance of Records

11 C.F.R. § 104.14(b)(1) requires that each political committee which is required to file any report under this

83040395328

subchapter shall maintain records, including bank records, with respect to the matters required to be reported from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness. Additionally, 11 C.F.R. § 9033.1(a)(3) requires a candidate receiving matching funds to keep and furnish to the Commission any records, including bank records for all accounts.

In addition to the Committee's failure to disclose its campaign depositories, the Committee has failed to present for review and audit complete bank statements, cancelled checks, and/or deposit slips for seventeen (17) of the thirty-seven (37) state accounts utilized by it for its 1980 presidential campaign. The absence of these records did not allow the staff to verify the total amount of activity disclosed on the Committee's Schedules G-P, Liquidation of Advances.

B. Excessive Contribution

2 U.S.C. § 441a(a)(1)(A) states that no person shall make contributions to any candidate and his authorized political committee with respect to any election for Federal office which, in the aggregate, exceed \$1,000.00; and 2 U.S.C. § 441a(f) provides that a political committee shall not knowingly accept an excessive contribution in violation of the contribution and expenditure limitation.

The audit staff found 105 apparent excessive contributions. As of this date, 74 excessive contributions totaling \$16,690.50 have been refunded by the Committee. Another 24 contributions totaling \$8,285.00 have been sufficiently documented to demonstrate that they were not excessive. The Committee is in the process of researching whether the seven (7) remaining contributions are excessive and should be refunded. The amount of the excessive portion for these seven contributions totals \$2,504.50. Two of the refunded contributions were loans made by individuals to the Committee in an amount greater than \$1000. The other 72 excessive contributions resulted when multiple individual contributions, none of which was greater than \$1000, aggregated in excess of \$1,000. According to the auditors, the Committee failed to review its computer printout of contributor information which accurately reflected the total amount each individual contributed to the campaign.

Therefore, the General Counsel recommends that the Commission find reason to believe that George Bush for President violated 2 U.S.C. § 433(b)(6) by continuing to fail to amend its statement of organization to disclose thirty-seven (37) state and local bank accounts used by the Committee during its 1980 presidential campaign; and

33040395329

violated 2 U.S.C. § 441a(f) by accepting contributions in excess of the \$1,000.00 per election contribution limitation as set forth in 2 U.S.C. § 441a(a)(1)(A) from eighty-one (81) individual contributors totaling \$20,194.00. Additionally, it is recommended that the Commission find reason to believe that the Committee violated 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3) by failing to provide complete bank records for seventeen (17) of its thirty-seven (37) state and local bank accounts.

Recommendations

1. Find reason to believe that George Bush for President violated 2 U.S.C. § 433(b)(6).

2. Find reason to believe that George Bush for President violated 11 C.F.R. §§ 104.14(b)(1) and 9033.1(a)(3).

3. Find reason to believe that George Bush for President violated 2 U.S.C. § 441a(f).

8 3 0 4 0 3 9 5 3 3 0



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

EXECUTIVE SESSION

JAN 22

January 16, 1981

MEMORANDUM

TO: THE COMMISSIONERS

THROUGH: B. ALLEN CLUTTER *AC*
STAFF DIRECTOR

FROM: BOB COSTA *BC*

SUBJECT: FINAL AUDIT REPORT -
GEORGE BUSH FOR PRESIDENT

81 JAN 19

RECEIVED
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION

Attached for your approval is the final audit report of George Bush For President and a legal analysis of the report prepared by the Office of General Counsel. The Office of General Counsel and the Audit staff are in agreement with the findings and recommendations contained in this report. Also attached as Exhibits I, II, and III are the three (3) matters being referred to the Office of General Counsel for further review.

As requested this item is being submitted for placement on the agenda for the Executive Session scheduled on January 22, 1981.

Attachments as stated

8304039531



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION
ON
GEORGE BUSH FOR PRESIDENT (COMMITTEE)

I. Background

A. Overview

This report covers an audit of the George Bush For President committee ("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 states 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 on January 5, 1979. The Committee maintains its financial headquarters in Houston, Texas and maintained its national political headquarters in Alexandria, Virginia.

The audit covered the period from January 1 through June 30, 1980. The Committee reported during the audit period: an opening cash balance of \$75,307.79; total receipts of \$16,760,929.42; total expenditures of \$16,753,914.29; and a closing cash balance of \$82,322.92. ^{1/} As of August 31, 1980, the Committee reported expenditures of \$13,565,496.18 subject to the overall limitation.

^{1/} In addition, a review was made to determine the accuracy of the Committee's reported net outstanding campaign obligations as of July 16, 1980 and July 18, 1980 and other limited audit procedures were performed for the period through August 15, 1980.

83040395332

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.

B. Key Personnel

The principal officers of the Committee during the period covered by the audit were: Mr. James A. Baker, III, Chairman from January 1, 1980 through the present; Mr. Thomas M. Roberts, Treasurer from January 1, 1980 through June 30, 1980; and Mr. W. Garrett Boyd, Treasurer from July 1, 1980 through 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

A. Allocation of Expenditures to States

Sections 441a(b)(1)(A), and 441a(c) of Title 2 of the United States Code provides that no candidate for the Office of President of the United States who 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 that expenditures made by a Presidential candidate's authorized committee which seek to influence the nomination of the candidate in a particular state shall be attributed to that state. This section further requires that the allocation of expenditures shall be reported on FEC form 3Pc.

Section 106.2(c) of Title 11 of the Code of Federal Regulations requires that an expenditure by a Presidential candidate for use in two or more states, which cannot be attributed in specific amounts to each state, 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 an expenditure.

83040395333

1. Response to Threshold Audit Findings

The threshold audit report requested that the Committee's allocation of expenditures to state limitations be amended. These additional allocations were both for specific expenditures relating to specific states (\$192,947.06) and expenditures relating to two or more states to be allocated based on voting age population (\$289,050.38). Though the Committee disagreed with the recommended allocations, an amended report reflecting the requested changes was received on August 14, 1980.

2. Post Primary Audit

During the post primary audit a test of the Committee's allocation of expenditures to the state expenditure limitations was conducted. Though amounts which were not properly allocated were identified, no state limitation was exceeded.

On November 13, 1980 the Commission approved the Audit staff's recommendation that, since the Committee filed the requested amendments for the threshold audit, and since the misallocations to state limitations in the post primary period did not affect the Committee's compliance with the state expenditure limitations, no further action be required.

B. Expenditures Attributable to Exempt Legal and Accounting and Fundraising

Section 441a(b)(1)(A) and 441a(c) of Title 2 of the United States Code states, in part, that no Presidential candidate who is eligible to receive matching funds payments may make expenditures in excess of \$10,000,000 (as adjusted by the Consumer Price Index) during a campaign for nomination.

Section 431(9)(B)(vii)(II) of Title 2 of the United States Code and Section 100.8(b)(15) of Title 11 of the Code of Federal Regulations state, in part, that the term "expenditure" does not include the payment for legal or accounting services rendered to or on behalf of a political committee solely for the purpose of ensuring compliance with Title 2 of the United States Code or Chapters 95 and 96 of the Internal Revenue Code of 1954. Although they must be reported, these compliance expenditures are exempt from the limitations imposed by Section 441a(b)(1)(A) of Title 2 of the United States Code.

83040395334

Section 431(9)(B)(vi) of Title 2 of the United States Code, and Section 100.8(b)(21) of Title 11 of the Code of Federal Regulations state, in part, that fundraising costs are not subject to the expenditure limitation of 441a(b) of Title 2 of the United States Code unless they exceed 20% of that limitation. All such costs, however, shall be reported in accordance with Section 434(b) of Title 2 of the United States Code.

1. Response to Threshold Audit Findings

The threshold audit report concluded that the allocations to exempt legal and accounting and fundraising categories were overstated. This conclusion was based on a review of the Committee's allocation of overhead expenses and the allocation of expenditures for accounting services. It was recommended the Committee amend their reports to correct a \$35,159.64 overallocation to exempt fundraising and a \$30,415.23 overallocation to exempt legal and accounting. On August 14, 1980, the Committee filed the requested amended reports.

2. Post Primary Audit

During the post primary audit a test of the Committee's allocation of expenditures to exempt legal and accounting and exempt fundraising was conducted. Though some overallocations were identified, the Committee's compliance with the overall expenditure limitation was not affected.

On November 13, 1980 the Commission approved the Audit staff's recommendation that, since the Committee has filed the amended reports requested in the threshold audit report, and since the overallocations in the post primary period did not affect the Committee's compliance with the expenditure limitations, no further action be required.

C. Failure to Itemize Refunds and Rebates

Section 434(b)(3)(F) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each person who provides a rebate, refund, or other offset to operating expenditures to the reporting Committee in an aggregate amount or value in excess of \$200.00 within the calendar year together with the date and amount of such receipt.

83040395335

For the period January 1, 1980 through June 30, 1980, the Audit staff found that the Committee failed to itemize 148 refunds and rebates totaling \$35,364.02. This represents 28.5% of the number and 5.1% of the dollar amount of refunds and rebates required to be itemized. Of this amount, 25 items totaling \$25,350.01 were in excess of \$200.00. The remaining items were in amounts less than \$200.00 but in the aggregate exceeded \$200.00 from each person.

Committee officials stated that they did not have a system to aggregate refunds and rebates. Committee officials also stated that they were informed by a consultant that receipts from sales of office equipment need not be itemized as refunds and rebates on the Committee's reports. On October 3, 1980, the committee filed an amendment itemizing the 148 refunds and rebates.

On November 13, 1980, the Commission approved the Audit staff's recommendation that since the committee filed an amendment itemizing the refunds and rebates, no further action be required.

D. Disclosure of Intermediary For Earmarked Contributions

Section 110.6(a) of Title 11 of the Code of Federal Regulations states that all contributions by a person made on behalf of or to a candidate, including contributions which are in any way earmarked or otherwise directed to the candidate through an intermediary or conduit, are contributions from the person to the candidate.

Section 110.6(b) of Title 11 of the Code of Federal Regulations states, in part, that for purposes of Section 110.6, earmarked means a designation, instruction, or encumbrance which results in all or any part of a contribution being made to a clearly identified candidate or a candidate's authorized committee.

Section 110.6(c)(3) of Title 11 of the Code of Federal Regulations requires the recipient of such earmarked contributions to disclose each intermediary or conduit through which the contribution passed.

Our review of earmarked contributions indicated that the intermediaries for 34 contributions totaling \$3,958.50 were not disclosed as required.

These 34 represent 21.79% of the number and 22.27% of the dollar value of earmarked contributions received by the Committee during the period covered by the audit.

83040395336

On December 16, 1980, the Committee filed an amendment disclosing the intermediaries through which the 34 earmarked contributions passed.

Recommendation

Since an amendment disclosing the intermediaries has been filed, no further action is recommended.

E. Matters Referred to Office of General Counsel

Certain other matters noted during the audit were referred to the Commission's Office of General Counsel for consideration on December 24, 1980.

III. Repayment of Matching Funds

Section 9038(b)(1) of Title 26 of the United States Code requires that if the Commission determines that a candidate received matching funds in excess of the aggregate amount to which the candidate was entitled, the candidate shall pay to the Secretary of the Treasury an amount equal to the excess payments.

The Candidate became ineligible to incur further qualified campaign expenses on July 16, 1980, the date on which the Republican National Convention nominated a candidate for the Office of President.

As of July 18, 1980, the Committee's Net Outstanding Campaign Obligations as adjusted, totaled \$183,146.16. Based on this outstanding debt the Committee received a matching fund payment of \$107,591.73. Therefore, with the exception of the amount discussed below, the Candidate has received no matching fund payments in excess of his entitlement.

Based on the Audit Division holdback procedure for expedited payment of matching fund requests, the Committee received excess payments for matching fund submissions #11 and #12 totaling \$39,691.01. This resulted from the percentage of unmatchable contributions contained in these submissions exceeding the average percentage contained in the four (4) previous submissions. Since no subsequent matching fund requests had been received, the excessive amount had not been recovered. On September 25, 1980, the Committee voluntarily repaid the \$39,691.01 to the United States Treasury.

On November 13, 1980, the Commission approved the Audit staff's recommendation that since the committee repaid the excess matching funds, no further action be required.

83040395337

II.A.1. Disclosure of Depositories

Section 433(b)(6) of Title 2 of the United States Code states, in part, that each political committee's Statement of Organization shall include a listing of all banks or depositories used by the committee.

A review of the 37 state and local bank accounts (See Exhibit II) used by the Committee showed that none of the depositories had been included on the Committee's Statement of Organization. When this matter was brought to the attention of Committee officials, they stated it was their opinion that, since the accounts were held in the names of individuals, they were not Committee depositories. However, they agreed to file an amendment disclosing the depositories.

The interim audit report contained a recommendation that the Committee file an amended Statement of Organization disclosing the 37 banks as Committee designated depositories within 30 days of receipt of that report. On December 16, 1980, the Committee informed the Audit staff that on the advice of their counsel they would not file an amended Statement of Organization disclosing these accounts.

83040395338

II.A.2. State Advance Accounts - Maintenance of Records

Section 104.14(b)(1) of Title 11 of the Code of Federal Regulations states, in part, that each political committee which is required to file any report under this subchapter shall maintain records, including bank records, with respect to the matters required to be reported from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness.

In addition, Section 9033.1(a)(3) of Title 11 of the Code of Federal Regulations requires a candidate receiving matching funds to keep and furnish to the Commission any records, including bank records for all accounts.

Section 432(i) of Title 2 of the United States Code states that "when a Treasurer of a Political Committee shows that best efforts have been used to obtain, maintain, and submit the information required by this Act for the political committee, any report or any record of such Committee shall be considered in compliance with this Act or Chapter 95 or Chapter 96 of Title 26."

During the period audited, it was determined that the Committee used 37 state and local bank accounts. The Committee's national office sent instructions to the field person who was responsible for each one of these accounts. (See Attachment I). These instructions stated that the accounts used should make "no reference to George Bush For President" and did not provide clear instructions concerning the disposition of bank records relating to the accounts. 1/

The records presented for 17 of the 37 accounts were not complete as to bank statements, cancelled checks, and/or deposit slips. The absence of these records did not allow the Audit staff to verify the total amount of activity disclosed on the Committee's Schedules G-P, Liquidation of Advances.

1/ In certain respects the Committee's instructions conflict with pages 132-133, 161-163, and 180-181 of the Commission's Financial Control and Compliance Manual For Presidential Candidates Receiving Public Financing which recommends that accounts be held in the name of the Committee, that they be disclosed within 10 days, and that all bank records be submitted to headquarters when the account is closed.

83040395339

This matter was brought to the Committee's attention during the post-primary fieldwork and Committee officials agreed to attempt to obtain the missing records. On September 24, September 30, and October 9, 1980, the Committee submitted a portion of the documentation noted above. As a result, the Audit staff was able to verify the activity for seven (7) of these accounts. Records were still not complete for the remaining ten (10) accounts.

The interim audit report contained a recommendation that the Committee obtain the missing records and submit them for our review within 30 days of receipt of that report.

On December 16, 1980 and December 22, 1980, the Committee submitted necessary records for two (2) of these accounts.

For the remaining eight (8) accounts the Committee has submitted the required records and/or demonstrated their efforts to obtain the required records.

Recommendation

Since the Committee has submitted the required records or demonstrated their best efforts to do so, no further action is recommended.

83040395340

**George Bush
for President.**

710 North Post Oak Road, Houston
Texas 77024 (713)467-1980

Dear

At the request of David Keene enclosed herewith please find our check payable to you for . This check should be deposited in a separate personal bank account, opened for this purpose, which has no reference to George Bush for President, and the money handled as explained on the enclosed State Advance Procedures.

Also enclosed are the State Advance Check Register, Schedule G-P, and Schedule G-P instructions. The Federal Election Commission requires that we have documentation for every campaign expenditure and account for all state advances on Schedule G-P. Therefore, any funds advanced to an individual and not documented as allowable campaign expenditures will be construed as taxable income to that individual and reportable by us to the I.R.S. Form 1099.

It is the policy of George Bush for President not to open bank accounts in the name of the Committee in any of the various states where offices may be opened. Major invoices will be paid out of the Houston office upon receipt of invoices and supporting documentation. In those instances where a vendor requires payment C.O.D., we will make a direct wire transfer through the Federal Reserve System from our Houston bank to the vendor's bank. In all circumstances we must have Expense Authorization Requests properly filled out with an authorized cost center manager's signature. Route all Expense Authorization Requests through David Keene, except for requests for state advance replenishments which should be sent to this office.

Thank you for your helpfulness and cooperation.

Sincerely,

Thomas M. Roberts
Treasurer

Enclosures

83040395341

II.D. Acceptance of Contributions In Excess of Limitations

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 110.1(a)(1) of Title 11 of the Code of Federal Regulations states that no person (except multicandidate committee under Section 110.2) shall make contributions to any candidate, his or her authorized political committees or agents with respect to any election to Federal office which in the aggregate exceed \$1,000.

Section 110.9(a) of Title 11 of the Code of Federal Regulations states, in part, that no candidate or political committee shall accept any contribution in violation of the provisions of Part 110.

Our testing of contributions indicated that the Committee had not received a significant number of excessive contributions. However, as a result of other audit procedures the following were identified:

1. Eighty-two contributions were received from individuals which in the aggregate appeared to be in excess of \$1,000.00. The excessive portions of these contributions were \$21,213.00.
2. One (1) contribution of \$1,250.00 was received from a political committee which was not a multicandidate committee (excessive portion \$250.00).
3. Two (2) loans were received from two (2) field persons which caused them to exceed their contribution limits. Along with a \$25.00 contribution by one of these field persons, these loans were in excess of the limitation by \$3,425.00 until repaid. The loans resulted from field persons transferring personal funds to their state advance accounts when additional funds were needed.

83040395342

4. The threshold audit identified 19 contributions totaling \$2,592.00 from six (6) individuals which were in excess of the limitations. During the post primary fieldwork, records were reviewed to determine if the Committee had refunded these excessive contributions as recommended in our threshold audit report. Our review indicated that the refunds had not been made.

These matters were brought to the Committee's attention during the post primary fieldwork and in the interim audit report.

For the apparent excessive contributions, the interim audit report contained a recommendation that the Committee submit both sides of cancelled checks issued to refund the excessive contributions or provide evidence that the contributions are not excessive within 30 days of the receipt of the interim report. For the refunds for which we had only reviewed the copies of the non-negotiated checks, the interim audit report contained a recommendation that the Committee submit copies of both sides of the cancelled refund checks within 30 days of receipt of the interim report.

On September 24, September 30, and October 9, 1980, the Committee submitted documentation related to these contributions in response to the exit conference at the conclusion of the post-primary fieldwork. Additional documentation was received on December 16, 1980 in response to the interim audit report. Following is a summary of these responses:

For 74 of the 105 apparent excessive contributions noted above, the Committee made refunds. The Audit staff has reviewed both sides of cancelled checks for 70 of these refunds. For the other four (4) refunds we have reviewed only copies of the non-negotiated checks. For 19 of the 105 apparent excessive contributions the Committee submitted evidence demonstrating that the contributions are no longer excessive. For the remaining 12 apparent excessive contributions we have not yet received sufficient evidence demonstrating that these contributions are no longer excessive.

83040395345



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

4.45
January 5, 1981

MEMORANDUM

TO: Robert J. Costa

THROUGH: B. Allen Clutter *[Signature]*
Staff Director

FROM: Charles N. Steele *[Signature]*
General Counsel

SUBJECT: Audit Report - George Bush for President - A-883

The Office of General Counsel has reviewed the final audit report of the George Bush for President. Based on the information in that report and subsequent discussion with the audit staff, we offer the following comments:

Finding II. A. 1.

We concur that this matter of the Committee's refusing to amend its Statement of Organization to reflect its state depositories should be referred to this Office for compliance.

Finding II. A. 2.

On p.4 the citation 432(h)(2)(i) should be deleted and replaced by 432(i).

Section 432(i) states that when "best efforts" have been used to obtain, maintain and submit the information required by the Act, any records of a political committee shall be considered in compliance with the Act. The audit staff has found that, in part, the Bush committee failed to maintain necessary bank records for eight bank accounts. Since these accounts were held in the names of individuals (see Finding II. A. 1.), the Committee had access to the bank records only through the individuals who opened the accounts. According to the audit staff, at least two separate letters were sent to these individuals by the Committee in an attempt to gather the bank records required by the Commission. (Attachment "A").

83040395344

~~We concur with the audit staff that these attempts by the~~
Committee to submit the required records to the Commission
comprise "best efforts" as stated at 2 U.S.C. § 432(i) and
11 C.F.R. § 104.7(a).

Finding II. D.

The auditors report that a test sample of Committee contributions indicates that the Committee did not receive a significant number of excessive contributions. However, as the result of other audit procedures, the audit staff found 105 apparent excessive contributions. As of this date, 74 excessive contributions totaling \$17,690.50 have been refunded by the Committee. Another 19 contributions totaling \$6,585.00 have been sufficiently documented to demonstrate that they were not excessive. The Committee is in the process of researching whether the twelve remaining contributions are excessive and should be refunded. The amount of the excessive portion for these 12 contributions totals \$4,204.50. Two of the refunded contributions were loans made by individuals to the Committee in an amount greater than \$1000. The other 72 excessive contributions resulted when multiple individual contributions, none of which was greater than \$1000, aggregated in excess of \$1,000. The Committee failed to review its computer printout of contributor information which accurately reflected the total amount each individual contributed to the campaign. We concur with the audit staff's recommendation that this matter be referred to this Office.

Finally, we concur with the all other recommendations in this report.

Attachment

Letter from Committee to individual account holder.

83040395345

GEORGE BUSH FOR PRESIDENT
710 North Post Oak Road
Suite 208
Houston, Texas 77024

James A. Baker, III, Chairman

December 1, 1980

(713)

Ms. Ann Kramer
53 State Street, Suite 1044
Boston, MA 02109

RE: Acc: State Street Bank and Trust

Dear Ms. Kramer:

We have just received the post-primary auditors' report which gives us a deadline of December 15, 1980 to comply with their recommendations.

Section 104.14(b)(1) of Title 11 of the code of Federal Regulations states, in part, that each political committee which is required to file any report under this subchapter shall maintain records, including bank records, with respect to the matters required to be reported from which the filed reports and statements may be verified, explained, clarified and checked for accuracy and completeness.

In reference to the state advance account handled by you, our records are incomplete. Please contact your bank and forward by express mail all copies of all bank statements and all check copies of the state advance account. We are unable to request this directly from your bank as you are the signator on the account.

We will reimburse you any receipted costs involved in this compliance.

Sincerely,

W. Garrett Boyd
Treasurer

cc: FEC

"A"

83040395346

