FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

8504054340 0

THIS IS THE BEGINNING OF MUR # 1895

Date Filmed 8/21/85 Camera No. --- 2

Cameraman AS

FEDERAL ELECTION COMMISSION

routing slips - duplicates - envelopes - letter/cartons approved by staff - internal procedure of communications - conciliation information

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):

___	(1) Classified Information	___	(6) Personal privacy
___	(2) Internal rules and practices	___	(7) Investigatory files
___	(3) Exempted by other statute	___	(8) Banking Information
___	(4) Trade secrets and commercial or financial information	___	(9) Well Information (geographic or geophysical)
___	(5) Internal Documents		

Signed [signature]

date 2 Aug 85

FEC 9-21-77

8504054340 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Friends of George McGovern and	)	MUR 1895
Mary T. Curtin, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 27, 1985, the Commission decided by a vote of 6-0 to take the following actions in MUR 1895:

1. Accept the conciliation agreement attached to the General Counsel's Report signed June 24, 1985.
2. Close the file.
3. Send the letter attached to the General Counsel's Report signed June 24, 1985.

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

Attest:

6/28/85
Date

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

Received in Office of Commission Secretary: 6-25-85, 12:46
Circulated on 48 hour tally basis: 6-25-85, 4:00

85040543402

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 15, 1985

John M. Quinn, Esquire
Arnold & Porter
1200 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1895
Friends of George McGovern
and Mary T. Curtin, as
treasurer

Dear Mr. Quinn:

On June 27, 1985, the Commission accepted the conciliation agreement signed by Mary Curtin, the treasurer of Friends of George McGovern, and a civil penalty in settlement of a violation of 2 U.S.C. § 434(b)(5)(A), a provision 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

8504054403

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
'85 JUN 5 P2:50

In the Matter of	)	
	)	
Friends of George McGovern and Mary T. Curtin, as treasurer	)	MUR 1895
	)	

CONCILIATION AGREEMENT

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. The Commission found reason to believe that Friends of George McGovern and Mary T. Curtin, as treasurer, (hereinafter the "Respondents") violated 2 U.S.C. § 434(b)(5)(A).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents, and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

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

III. Respondents enter voluntarily into this agreement with the Commission.

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

1. Friends of George McGovern is a political committee registered with the Commission.

2. Mary T. Curtin is the Committee's treasurer.

8504054340 4

3. 2 U.S.C. § 434(b)(5)(A) requires that a committee's report of receipts and disbursements include the name and address of each person to whom an expenditure in an aggregate amount in excess of $200 is made, together with the date, amount and purpose of such expenditure.

4. The Respondents did not so itemize 223 disbursements totaling $256,507.55 until the Commission's Audit Division identified the expenditures requiring itemization.

V. Respondents violated 2 U.S.C. § 434(b)(5)(A).

VI. Respondents will pay a civil penalty to the Treasurer of the United States in the amount of Twenty Five Hundred Dollars ($2,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondents agree not to undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq.

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

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

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X. Respondents 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.

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

July 9, 1985
Date

FOR THE RESPONDENTS:

Mary T. Curtin
Mary T. Curtin, Treasurer of
Friends of George McGovern

June 3, 1985
Date

8504054340 6

MEMORANDUM

Gelson 447719

TO: CHERYL THOMAS TO: JOAN HARRIS

FROM: JOAN HARRIS FROM: CHERYL THOMAS

CHECK NO. 1182 (a copy of which is attached) RELATING TO MUR 1895 AND NAME Friends of George McGovern Mary T. Curtin, Treas WAS RECEIVED ON June 11, 1985. PLEASE INDICATE THE ACCOUNT INTO WHICH IT SHOULD BE DEPOSITED:

/ ✓ / BUDGET CLEARING ACCOUNT (#95F3875.16)

/ / / CIVIL PENALTIES ACCOUNT (#95-1099.160)

/ / / OTHER _____

SIGNATURE Cheryl R. Thomas DATE 6/11/85

8504054340 7

FRIENDS OF GEORGE MCGOVERN
1875 CONN. AVE., N.W., SUITE 1218
WASHINGTON, D.C. 20009

1182

June 7 19 85 15-7011 / 2540 19

PAY TO THE ORDER OF United States Treasury---------- $ 2,500.00

Two Thousand Five Hundred and no/100s---------- DOLLARS

National Permanent Bank, FSB
Washington, D.C. 20006

FOR FEC MUR 1895 Mary T. Curtin

⑈001182⑈ ⑆:254070116⑆: ⑈6011 1720⑈

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Friends of George McGovern and) MUR 1986
Mary T. Curtin, as treasurer)

85 JUN 25 P12:46

GENERAL COUNSEL'S REPORT

SENSITIVE

BACKGROUND

Attached is a Conciliation Agreement which has been signed by Mary T. Curtin, treasurer of Friends of George McGovern.

A photocopy of a $2,500 check in complete payment of the civil penalty is also attached.

RECOMMENDATIONS

1. The General Counsel's Office recommends that the Commission accept this agreement and close the file.

2. The General Counsel's Office recommends that the Commission send the attached letter.

Charles N. Steele
General Counsel

June 04, 1985
Date

BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments
Conciliation Agreement signed by Mary T. Curtin
Photocopy of check for the civil penalty
Letter to Respondent's counsel

8 5 0 4 0 5 4 3 4 0 8

FRIENDS of McGOVERN

1875 Connecticut Ave., N.W.
Suite 1218
Washington, D.C. 20009
202-332-2662

RECEIVED AT THE FEC
85 JUN 10 A9:
RECEIVED
OFFICE OF THE
GENERAL COUNSEL
85 JUN 11 P3:52

June 7, 1985

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, NW
Washington, DC 20463

RE: MUR 1895
Friends of George McGovern and
Mary T. Curtin, as treasurer

Dear Mr. Gross:

Matt Gerson of your office called me on June 6, 1985 to inform me that I had neglected to sign the check from Friends of George McGovern sent to cover the fine in the above matter. He informed me on June 7, 1985 that he would rip up the check (number 1181 for the amount of $2,500.00) and I agreed to send a new check. I have enclosed that check. I apologize for the oversight.

Sincerely,

Mary T. Curtin

Mary T. Curtin

8504054409

GCC #7691

1181

FRIENDS OF GEORGE MCGOVERN
1875 CONN. AVE., N.W., SUITE 1218
WASHINGTON, D.C. 20009

15-7011 / 2540

June 3 19 85

PAY TO THE ORDER OF U. S. TREASURY $ 2,500.00

TWO-THOUSAND FIVE HUNDRED AND NO/100s DOLLARS

National Permanent Bank, FSB
Washington, D.C. 20006

Federal Election Commission

FOR MUR 1895

⑈001181⑈ ⑆254070116⑆ ⑈6011 1720⑈

8504054134

JUN 5 P2:42

FRIENDS of McGOVERN

RECEIVED AT THE FEC
85 JUN 5 A9:
RECEIVED
OFFICE OF THE
GENERAL COUNSEL
85 JUN 5 P2:58

1875 Connecticut Ave., N.W.
Suite 1218
Washington, D.C. 20009
202-332-2662

June 3, 1985

Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, NW
Washington, DC 20463

RE: MUR 1895
Friends of George McGovern and
Mary T. Curtin, as treasurer

Dear Mr. Gross:

Enclosed is the conciliation agreement in the above matter, along with a check for $2,500.00 representing the amount of the fine. I assume this settles the matter, and hope to hear from your office soon that the matter is settled.

Sincerely,

Mary T. Curtin

Mary T. Curtin
Treasurer

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1895
Friends of George McGovern	)	
Mary T. Curtin, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 10, 1985, the Commission decided by a vote of 4-0 to take the following actions in MUR 1895:

1. Enter into pre-probable cause conciliation with Friends of George McGovern and Mary T. Curtin, as treasurer.

2. Approve and send the proposed conciliation agreement submitted with the General Counsel's Report signed May 7, 1985.

3. Approve and send the letter attached to the General Counsel's Report signed May 7, 1985.

Commissioners Elliott, Harris, McGarry and Reiche voted affirmatively in this matter; Commissioners Aikens and McDonald did not cast a vote.

Attest:

5-13-85
Date

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

Received in Office of Commission Secretary: 5-7-85, 2:09
Circulated on 48 hour tally basis: 5-8-85, 11:00

8504054341 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 15, 1985

John M. Quinn
Arnold & Porter
1200 New Hampshire Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1895
Friends of George McGovern and
Mary T. Curtin, as treasurer

Dear Mr. Quinn:

On March 28, 1985, the Commission found reason to believe that Friends of George McGovern and Mary T. Curtin, as treasurer, violated 2 U.S.C. § 434(b)(5)(A). At Ms. Curtin's request, the Commission determined on May 10 , 1985, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Matthew Gerson, the attorney assigned to this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosures

8 5 0 4 0 5 4 3 4 1 3

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

FEC

In the Matter of)
)
Friends of George McGovern and) MUR 1895
Mary T. Curtin, as treasurer)

MAY 7 P2:09

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Purusant to 2 U.S.C. § 434, a political committee's treasurer must file a report of receipts and disbursements. That report must include the name and address of each person to whom an expenditure in an aggregate amount in excess of $200 (two hundred dollars) is made together with the date, amount and purpose of such expenditure. 2 U.S.C. § 434(b)(5)(A). The Audit Division discovered that the McGovern Committee did not so itemize 223 disbursements totaling $256,507.55.

On March 28, 1985, the Commission determined that there is reason to believe that Friends of George McGovern, (the "Committee") and Mary T. Curtin, as treasurer, violated 2 U.S.C. § 434(b)(5)(A). On April 17, 1985, this Office received a letter from the Committee's treasurer requesting conciliation prior to a probable cause to believe finding.

II. DISCUSSION OF THE PROPOSED CONCILIATION AGREEMENT

Attached for the Commission's approval is a proposed conciliation agreement relating to the Committee and its treasurer.

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RECOMMENDATIONS

1. Enter into pre-probable cause conciliation with Friends of George McGovern and Mary T. Curtin, as treasurer.

2. Approve and send the attached proposed conciliation agreement.

3. Approve and send the attached letter.

Charles N. Steele
General Counsel

May 7, 1985
Date

BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments
Proposed Conciliation Agreement
Letter to Counsel

FRIENDS of McGOVERN

1875 Connecticut Ave., N.W.
Suite 1218
Washington, D.C. 20009
202-332-2662

85 APR 17 A9:37

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
85 APR 17 A11:30

April 15, 1985

Matt Gerson
Federal Election Commission
1325 K Street, NW
Washington, DC 20463

Dear Mr. Gerson:

I am enclosing my statement of designation of counsel for MUR 1895. The Friends of McGovern Committee would like to conciliate this matter. Please contact me or Mr. Quinn, our counsel about this.

Thank you.

Sincerely,

Mary Curtin

Mary T. Curtin

8504054341 6

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1895

NAME OF COUNSEL: John M. Quinn

ADDRESS: Arnold & Porter
1200 New Hampshire Ave., NW
Washington, DC 20036

TELEPHONE: (202) 872-6904

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

April 11, 1985
Date

Mary T. Curt
Signature

RESPONDENT'S NAME: Mary T. Curtin

ADDRESS: 1875 Connecticut Ave, NW
Suite 922
Washington, DC 20009

HOME PHONE: 332-8894

BUSINESS PHONE: 483-0842

8504054341 7

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

85 MAR 4 A11:47

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 1985

SENSITIVE

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

SUBJECT: Final Audit Report on Friends of McGovern

On February 6, 1985 the Commission decided that a portion of the Final Audit Report on Friends of McGovern should be referred to the Office of General Counsel for further investigation. Therefore, documents which had previously been contained in this Final Audit Report should now become MUR 1895.

Attachment
Copy of Certification

85040543418

BEFORE THE FEDERAL ELECTION COMMISSION

M1895

In the Matter of)
)
Final Audit Report on)
Friends of McGovern)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 6, 1985, the Commission approved by a vote of 5-0 the Final Audit Report on Friends of McGovern as submitted with the Audit Division's February 1, 1985 Memorandum to the Commission.

Commissioners Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter; Commissioner Aikens did not cast a vote.

Attest:

2-6-85
Date

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

8504054319

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 4, 1985

Ms. Mary T. Curtin, Treasurer
Friends of George McGovern
1875 Connecticut Avenue, N.W.
Suite 922
Washington, D.C. 20009

RE: MUR 1895
Friends of George McGovern
and Mary T. Curtain, as Treasurer

Dear Ms. Curtin:

On March 28, 1985, the Federal Election Commission determined that there is reason to believe Friends of George McGovern and you, as treasurer, violated 2 U.S.C. § 434(b)(5)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). 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 and the committee. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials within ten days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 547g(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 Matt Gerson, the staff member assigned to this matter, at (202) 523-4143.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures
General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

8504054342 1

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Friends of George McGovern and Mary T. Curtain, as Treasurer MUR NO. 1895

SUMMARY OF ALLEGATIONS

The Audit Division referred this matter to the General Counsel's Office on February 11, 1985. An audit conducted pursuant to 26 U.S.C. § 9038(a) revealed that Friends of George McGovern and Mary T. Curtain, as treasurer ("McGovern Committee"), violated 2 U.S.C. § 434(b)(5)(A) by understating its disbursements.

FACTUAL BASIS AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 434, a political committee's treasurer must file a report of receipts and disbursments. That report must include the name and address of each person to whom an expediture in an aggregate amount in excess of $200 (two hundred dollars) is made together with the date, amount and purpose of such expenditure. 2 U.S.C. § 434(b)(5)(A). The Audit Division discovered that the McGovern Committee did not so itemize 223 disbursements totalling $256,507.55.

Audit informed the McGovern Committee officials of their failure to itemize those disbursements at the August 6, 1984 exit conference. The Committee officials stated that they had been unsure of the reporting requirements but expressed a willingness to make the necessary corrections. The specific disbursements requiring itemization were identified in the Interim Audit Report

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sent to the Committee on October 16, 1984. On November 19, 1984, the Committee identified these disbursements in its comprehensive amendment.

This matter was referred to the General Counsel's Office irrespective of the fact that the committee has adequately amended its disclosure reports in response to the Audit recommendation contained in the interim report. As a result of the omitted expenditures, the General Counsel's Office recommends that the Commission find reason to believe that the McGovern Committee violated 2 U.S.C. § 434(b)(5)(A).

8 5 0 4 0 5 4 3 4 2 3

Docket #1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 2, 1985

MEMORANDUM

TO: The Commission

SENSITIVE

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: MUR 1895

Please be advised that in paragraph 1, line 1 of the General Counsel's Report and the General Counsel's Factual and Legal Analysis, the Audit Division was erroneously referred to as, "The Reports Analysis Division."

This memorandum will be appended to the General Counsel's Report in the permanent file. The Factual and Legal Analysis was appropriately amended prior to its being sent to the respondent.

8 5 0 4 0 5 4 3 4 2 4

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1895
Friends of George McGovern	)	
Mary T. Curtain, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 28, 1985, the Commission decided by a vote of 6-0 to take the following actions in MUR 1895:

1. Find reason to believe that Friends of George McGovern and Mary T. Curtain, as treasurer, violated 2 U.S.C. § 434(b)(5)(A).

2. Approve and send the General Counsel's Factual and Legal Analysis attached to the First General Counsel's Report signed March 22, 1985.

3. Approve and send the letters attached to the First General Counsel's Report signed March 22, 1985.

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

Attest:

3-28-85
Date

Jody C. Ransom
for Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 3-25-85, 10:06
Circulated on 48 hour tally basis: 3-25-85, 4:00

8 5 0 4 0 5 4 3 4 2 5

SENSITIVE

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY
85 MAR 25 A10:06

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

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION 3/25/85-10:00

MUR 1895
STAFF MEMBER: Matt Gerson

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

RESPONDENTS' NAME: Friends of George McGovern and Mary T. Curtain, as treasurer

RELEVANT STATUTES: 2 U.S.C.§ 434(b)(5)(A)

INTERNAL REPORTS CHECKED: The Revised Title 26 Materiality Thresholds and Public Records

FEDERAL AGENCIES CHECKED: None

8 5 0 4 0 5 4 3 4 2 6

GENERATION OF MATTER

The Reports Analysis Division ("RAD") referred this matter to the General Counsel's Office on February 11, 1985. An audit conducted pursuant to 26 U.S.C. § 9038(a) revealed that Friends of George McGovern and Mary T. Curtain, as treasurer ("McGovern Committee"), violated 2 U.S.C. § 434(b)(5)(A) by understating its disbursements by an amount exceeding the Revised Title 26 Materiality Thresholds.

FACTUAL AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 434, a political committee's treasurer must file a report of receipts and disbursments. That report must include the name and address of each person to whom an expediture in an aggregate amount in excess of $200 (two hundred dollars) is made together with the date, amount and

purpose of such expenditure. 2 U.S.C. § 434(b)(5)(A). The Audit Division discovered that the McGovern Committee did not so itemize 223 disbursements totalling $256,507.55.

Audit informed the McGovern Committee officials of their failure to itemize those disbursements at the August 6, 1984 exit conference. The Committee officials stated that they had been unsure of the reporting requirements but expressed a willingness to make the necessary corrections. The specific disbursements requiring itemization were identified in the Interim Audit Report sent to the Committee on October 16, 1984. On November 19, 1984, the Committee identified these disbursements in its comprehensive amendment.

This matter was referred to the General Cousnel's Office in accordance with the Revised Title 26 Materiality Thresholds. That document requires the referral, "irrespective of the fact that the committee has adequately amended its disclosure reports in response to the Audit recommendation contained in the interim report," when the dollar volume of the omitted expenditures exceeds a specified limit. Because the amount of the omitted expenditures significantly exceeds that limit, the General Counsel's Office recommends that the Commission find reason to believe that the McGovern Committee violated 2 U.S.C. § 434(b)(5)(A).

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RECOMMENDATIONS

1. Find reason to believe that Friends of George McGovern and Mary T. Curtain, as treasurer, violated 2 U.S.C. § 434(b)(5)(A).

2. Approve and send the attached General Counsel's Factual and Legal Analysis.

3. Approve and send the attached letters.

Charles N. Steele
General Counsel

March 22, 1985
Date

BY: Kenneth A. Gross
Associate General Counsel

Attachments
Letter to Committee
General Counsel's Factual and Legal Analysis

8504054342 8

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Friends of George McGovern and Mary T. Curtain, as Treasurer MUR NO. _____

SUMMARY OF ALLEGATIONS

The Reports Analysis Division ("RAD") referred this matter to the General Counsel's Office on February 11, 1985. An audit conducted pursuant to 26 U.S.C. § 9038(a) revealed that Friends of George McGovern and Mary T. Curtain, as treasurer ("McGovern Committee"), violated 2 U.S.C. § 434(b)(5)(A) by understating its disbursements.

FACTUAL BASIS AND LEGAL ANALYSIS

Pursuant to 2 U.S.C. § 434, a political committee's treasurer must file a report of receipts and disbursments. That report must include the name and address of each person to whom an expediture in an aggregate amount in excess of $200 (two hundred dollars) is made together with the date, amount and purpose of such expenditure. 2 U.S.C. § 434(b)(5)(A). The Audit Division discovered that the McGovern Committee did not so itemize 223 disbursements totalling $256,507.55.

Audit informed the McGovern Committee officials of their failure to itemize those disbursements at the August 6, 1984 exit conference. The Committee officials stated that they had been unsure of the reporting requirements but expressed a willingness to make the necessary corrections. The specific disbursements requiring itemization were identified in the Interim Audit Report

8 5 0 4 0 5 4 3 4 2 9

sent to the Committee on October 16, 1984. On November 19, 1984, the Committee identified these disbursements in its comprehensive amendment.

This matter was referred to the General Counsel's Office irrespective of the fact that the committee has adequately amended its disclosure reports in response to the Audit recommendation contained in the interim report. As a result of the omitted expenditures, the General Counsel's Office recommends that the Commission find reason to believe that the McGovern Committee violated 2 U.S.C. § 434(b)(5)(A).

8 5 0 4 0 5 4 3 4 3 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ms. Mary T. Curtin, Treasurer
Friends of George McGovern
1875 Connecticut Avenue, N.W.
Suite 922
Washington, D.C. 20009

RE: MUR 1895
Friends of George McGovern
and Mary T. Curtain, as Treasurer

Dear Ms. Curtin:

On , 1985, the Federal Election Commission determined that there is reason to believe Friends of George McGovern and you, as treasurer, violated 2 U.S.C. § 434(b)(5)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). 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 and the committee. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within ten days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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The investigation now being conducted will be confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 547g(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 Matt Gerson, the staff member assigned to this matter, at (202) 523-4143.

Sincerely,

John Warren McGarry
Chairman

Enclosures
General Counsel's Factual and Legal Analysis
Procedures
Designation of Counsel Statement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED COPY OF THE FEC SECRETARY

85 APR 2 P4:45

April 2, 1985

MEMORANDUM

TO: The Commission

SENSITIVE

FROM: Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: MUR 1895

Please be advised that in paragraph 1, line 1 of the General Counsel's Report and the General Counsel's Factual and Legal Analysis, the Audit Division was erroneously referred to as, "The Reports Analysis Division."

This memorandum will be appended to the General Counsel's Report in the permanent file. The Factual and Legal Analysis was appropriately amended prior to its being sent to the respondent.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 11, 1985

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: FRIENDS OF GEORGE MCGOVERN - REFERRAL

On February 6, 1985, the Commission approved the Final Audit Report on Friends of George McGovern which included referral of the attached matter to your office.

If you have any questions concerning this matter, please contact Wanda Thomas or Ray Lisi on 523-4155.

Attachment as stated

8504054334

Itemization of Expenditures

Section 434(b)(5)(A) of Title 2, United States Code requires that a political committee itemize the name and address of each person to whom an expenditure in an aggregate amount or value in excess of $200.00 is made together with the date and amount and purpose of such operating expenditure.

The $380,939.52 in understated disbursements noted in A.1.b. include 223 disbursements totaling $256,507.55 which required itemization. In addition, seven (7) disbursements totaling $8,388.69 were included in the Committee's reported totals but not itemized as required on the disclosure reports.

The Committee officials were presented with schedules of the unreported receipts and disbursements at the exit conference. The Committee officials stated that they had been unsure of the reporting requirements but expressed a willingness to make the necessary corrections.

In the comprehensive amendment filed on November 19, 1984, the Committee itemized the previously unitemized disbursements.

Recommendation

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Final Audit Report on)
Friends of McGovern)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 6, 1985, the Commission approved by a vote of 5-0 the Final Audit Report on Friends of McGovern as submitted with the Audit Division's February 1, 1985 Memorandum to the Commission.

Commissioners Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter; Commissioner Aikens did not cast a vote.

Attest:

2-6-85
Date

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

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SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 1, 1985

MEMORANDUM

TO: The Commission

THROUGH: John C. Surina
Staff Director

FROM: Robert J. Costa
Asst. Staff Director for Audit

SUBJECT: Final Audit Report on Friends of McGovern

Attached is the above-subject report containing the changes resulting from the Commission's action on Tuesday, January 29, 1985. (See Finding III.A.3., Payment of Personal Compensation to the Candidate, p. 7.)

Also, please note that the Recommendation sections following each of the findings related to Title 26 U.S.C. have been revised in accordance with suggestions contained in OGC's analysis.

This is being circulated for a tally vote. If there are any questions, please contact Wanda Thomas or Rick Halter at 523-4155.

Attachment

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SENSITIVE

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

FINAL REPORT OF THE AUDIT DIVISION ON FRIENDS OF GEORGE MCGOVERN

I. Background

A. Overview

This report is based on an audit of Friends of George McGovern ("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 26 U.S.C. § 9038(a) 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, 26 U.S.C. § 9039(b) and 11 C.F.R. § 9038.1(a)(2) state, in relevant part, that the Commission may conduct other examinations and audits from time to time as it deems necessary.

The Committee registered with the Federal Election Commission as the McGovern for President Committee on September 26, 1983. It changed its name to Friends of George McGovern on April 7, 1984. The Committee maintains its headquarters in Washington, D.C.

The audit covered the period from the Committee's inception, September 13, 1983, through June, 30, 1984, the last day covered by the most recent report filed with the Commission at the time of the audit. (In addition, certain financial activity was reviewed through July 26, 1984.) The Committee reported an opening cash balance of $-0-, total receipts of $1,543,744.75, total disbursements of $1,241,482.41 and a closing cash balance of ($526.35)on June 30, 1984.1/ However, it is anticipated that the Committee will continue to receive contributions and make disbursements. In addition, revised statements of Net Outstanding Campaign Obligations will be submitted with each matching fund submission as required by 11 C.F.R. § 9034.5(d). Under 11 C.F.R. § 9038.1(c)(4) additional audit work may be conducted and addenda to this report issued as necessary.

1/ The totals do not foot due to various reporting errors noted in Finding II.A.1.

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

B. Key Personnel

The Treasurers of the Committee during the period audited were:

Ms. Helene Mae Bordenick	9/13/83 - 6/14/84
Ms. Paula M. Kowalczuk	6/14/84 - present

C. Scope

The audit included such tests as verification of total reported receipts, disbursements and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; review of contribution and expenditure limitations; and such other audit procedures as deemed necessary under the circumstances.

II. Findings and Recommendations Related to Title 2 of the United States Code

A. Misstatement of Financial Activity

1. Unreported Receipts and Disbursements

Under 2 U.S.C. §§ 434(b)(1), (2) and (4) a committee is required to report the amount of cash on hand at the beginning of each reporting period, and the total sum of all receipts and disbursements for the reporting period and calendar year.

The Audit staff's reconciliation of the activity in the Committee's bank accounts to the disclosure reports filed for the period audited revealed the misstatements shown below.

a. Receipts

The Committee's reported receipts were understated by a net amount of $45,195.08. A major portion of the difference was the result of the Committee not reporting the receipt of a $40,000.00 loan received in March, 1984. In addition, the Audit staff identified $17,135.53 in itemized receipts on Schedules A-P which were not carried forward to the summary pages of the Committee's reports. The difference ($11 940.45) could not be explained.

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b. Disbursements

The Committee's reported disbursements were understated by a net total of $380,939.52. This amount includes $215 931.27 in disbursements made from the Committee's headquarters' accounts and $50,822.53 from the Committee's state accounts. The remainder of the understated amount resulted from (1) Committee errors on the summary pages of the disclosure reports[2/], (2) disbursement figures reported incorrectly, (3) disbursements reported twice, and (4) transfers between Committee accounts reported as disbursements.

c. Ending Cash

The reporting errors noted above resulted in a net difference of $21,107.69 in the Committee's reported ending cash. It should be noted that the Committee made several attempts to correct its reported cash position during the period audited, thus the net difference in ending cash is significantly less than the differences noted for receipts or disbursements.

On November 19, 1984, the Committee filed a comprehensive amendment reflecting corrected totals for cash on hand, receipts and disbursements and itemizing the unreported $40,000 loan.

Recommendation

The Audit staff recommends that no further action be taken on this matter.

B. Itemization of Receipts

Section 434(b)(3)(A) of Title 2, United States Code requires a political committee to report the identification of each person who makes a contribution to the committee aggregating in excess of $200.00 per calendar year together with the date and amount of such contribution. Further, 2 U.S.C. § 431(13) defines identification to mean in the case of an individual, the name, mailing address, occupation, and the name of his or her employer.

Section 434(b)(3)(B) of Title 2, United States Code states that each report under this section shall disclose the identification of each political committee which makes a contribution to the reporting committee, together with the date and amount of any such contribution.

2/ The Committee itemized $134,191.31 in disbursements on Schedules B-P which were not carried forward to the summary pages of the reports.

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The Committee's contribution records were reviewed to determine whether all contributions aggregating in excess of $200.00 per calendar year were itemized as required on the Committee's disclosure reports. It was noted that contributions totaling $19,501.50 were not itemized as required. This amount represents 9.5% of the total amount of contributions requiring itemization. In addition, contributions of $10,030.00 which were itemized on the reports did not contain adequate contributor information.

Also noted during the review of the Committee's receipts were contributions from three political committees totaling $750.00 which were not properly itemized.

The Audit staff presented Committee officials with schedules of the unitemized contributions and the contributions lacking adequate disclosure information. The Committee officials provided no explanation for the omissions noted on the disclosure reports.

In the comprehensive amendment filed on November 19, 1984 the Committee itemized the previously unitemized contributions and included the required additional contributor information.

Recomendation

The Audit staff recommends that no further action be taken on this matter.

C. Other Matter

A matter noted in the audit has been referred to the Commission's Office of General Counsel.

III. Findings and Recommendations Related to Title 26 of the United States Code

A. Apparent Non-Qualified Campaign Expenses

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

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The Commission, in a Notice of Proposed Rulemaking published in the Federal Register on June 28, 1984, set forth a pro-rata formula which would base repayments for non-qualified campaign expenses on the proportion of federal funds to total funds received by the candidate. Further, the final version and the Explanation and Justification was published in the Federal Register on August 22, 1984 and transmitted to Congress.

The formula and the appropriate calculation with respect to the Committee's receipt activity is as follows:

Total Matching Funds Certified Through Date of Ineligibility (3/15/84)[3/]
Numerator + Private Contributions Received Through 3/15/84

$$\frac{\$\ 209,337.38}{(\$209,337.38 + \$563,161.69)} = .270987$$

Thus, the repayment ratio for non-qualified campaign expenses is 27.0987%.

1. Convention-Related Disbursements

Section 9032(9) of Title 26, United States Code defines a qualified campaign expense as a purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value incurred by a candidate, or by his authorized committee, in connection with his campaign for nomination for election and neither the incurring nor payment of which constitutes a violation of any law of the United States or of the State in which the expense is incurred or paid (emphasis added).

On March 15, 1984, Senator George S. McGovern's candidacy terminated for the purpose of incurring qualified campaign expenses. In a March 15, 1984 letter to the Commission, the Senator stated that although he was no longer actively pursuing the nomination for president, he would be continuing as an inactive candidate and that his presidential committee would be maintained. In a June 4. 1984 letter to the Commission, the Committee's Deputy Director stated that the Senator planned to participate in the National Democratic Nominating Convention and this required substantial preparatory work from the staff. In addition, during the audit fieldwork, the Audit staff observed that convention-related activity was taking place. The Committee Treasurer was informed by the Audit staff that certain expenses incurred after the Candidate's date of ineligibility would have to be allocated between campaign-related activity and convention-related activity. The Treasurer provided the Audit staff with percentages for allocating each Committee staff person's salary,

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3/ On March 23, 1984 the Commission determined that the date of ineligibility under 11 C.F.R. § 9033.5(a) for Senator George McGovern is March 15, 1984.

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Committee overhead and other expenses between the two(2) activities. Based on the Audit staff's observation of the Committee operations and staff functions, the percentages were found to be reasonable.

Certain disbursements made by the Committee between June 1, 1984 and July 26, 1984 were allocated between campaign-related and convention-related activity. The application of the allocation percentages developed resulted in the identification of $5,300.00 in salary payments, and $2,175.72 in overhead expenses related to the convention. Further, our review identified $7,649.39 in expenses, the purpose of which was solely for convention-related activities.

Conclusion

On January 29, 1985, the Commission made an initial determination that the amount ($15,125.11) of convention-related disbursements are non-qualified campaign expenses and the pro-rata portion $4,098.71 ($15,125.11 x .270987) be repaid to the U.S. Treasury within 90 calendar days of receipt of this report in accordance with 11 C.F.R. § 9038.2(d).

Repayment Amount: $4,098.71

2. Undocumented Disbursements

Section 9033.11(a) of Title 11, Code of Federal Regulations states that each candidate shall have the burden of proving that disbursements made by the candidate or his or her authorized committee(s) or persons authorized to make expenditures on behalf of the candidate or committee(s) are qualified campaign expenses as defined in 11 C.F.R. § 9032.9.

In addition, the Commission's Regulations under 11 C.F.R. § 9033.11(b) contain the documentation requirements regarding qualified campaign expenses.

A review of the Committee's disbursements made through July 26, 1984 disclosed that no documentation or inadequate documentation was maintained for disbursements totaling $26,455.85 from the Committee's national accounts and $3,655.98 from the Committee's state accounts. Many of the undocumented disbursements from the national accounts were identified as being made to individuals for reimbursement of expenses or involved checks made payable to "cash". Also, the Candidate used his personal credit card to incur campaign related expenses. The Committee made payments for the credit card expenditures but was unable to demonstrate the connection between the payments and the campaign. Committee officials stated that they would attempt to get the required documentation for the disbursements.

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The Committee was presented with schedules of the undocumented disbursements at the exit conference.

On November 19, 1984, the Committee submitted documentation for $2,594.15 of the previously undocumented disbursements. Disbursements totaling $27,517.68 ($24,227.71 from the national accounts and $3,289.97 from the state accounts) remain undocumented.

Conclusion

On January 29, 1985, the Commission made an initial determination that the amount ($27,517.68) of undocumented disbursements are non-qualified campaign expenses and the pro-rata portion, $7,456.93 ($27,517.68 x .270987), be repaid to the U.S. Treasury within 90 calendar days of receipt of this report in accordance with 11 C.F.R. § 9038.2(d).

Repayment Amount: $7,456.93

3. Payment of Personal Compensation to the Candidate

Under 11 C.F.R. § 9032.9(a)(2) "qualified campaign expense" means a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value made in connection with a candidate's campaign for nomination.

The Committee paid the Candidate a $50,000 salary in three installments: 1) $35,000 on March 9, 1984, 2) $10,000 on May 30, 1984 and 3) $5,000 on June 8, 1984. 4/ A Committee internal memo reviewed by the Audit staff indicates that the salary was intended to make up for missed income (income the Senator would have earned from speaking engagements had he not been a Candidate).

4/ The May 30, 1984 and June 8, 1984, payments were made after the Candidate's date of ineligibility.

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In the interim audit report, the Audit staff recommended that the Committee provide any written arrangement or commitment with respect to the $50,000 which shows a connection between the disbursements and the campaign effort.

On November 19, 1984, the Committee submitted a letter containing their justification that the salary payments are qualified campaign expenses. However, the Commission determined that under these circumstances, salary payments to a publicly financed candidate are not qualified campaign expenses.

Conclusion

On January 29, 1985, the Commission made an initial determination that the amount ($50,000) of salary payments to the Candidate are non-qualified campaign expenses and the pro-rata portion $13,549.35 ($50,000 x .270987) be repaid to the U.S. Treasury within 90 calendar days of receipt of this report in accordance with 11 C.F.R. § 9038.2(d).

Repayment Amount: $13,549.35

4. Impact of Non-Qualified Campaign Expenses on Candidate's Entitlement

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

Further, 11 C.F.R. § 9034.5(d) requires that a candidate submit a revised Statement of Net Outstanding Campaign Obligations with each submission for matching funds payments filed after the candidate's date of ineligibility, reflecting the financial status of the campaign as of the close of business on the last business day preceding the date of submission for matching funds.

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The NOCO statement is the basis for determining further matching fund entitlement. In the case of Senator McGovern's candidacy, March 15, 1984 is the date of ineligibility. Consequently, he may only receive matching payments to the extent that he has net outstanding campaign obligations as defined in 11 C.F.R. § 9034.5.

As noted in items III.A.1. 2. and 3., the Audit staff identified non-qualified campaign expenses a number of which were incurred and/or paid subsequent to the candidate's date of ineligibility. In order to insure that only the amount of post-ineligibility qualified campaign expenses is used to calculate the candidate's remaining entitlement to matching funds, the Audit staff proposes several adjustments to the NOCO statement prepared by the candidate. These adjustments are shown on the NOCO analysis on page 10 and fall into two areas, dependent upon whether the non-qualified campaign expense was paid or remained owing on the statement date.

B. Determination of Net Outstanding Campaign Obligations

At the inception of the audit fieldwork, the Committee had filed five (5) NOCO statements covering the period March 15, 1984 through June 15, 1984. To facilitate the verification of the Committee's net outstanding campaign obligations, the NOCO statement as of June 15, 1984 was audited. The Audit staff made necessary adjustments to this statement to properly reflect the candidate's cash position at June 15, 1984, and to correct misstatements of accounts payable and the Committee's estimate of winding down costs. In addition, documentation which was submitted by the Committee in response to the interim audit report has been incorporated into the NOCO statement. This NOCO statement as amended 5/, and the results of our verification of the items contained thereon, appear below.

5/ The Committee amended its original 6/15/84 NOCO on June 27, 1984.

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Friends of George McGovern

Statement of Net Outstanding Campaign Obligations
As of June 15, 1984

	MOCO as Amended	Audit	MOCO As Amended	Audit
ASSETS				
Cash in Bank	$ (854.24)	($ 5,899.08)a/		
Accounts Receivable	60,384.00	55,172.18		
Non-Qualified Campaign Expenses 3/16 - 6/15/84				
Non-campaign related (convention)		9,607.34b/		
Insufficiently documented		4,780.05b/		
Salary Payments to Candidate		15,000.00b/		
Total Assets			$ 59,529.76	$ 78,660.49
LIABILITIES				
Accounts Payable for Qualified Campaign Expenses	$106,743.89	$98,740.90c/		
Estimated Winding Down Costsd/				
Salaries	$ 28,160.00	$21,776.50		
Storage	500.00	250.00		
Rent	2,946.00	1,196.81		
Supplies	890.00	890.00		
Furniture Rental	200.00	150.00		
Telephone	2,100.00	975.00		
Fundraisinge/	14,456.00	20,149.05		
Legal Fees	3,000.00	3,000.00		
Total Estimated Winding Down Costs	$ 52,252.00	$48,387.36		
Total Liabilities			($158,995.89)	($147,128.26)
Net Outstanding Campaign Obligations (Deficit)			($ 99,466.13)	($ 68,467.77)

a/ Cash in bank was adjusted to accurately reflect the Candidate's cash position at June 15, 1984.

b/ This adjustment is necessary so as not to allow non-qualified campaign expenses to increase entitlement.

c/ The accounts payable balance was adjusted to exclude the value of non-qualified campaign expenses included in the Committee figure. In addition, certain expenses were incorrectly included by the Committee as a payable.

d/ The Committee estimated winding down costs through August 30, 1984, however, the Committee offices closed on July 31, 1984 and a portion of the Committee operations ceased on that date.

e/ This amount represents actual expenses paid from 6/16/84 through 7/26/84.

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As noted above, the Audit staff's verification of the items on the Committee's NOCO statement revealed various differences which resulted in a net difference (overstatement) in net outstanding campaign obligations of $30,998.36. A portion is comprised of $29,387.39 in non-qualified campaign expenses made by the Committee between March 16, 1984 and June 15, 1984. This inclusion is necessary so as not to allow non-qualified campaign expenses to increase the Candidate's entitlement to matching funds. Therefore, the Committee's NOCO as of June 15, 1984 should have disclosed a deficit of $68,467.77 and not $99,466.13 as stated by the Committee in its amended NOCO statement. In addition, our review of the Committee's deposits indicated that for the period June 16, 1984 through July 26, 1984, the Committee received $38,588.68 in individual contributions. Further, on August 1, 1984, the Commission certified a matching fund payment of $16,699.01.

Conclusion

Based on our review of the Committee's financial activity through 7/26/84, the Candidate's remaining entitlement was $29,879.09 ($68,467.77 - $38,588.68). Further, after applying the August 1, 1984 certification of $16,699.01, the Candidate's remaining entitlement is reduced to $13,180.08.

Since audit fieldwork of the Committee ended on July 26, 1984, this report does not address any NOCO statements filed by the Committee subsequent to June 15, 1984. Additional fieldwork will be conducted with respect to determining the Candidate's remaining entitlement to receipt of matching funds and an addendum will be issued as appropriate.

Recap - Amounts Repayable to the U.S. Treasury

Presented below is a recap of the amounts the Commission initially determined as subject to the repayment provisions of 26 U.S.C. § 9038(b)(2) as discussed in Section III.

Item A-1 Non-qualified Campaign Expenses - Convention-Related Disbursements	$ 4,098.71
Item A-2 Non-qualified Campaign Expenses - Undocumented Disbursements	7,456.93
Item A-3 Non-qualified Campaign Expenses - Post-Ineligibility Salary Payments to the Candidate	13,549.35
Total Recommended Repayment	$25,104.99

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FEDERAL ELECTION COMMISSION

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

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