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Docket

FEDERAL ELECTION COMMISSION

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

MEMORANDUM

TO: BILL OLDAKER

FROM: BOB COSTA RC

DATE: May 23, 1977

SUBJECT: MURS 232, 233, and 234

This is to recommend that MURS 232 (UFT-COPE), 233 (United Steelworkers PAF), and 234 (VOTE/COPE) which were opened as a result of audits, be closed since the Commission has accepted the audit staff recommendations regarding the matters noted during the audits.

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OFFICE OF GENERAL COUNSEL

United Steelworkers of America

POLITICAL ACTION FUND

I. W. ABEL
CHAIRMAN

FIVE GATEWAY CENTER
PITTSBURGH, PA. 15222
562-2400

WALTER J. BURKE
SECRETARY-TREASURER

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November 16, 1976

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Mr. Vernon W. Thomson, Chairman
Mr. Thomas E. Harris, Vice Chairman
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Gentlemen:

I am in receipt of your letter dated October 28, 1976, concerning the Commission's adoption on that date of the FEC Compliance Review Section staff report on the United Steelworkers of America Political Action Fund.

With regard to Finding A, which you specifically noted in your letter, it is our understanding, based on a telephone conversation with Joseph Stoltz of the FEC's Compliance Review Staff, that as long as the "transmittal accounts" are used only to transmit contributions to the depository designated in our committee's Statement of Organization and are not used for any expenditures, such transmittal accounts will not be considered "campaign depositories" within the meaning of 2 U.S.C., Section 437b(a)(2) or bank accounts or other depositories of the USWA Political Action Fund within the meaning of 2 U.S.C., Section 433(b)(9). Accordingly, we will advise our local union, district and subdistrict offices that such transmittal accounts should not be used for any purpose other than prompt transmittal of collected contributions to our committee offices for deposit in the designated campaign depository.

With regard to Finding E of the Compliance Review Section staff report, we are advising our local fundraisers and collectors to avoid using voluntary money for fundraising activities wherever possible and to stay within the limitations, guidelines and reasonable practices set forth by the FEC in Section 114.5 of the proposed regulations. However, whenever voluntary funds are expended in fundraising activities, we are requiring our fundraisers and collectors to furnish us with the information suggested in Finding E. In this connection, please find enclosed an excerpt from a draft of written directives which we anticipate sending to our local fundraisers and collectors, many of whom already have been advised of these requirements concerning receipts for voluntary fund expenditures and records of fundraising events.

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GENERAL COUNSEL

The United Steelworkers of America Political Action Fund is an independent political committee which does not ask for or accept authorization from any candidate and no candidate is responsible for its activities.

(A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D. C.).

Please advise me if the Commission does not approve of the steps we are taking in response to the FEC's adoption of its Compliance Review Section staff report.

Sincerely,

WALTER J. BURKE
Secretary-Treasurer

Enclosure: Directives for Fund Raisers,
8/3/76 draft, pages 12-15.

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B. Receipts For Voluntary Fund Expenditures.

As we noted above in Part I, C of this memorandum, union dues funds may be used to raise voluntary funds and to establish and administer a separate segregated political action fund such as the Voluntary Account of the USWA Political Action Fund. Dues funds also may be used for communications by the Union to its members and in non-partisan voter registration and get-out-the-vote activities. Except for the purposes of fulfilling the new requirements for reporting the direct dues funds expenses of communications which expressly advocate the election or defeat of a clearly identified candidate and which cost more than $2000, as described in Part I, B above, no records or reports of such dues fund expenditures are required by the Federal Election Campaign Act.

In the limited circumstances, however, where voluntary money is spent, for any purpose, the record keeping and reporting requirements of the law come into play. It could be argued that if such voluntary money expenditures are made at the local union, district or sub-district level with voluntary dollars before they are ever transmitted to Pittsburgh, then the record keeping requirements of the law should

not apply. Nonetheless, it will be more practicable from an internal accounting standpoint and in compliance with Section 102.9 of the Regulations proposed by the FEC if the following procedures are followed whenever voluntary dollars are spent:

1. A written account must be made of all voluntary money expenditures and must include:

   a. The full name and the full address of every person to whom an expenditure is made,

   b. The date of the expenditure,

   c. The amount of the expenditure, and

   d. The name of and office sought by any candidate to whom or on whose behalf such a voluntary fund expenditure is made.

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2. Whenever a Voluntary Fund expenditure in excess of $100 is made to any person or if expenditures in lesser amounts to such a person total more than $100 in a calendar year, then either a receipted bill must be obtained from such person or an invoice must be obtained and retained with a Voluntary Fund canceled check. Either the receipted bill or invoice and check must contain the following information:

   a. The full name and address of the person to whom the expenditure is made,

   b. The amount of the expenditure,

   c. The purpose of the expenditure, and

   d. Date the expenditure was made.

Under the FEC's proposed regulations, the foregoing requirements are imposed on Walter Burke, the treasurer of our Voluntary Account, and on any "agent authorized by the treasurer to receive contributions" to the Voluntary Account. All district, sub-district and local union collectors are such agents and must therefore comply with these requirements.

C. Records of Fund Raising Events and Mass Collections

As we mentioned at the end of Part I, C, above, the FEC has indicated that a "reasonable practice" for a labor union to follow in conducting such fund raising endeavors as raffles, dinners and the like is to pay for the cost of such endeavors with dues funds to the extent that the voluntary money raised through a given affair or event is roughly three times as much as the dues money expended. There is no obligation to report such dues fund expenditures to the FEC. Occasionally there are situations, however, where our local union, district or sub-district fund raisers may find it more convenient to finance such fund raising efforts with part of the voluntary money which is collected. Moreover, it is difficult to know before the conclusion of some such events whether or not the total voluntary dollar proceeds will be roughly three times the cost of the event.

In any case, whenever voluntary funds are expended -- either before or after transmittal of such funds to the Pittsburgh office -- we will be able to account for such expenditures if all local union, district and sub-district fund raisers establish and maintain records of their fund raising activities so that appropriate information can accompany the funds which are transmitted to Pittsburgh for deposit in the Voluntary Account. Such records should include:

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1. The date, location and nature of each dinner, rally, golf tournament or other fund raising event;

2. The total proceeds received from ticket sales, mass collections, the sale of merchandise or other contributions to each such event;

3. The amount, if any, of voluntary funds expended to cover such costs as those for food, beverages, hall rental, printing, prizes, gifts, green fees, entertainment or similar expenses of each such event;

4. The amount of dues money spent to cover the types of expenses enumerated in 3, above; and

5. The approximate number of people who participated in or attended each such event.

IV. SEGREGATION AND TRANSMITTAL OF VOLUNTARY FUNDS

All voluntary contributions which are received by local union, district or sub-district collectors must remain separate from and cannot be commingled with any personal, union or corporation funds. It is the policy of the United Steelworkers of America Political Action Fund to return to the sender any union or corporation check and any personal check which appears to have been used as a vehicle to transmit contributions of other persons.

Under our present procedures, the preferred and most feasible means of transmitting voluntary contributions which have been collected in the field are:

1. Checks drawn on USWA Political Action Fund Transmittal Accounts opened specifically and exclusively for the purpose of holding and transmitting voluntary funds;

2. Bank or cashiers' checks; and,

3. Postal money orders.

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The costs of maintaining a transmittal checking account or of purchasing bank or cashiers' checks or money orders can be paid with union dues funds. If a transmittal account is used, the name of the account should include a reference to the local union, district or

United Steelworkers of America
POLITICAL ACTION FUND

PITTSBURGH, PA. 15222
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FIVE GATEWAY CENTER

CERTIFIED
No.
MAIL

Mr. Vernon W. Thomson, Chairman
Mr. Thomas E. Harris, Vice Chairman

Federal Election Commission

1325 K Street, N.W.

Washington, D.C. 20463

OFFICE OF GENERAL COUNSEL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 233 (76)
United Steelworkers of America	)	
	)	

FEDERAL ELECTION COMMISSION
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GENERAL COUNSEL'S REPORT

The audit was started on April 5, 1976, and the field work was completed on April 8, 1976. A letter, which was reviewed by the Office of General Counsel, was sent by Disclosure and Compliance to the Steelworkers on April 26, 1976. The report was forwarded to the Staff Director on July 9, 1976, and approved by him on August 9, 1976. The audit report was reviewed and approved by the Office of General Counsel on September 2, 1976. On September 9, 1976, the Commission tabled its consideration of the audit report and referred the matter to the Office of General Counsel.

AUDIT FINDINGS AND STEELWORKERS' RESPONSE

The findings of the audit staff are contained in the letter of April 26, 1976 (attachment 1) and the position of the Steelworkers on these points is contained in their response of June 2, 1976 (attachment 2). The Steelworkers did not dispute findings C and D of the audit staff.

MATTERS FOR COMMISSION DETERMINATION

The Commission must make determinations with regard to the disputed findings, A, B, and E.

1. Finding A - Transmittal Accounts: The first question for Commission determination is whether the transmittal accounts are to be considered campaign depositories within the meaning of §437b(2). That section requires each committee to designate campaign depositories. All contributions received by such committees shall be deposited in the depository and all expenditures must be made from that depository. The Commission must determine when, under these particular facts, the contribution is received by the Committee and an expenditure is made by the committee. Of course, any person who receives a contribution in excess of $50 must, within 5 days of receipt, provide the treasurer with an account of the contribution. 2 U.S.C. §432(b). With regard to receipt of the contribution, the position of the audit report apparently concludes that the contributions are received by the committee when the local union receives the contribution. (See Section A of attachment 1.) The position of the Committee is that receipt by the committee does not occur until the contributions are actually transmitted to and received by the committee (see pages 1-4 of attachment).

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RECOMMENDATION

The determination of whether these transmittal accounts are campaign depositories should turn on whether the local unions are ~~engaged in local fundraising activities or are~~ making expenditures. If the local unions ~~are engaged in local fundraising activities or~~ are making expenditures (other than expenditures from treasury funds), either before of after the contributions are deposited in the "transmittal account", the account should be considered a campaign depository. All expenditures made by a political committee must be made from a campaign depository unless the expenditure is made from treasury funds. §437b(2). Accordingly, any nontreasury expenditure by a local must be made from a campaign depository. The national could either pay the local expenses from its designated campaign depository or designate the "transmittal account" a campaign depository and allow the local to pay for expenses from contributions received.

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2. Finding B - Commingling: Inform the Committee that the Commission has determined that individuals collecting contributions at the direction or instruction of political committees are considered associates of the Committee and thereby prohibited from commingling contributions with personal funds. 2 U.S.C. §432(b).

3. Finding E - Reporting of Local Fundraising Costs: The last matter for Commission determination concerns the reporting of expenses incidental to local and district fundraising activities. If these expenses were paid for out of treasury money, they would not be reportable. However, the payments appear to be from voluntary money of the separate, segregated fund. (See Section E of Attachment 1 and bottom of pp. 4 and 5 of Attachment 2.)

RECOMMENDATION

Assuming the fundraising costs are being paid out of voluntary money, the Committee should be required to list the expenditures relating to each event. The authority for this reporting is in §§434(b)(9), (10) and (11). If the expenditures are not reported by the Committee, then the local union will have deemed to have made the expenditure. Any expenditures in excess of $1,000 would make the local union a political committee. Since the Committee has terminated all

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of its local committees, the National Committee is required to report the local expenditures. This could be accomplished by requiring the local to inform the Committee at how much of the contribution total was retained by the local to meet expenditures. That figure would then be reported by the Committee as a fundraising expenditure.

John G. Murphy, Jr.
JOHN G. MURPHY, JR.
GENERAL COUNSEL

DATE: October 6, 1976

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AGENDA ITEM
For Meeting of: 9-28-76
Agenda Item No:
EXHIBIT A

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 233 (76)
United Steelworkers of America	)	
	)	

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GENERAL COUNSEL'S REPORT

The audit was started on April 5, 1976, and the field work was completed on April 8, 1976. A letter, which was reviewed by the Office of General Counsel, was sent by Disclosure and Compliance to the Steelworkers on April 26, 1976. The report was forwarded to the Staff Director on July 9, 1976, and approved by him on August 9, 1976. The audit report was reviewed and approved by the Office of General Counsel on September 2, 1976. On September 9, 1976, the Commission tabled its consideration of the audit report and referred the matter to the Office of General Counsel.

AUDIT FINDINGS AND STEELWORKERS' RESPONSE

The findings of the audit staff are contained in the letter of April 26, 1976 (attachment 1) and the position of the Steelworkers on these points is contained in their response of June 2, 1976 (attachment 2).

MATTERS FOR COMMISSION DETERMINATION

1. The first question for Commission determination is whether the transmittal accounts are to be considered campaign depositories within the meaning of 2 U.S.C. §437b(2). That

section requires each committee to designate campaign depositories. All contributions received by such committee shall be deposited in the depository and all expenditures must be made from that depository. The Commission must determine when, under these particular facts, the contribution is received by the Committee. The position of the audit report apparently concludes that the contributions are received by the Committee when the local union receives the contribution. (See Section A of attachment 1.) The position of the Committee is that receipt by the Committee does not occur until the contributions are actually transmitted to and received by the Committee. (See pages 1-4 of attachment 2.)

The second matter for determination involves the commingling question. The principle adopted by the Commission with regard to the VOTE COPE audit may be applied to this situation.

The last matter for Commission determination concerns the reporting of expenses incidental to local and district fund-raising activities. (See Section E of Attachment 1 and bottom of pp. 4 and 5 of Attachment 2.) Section 434(b)(6) requires reporting of the total amount of proceeds from each event. The regulations adopt the statutory language. (§104.2(b)(6)) The Committee is correct in stating that other sections of the Act use the term "receipts." (See, for example, §434(b)(8).)

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Since the ordinary dictionary meaning of the term "proceeds" is the "profit" or "yield," this section does not require the itemized reporting of expenditures.

Under other sections, however, it would appear that the Committee would have to list the expenditures relating to each event. The authority for this reporting is in §§434(b)(9), (10) and (11). If the expenditures are not reported by the Committee, then the local union will have been deemed to have made the expenditure. Any expenditures in excess of $1,000 would make the local union a political committee. Since the Committee has terminated all of its local committees, the Committee should be required to report the local expenditures. This could be accomplished by a single change in local reporting -- i.e., giving proceeds and expenditures. There is, however, one caveat to the reporting of this expenditure. If the fund-raising costs are paid with union treasury money, then neither the local nor the Committee is required to report the costs. 2 U.S.C. §431(f)(5)(F).

RECOMMENDATION OF GENERAL COUNSEL

The General Counsel recommends that the Commission determine that the transmittal accounts are not campaign depositories. The basis for this rationale is a finding that the receipt under §437b(2) means actual receipt.

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With regard to the reporting of local and district fund-raising activities, the General Counsel recommends that the Commission require the proceeds of each event to be separately reported on Schedule B, and the expenditures on Schedule D.

The General Counsel will prepare a letter setting forth the Commission determinations and submit the letter to the Commission.

John G. Murphy, Jr.

JOHN G. MURPHY, JR.
GENERAL COUNSEL

DATE: September 27, 1976

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Attachment 1

April 22, 1976

Mr. Walter J. Burke,
Secretary-Treasurer
United Steelworkers of America
Political Action Fund
Five Gateway Center
Pittsburgh, Pennsylvania 15222

Dear Mr. Burke:

This is in reference to the recent compliance review of your committee conducted by the staff of the Commission's Audit and Investigation Division under authority of Section 438(a)(8) of Title 2, United States Code (2 U.S.C. 438(a)(8)).

As was discussed with committee respresentatives, the following discrepancies were noted and will be included in our report to the Commission.

A. The Committee Statement of Organization indicates that it has a single depository maintained at the Riggs National Bank (Account #1208084990). Committee records, however, indicate that many district and local unions maintain transmittal accounts into which political contributions received by the district and locals are deposited, and from which transfers of these contributions are made to the depository reflected on the registration.

Title 2, U.S.C. Section 437(b)(a)(2), requires that all contributions received by a political committee be deposited in registered depositories. These transmittal accounts are depositories of the committee and the committee registration should be amended to reflect this. Furthermore, transmittal account balances on hand at the close of the reporting period should be included in the Committee's report to the Commission.

B. Committee records indicate that many local unions receive political contributions which are deposited in personal checking accounts, local union accounts, and the accounts of employer organizations, some of which are incorporated, and subsequently transferred to the committee. Title 2 U.S.C. 432(b) states in part, that funds of a political committee shall be segregated from and may not be commingled, with the personal funds of any officers, members or associates of such committee. Members of local unions should be instructed not to deposit political contributions received in personal, union or corporate accounts for subsequent transfer to the committee depository.

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letter mailed 4/26/76 RJC

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C. Review of committee records indicate an inconsistency in reporting political contributions received from the voluntary payroll check-off program. Itemized contributions are reported in the time period during which the funds are withheld from the contributor's salary, but not yet received by the committee. Unitemized contributions on the other hand, are reported at the time of receipt. All contributions should be reported as of the date of receipt by the committee (2 U.S.C. 434(b)(2)).

D. Committee records indicate that political contributions received by the local and district unions are not transferred and reported to the committee promptly. Title 2 U.S.C. 432(b) requires any person who receives a contribution in excess of $10.00 to make a detailed accounting thereof within five days. As we discussed, the committee should inform its fundraisers of this requirement.

E. Committee records indicate that some political contributions are received by local and district unions through collections and fundraising activities. Our review disclosed neither a separate reporting of proceeds from such events nor the expenditures made in connection with the events. Total receipts from such activities need be reported by date and event on an FEC Schedule D. In addition, expenses relating to such activities must be reported on FEC Schedule B (2 U.S.C. 434(b)(6)).

The audit staff is currently reviewing field work performed, and is preparing a report to present to the Commission. In order to complete our report we would appreciate your views concerning the audit finding described above. The response should include clarification or documentation of any of these matters, and what corrective action the committee plans to take. We request that the response be received by the Commission, 1325 K St., N.W., Washington, D.C. 20463, no later than ten days after receipt of this letter.

Thank you for your assistance and cooperation. If further assistance or guidance is required, please do not hesitate to call Joseph Stoltz at (202) 382-6023.

Sincerely,

Robert J. Costa

Robert Costa, Chief
Audit Division

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Attachment 2

United Steelworkers of America

POLITICAL ACTION FUND

I. W. ABEL
CHAIRMAN

FIVE GATEWAY CENTER
PITTSBURGH, PA. 15222
562-2400

WALTER J. BURKE
SECRETARY-TREASURER

RECEIVED
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COMMISSION

76 JUN 2 A10:

May 28, 1976

FEC Correspondence Control # 76-149

Mr. Robert Costa, Chief
Audit Division
Federal Election Commission
1325 K Street, N.W.,
Washington, D.C. 20463

Re: FEC Audit of the United Steelworkers of America Political Action Fund

Dear Mr. Costa:

The following comments are being submitted in response to your April 22, 1976 letter to me concerning the compliance review which was conducted of the United Steelworkers of America Political Action Fund by staff members of the Federal Election Commission's Audit and Investigation Division. We appreciate your courtesy of permitting us more than the ten days suggested in your letter for this response.

The findings and conclusions identified as A and B in your letter are interrelated and our response to them depends on an explanation of some of the unusual, if not unique, characteristics of our committee. As I believe you know, the United Steelworkers of America Political Action Fund is an independent multi-candidate committee which was established by the United Steelworkers of America (USWA) as a separate segregated political action fund to be utilized primarily for direct contributions to candidates and political committees in federal election campaigns. The source of this Fund's income for such contributions is voluntary contributions primarily from USWA members in the United States.

The USWA is an international labor organization which collectively bargains with approximately 4627 employers throughout the United States and Canada on behalf of more

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The United Steelworkers of America Political Action Fund is an independent political committee which does not ask for or accept authorization from any candidate and no candidate is responsible for its activities.

(A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D. C.).

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than 1.3 million employees in approximately 6500 bargaining units. Most of those employees who are represented by the USWA are members of the USWA's International Union and also of the approximately 5306 chartered Steelworker local unions which assist the International Union in administering the collective bargaining agreements for those employees. The $1 and $2 voluntary contributions which account for the bulk of the USWA Political Action Fund's income is collected by local union officers or representatives who are not professional fund raisers. In order to encourage greater political action participation by the more than 1,000,000 Steelworkers in the United States, we have attempted to make the local union level collectors' tasks as uncomplicated as possible and, at the same time, in conformance with our understanding of the technical requirements of the laws which govern political activity by labor organizations.

Prior to the enactment of the Federal Election Campaign Act of 1971, which, as you know, for the first time imposed stringent registration, record keeping and reporting requirements on independent political action committees such as the USWA's voluntary fund, many of our local unions and district representatives retained a portion of the voluntary dollars they raised for purposes of making direct contributions to federal candidates in their respective areas of the country. In many cases, such federal election campaign activity on the part of local unions did not reach the $1000 threshold which would have resulted in the local unions being considered "political committees" for purposes of the burdensome requirements of the 1971 Act. Some of our district political action committees, however, did fall within that definition. For example, those in the Philadelphia, Chicago and St. Louis areas and one for the Steelworkers district which includes all of West Virginia and parts of Ohio and Kentucky, registered and reported with the appropriate supervisory officers in connection with the 1972 federal elections. The difficulties of overseeing those committees and giving them almost daily advise from our Pittsburgh headquarters office led us to the conclusion that the most efficient means for us to utilize our limited voluntary funds was to centralize all federal election campaign activity in one committee. This policy is reflected in my September 27, 1973 letter to all USWA District Directors, Staff Representatives and Local Union Financial Secretaries in the United States, a copy of which was provided to the FEC auditors during the compliance review.

Consideration of the foregoing brief summary of the development of the USWA Political Action Fund and of that September 27,

1973 letter should be helpful in understanding the purpose and function of the transmittal accounts which are mentioned in the first finding, identified as A, in your letter of April 22, 1976. Moreover, instruction 2, on page 2, of my September 27, 1973 letter, which stressed that voluntary political action dollars should not be deposited in local union bank accounts or otherwise commingled with local union funds, is related to your second finding, identified as B.

As I mentioned above, most of the voluntary dollars collected by local union representatives is in the form of $1 or $2 cash contributions from individual members and is collected over extended periods of time. To avoid the possibility of commingling such voluntary dollars in the local union bank accounts and the potential problems of having loose cash in the hands of the collectors for any length of time, we suggested that one means of handling such contributions was for those local union representatives to establish political action fund transmittal accounts. If the establishment of such segregated checking accounts solely for transmitting voluntary dollars from the local union level is impractical, we suggest the alternative of utilizing sub-district channels. The sub-districts, which are not labor organizations, maintain full time business offices where cash can be more securely held until cashiers' checks or money orders can be used to transmit all of a local union's political action collections; and, in some instances, the district and sub-district offices have established transmittal accounts for the purpose of channeling all voluntary dollars into the International Union's Fund. In all cases, however, no local union, sub-district or district transmittal account is subject to the control of the USWA Political Action Fund itself.

For these reasons, I cannot agree with your conclusion that those transmittal accounts are campaign depositories of our Fund within the meaning of 2 U.S.C. Section 437b(a) (2). No contributions or expenditures are made by the USWA Political Action Fund except by checks drawn on the Riggs National Bank Account number 12 08 084 990 which I have designated in our registration statement as the Fund's campaign depository. I hope that you can appreciate the virtual impossibility it would be for our committee to determine, much less report, the account balances in the various transmittal accounts at the close of our monthly reporting periods. We believe that we have established a rational and sensible system for satisfying the requirements of the law while also preserving the receipts of our Political Action Fund. It was certainly not Congress' intent that receipts could not be safeguarded during transmittal through a means such as our transmittal accounts. While we feel

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that our system is both lawful and logical, we are certainly willing to explore alternatives and would appreciate any suggestions you might have in this regard. We repeat, however, that we do not accept your unsupported conclusion that the transmittal accounts constitute campaign depositories of the USWA Political Action Fund within the meaning of 2 U.S.C. Section 437b(a) (2).

As the instructional letters which we furnished to the FEC's auditors indicate, we have repeatedly stressed to our local union collectors that voluntary political action dollars should not be deposited in union accounts or otherwise commingled with local union funds. As the Fund's representatives informed the FEC auditors, we have endeavored to return any checks drawn on corporate accounts which local level collectors have attempted to utilize for transmittal purposes. In order to ensure as strict compliance as possible with the prohibition on commingling provided by 2 U.S.C. Section 432(b), however, we are advising collectors at the local union, sub-district and district level that the USWA Political Action Fund will not accept any checks which are drawn on personal, corporate or local union accounts and that voluntary dollars should not be deposited in such accounts.

With regard to the conclusions identified under C in your April 22, 1976 letter, please be advised that we are now reporting all contributions received by the Fund, both those from the voluntary payroll check-off program for members of the Union who are also employees of the Union and unitemized contributions, on a cash reporting basis.

I understand that the detailed accounting which must be rendered to the treasurer of a political committee concerning certain contributions, by persons who receive those contributions, within five days of such receipt is now applicable to contributions in excess of $50, rather than $10, as the result of the amendment made to 2 U.S.C. Section 432(b) by Section 103(a) of the Federal Election Campaign Act Amendments of 1976. In accordance with the recommendation identified as D in your April 22, 1976 letter, we will remind local union collectors of the requirements of 2 U.S.C. Section 432(b), as amended.

We have carefully considered and disagree with the position stated in E of your April 22, 1976 letter that expenses incidental to local and district fund-raising activities must, under 2 U.S.C. Section 434(b) (6), be separately reported. We disagree because your position is totally inconsistent with both the intent and the language of Congress. Section 434(b) (6) does not speak in terms of "total receipts" less "expenditures",

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as do certain other sections in this and other federal statutes. On the contrary, this section requires merely the reporting of "total....proceeds", i.e., the amount realized by the activity or activities. Your interpretation substitutes the concept of "expenditures less receipts" for the actual language of the statute. Nor is your approach consistent with the obvious intent of Congress. Congress was aware of the variety of fund-raising activities employed by committees such as ours and also was aware that, as a practical matter, it would be an impossibility for such a committee to report anything other than the monies actually realized from such activities. Finally, the purpose of the Act makes it clear that Congress was concerned not with what our Committee does not have available for federal campaign purposes (i.e., gross receipts) but with what we do have available for such purposes (i.e., net receipts of "proceeds").

I would appreciate learning from you whether the above stated positions of the USWA Political Action Fund are satisfactory and, if they are not, how this committee and the FEC can resolve any differences of opinion between them.

Sincerely,

Walter J. Burke

WALTER J. BURKE
Secretary-Treasurer

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United Steelworkers of America

POLITICAL ACTION FUND
FIVE GATEWAY CENTER
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CHAIRMAN

WALTER J. BURKE
SECRETARY-TREASURER

76 JUN 7 P1:27

June 2, 1976

FEC CORRESPONDENCE
CONTROL # 76-300

Mr. Robert Costa, Chief
Audit Division
Federal Election Commission
1325 K Street, N.W.,
Washington, D.C. 20463

Re: FEC Audit of the United Steelworkers of America Political Action Fund

Dear Mr. Costa:

In my letter of May 28, 1976 to you, in the fifth line from the top of page 5, the words "receipts less expenditures" were inadvertently transposed. Thus, the sentence which contains that phrase should read, "Your interpretation substitutes the concept of 'receipts less expenditures' for the actual language of the statute". I would appreciate your noting this correction.

Sincerely,

WALTER J. BURKE
Secretary-Treasurer

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

The United Steelworkers of America Political Action Fund is an independent political committee which does not ask for or accept authorization from any candidate and no candidate is responsible for its activities.

(A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D. C.).

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FEDERAL ELECTION COMMISSION

1. Memo to file from K. Kavanagh/Spiegel - 9/30/76

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

____ (2) Internal rules and practices

____ (3) Exempted by other statute

____ (4) Trade secrets and commercial or financial information

____ (5) Internal Documents

____ (6) Personal privacy

____ (7) Investigatory files

____ (8) Banking Information

____ (9) Well Information (geographic or geophysical)

Signed _____

date _____

FEC 9-21-77