FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 735

Date Filmed 5/15/80 Camera No. --- 2

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FEDERAL ELECTION COMMISSION

Internal Document · Vote Sheet 3/16/79

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)
X	(5) Internal Documents		

Signed Beverly B. Brown

date 4/9/80

FEC 9-21-77

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 735
Democratic Executive Committee of Florida	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on March 22, 1979, the Commission determined by a vote of 6-0 to adopt the following recommendations, as set forth in the General Counsel's Report dated March 13, 1979, regarding the above-captioned matter:

1. Take no action with regard to the Democratic Executive Committee's failure to report the receipts of its subordinate committees which made §441a(d) expenditures.

2. Make no finding that prohibited funds were used in connection with Federal elections by the unregistered committees in this MUR which made §441a(d) expenditures.

3. Close the file in this matter.

Attest:

3/26/79
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

Received in Office of Commission Secretary: 3-13-79, 3:21
Circulated on 48 hour vote basis: 3-14-79, 9:00
Objection filed 3-16-79 10:22

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March 13, 1979

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 725

Please have the attached General Counsel's Report on MUR 735 distributed to the Commission on a 48 hour tally basis.

Thank you.

6004018492 1

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
79 MAR 13 P 3: 21

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Democratic Executive Committee of Florida) MUR 735

GENERAL COUNSEL'S REPORT

On November 15, 1978, the Commission voted to take no action concerning 2 U.S.C. § 441a(d) expenditures made by unregistered Democratic party units in Florida pending recommendations by the Audit, General Counsel and Reports Analysis Divisions for the handling of such matters through means other than the compliance track. A memo which recommends procedures for future treatment of such expenditures is being circulated separately. This report shall discuss only the treatment of the facts as they pertain to this matter under review.

The Democratic Executive Committee of Florida undertook, in 1976, to report the expenditures made under the state party expenditure limit, (2 U.S.C. § 441a(d)), on behalf of Lawton Chiles, Federal candidate, by 13 unregistered subordinate party committees and one local organization.

During the course of the audit of the Democratic Executive Committee of Florida, the auditors questioned the Director of the Committee about the accounts used by its subordinate committees to make the 441a(d) expenditures in question, since corporate contributions were legal in Florida for purposes of state elections. The Director informed the auditors that he did not believe that

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these unregistered committees maintained separate Federal accounts. It is possible, therefore, that these unregistered committees may have accepted corporate contributions and made § 441a(d) expenditures with these funds.

11 C.F.R. 110.7(c)(1) addresses the State central committee's obligation to file reports showing the expenditures of its subordinate committees under the 2 U.S.C. § 441a(d) limit, should the central committee choose not to file an allocation statement with regard to expenditures that may be made under the limit within the state. The regulations, however, do not clearly require the state central committee to disclose the source of the receipts of its subordinate making 441a(d) expenditures.

Because the Deomcratic Executive Committee of Florida did not report the receipts of its subordinate committees which made 441a(d) expenditures, it is not clear whether or not prohibited funds were used in this connection,considering the legality of using corporate funds in connection with state elections in Florida.

The Office of General Counsel recommends that because 11 C.F.R. 110.7(c)(1) is unclear as to reporting of receipts, the Commission should take no action with respect to the Democratic Executive Committee's failure to report the receipts of its subordinate committees which made 441a(d) expenditures.

We also recommend that the Commission make no finding that prohibited funds were used in connection with Federal elections by the unregistered committees which made 441a(d) expenditures on behalf of Lawton Chiles. Regarding procedures adopted by the

Commission on February 8, 1979, for the treatment of transfers by unregistered committees to candidates and political committees, the Commission voted not to follow up on the source of funds of the transferring committee as long as these committees did not qualify as political committees and no evidence indicated that prohibited funds were being deliberately channelled into Federal elections via the unregistered committees. Similarly, with regard to the 441a(d) expenditures made by the unregistered committees in question (which,with one exception,do not qualify as political committees,), we recommend that the Commission take no action with respect to determining the source of funds used as we do not believe that evidence presently indicates that these committees attempted to evade contribution prohibitions through their 441a(d) expenditures.

RECOMMENDATIONS

1. Take no action with regard to the Democratic Executive Committee's failure to report the receipts of its subordinate committees which made §441a(d)expenditures.

2. Make no finding that prohibited funds were used in connection with Federal elections by the unregistered committees in this MUR which made §441a(d) expenditures.

3. Close the file in this matter.

3/13/79
Date

William C. Oldaker
General Counsel

A-421
Oldaker

EXECUTIVE SESSION
JAN 31 1979

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

20 JAN 26 P2:48

January 25, 1979

MEMORANDUM

TO: The Commission

THROUGH: Orlando B. Potter OBP

FROM: William C. Oldaker
General Counsel

SUBJECT: § 441a(d) Expenditures by Unregistered Party Units as found in MUR 735 and the Reporting of these Units' Receipts.

On November 15, 1978, the Commission voted to take no action concerning § 441a(d) expenditures on behalf of Lawton Chiles made by unregistered Democratic Party units in Florida pending recommendations by the Office of General Counsel and the Audit and Reports Analysis Divisions.

Between September 21, 1976, and December 1, 1976, thirteen county committees and one local organization disbursed, on behalf of Lawton Chiles, a total of $6,727.67. This figure is according to the reports of the Democratic Executive Committee of Florida which reported the § 441a(d) expenditures of its subordinate committees as transfers out to the subordinates for expenditures "on behalf of" Lawton Chiles. For the same period, the reports also show that all but one of these subordinates expended less than $1,000 in the aggregate in 1976. 1/ Of these entities, only the Dade County Democratic Executive Committee was registered and reporting with the Commission.

During the course of auditing the Democratic Executive Committee of Florida, its Director told the auditors that these unregistered committees probably did not maintain separate funds from which they made their § 441a(d) expenditures. Therefore, because corporate contributions were legal in Florida in 1976 for State and local elections, the possibility exists that corporate funds may have been used by the unregistered committees to make § 441a(d) expenditures. However,

1/ The Alachua County Democratic Executive Committee spent over $1,000 on Mr. Chiles behalf and has been referred to Reports Analysis for failure to register and report.

because the receipts of these committees were not reported nor were their records available to the auditors for review, no conclusion can be drawn as to the nature of the funds used by the unregistered committees for § 441a(d) expenditures.

The Democratic Executive Committee of Florida did not report the receipts of these committees. The relevant section of the regulations, 11 CFR 110.7(c)(1), seems to imply that only the § 441a(d) expenditures of these committees need to be reported.

11 CFR 110.7(c)(1) requires that the:

> "State Central Committee shall be responsible for insuring that the expenditures of the entire party organization are within the limitations, including receiving reports from any subordinate committee making expenditures under paragraph (b) of this section, <u>and filing consolidated reports showing all expenditures in the State with the Commission</u>."

On the other hand, 11 CFR 110.7(c)(2) provides that subordinate party committees, in a state where the State Central Committee has filed an allocation statement listing subordinate committees and their assigned expenditure limits, shall register and report individually as if they are political committees if their expenditures exceed $100 per calendar year. Under this section, to "register with and report to the Commission as...a political committee," suggest that both receipts and expenditures are to be reported by committees which expend in excess of $100 per year under the State party limit.

Consistency and full disclosure would seem to require the State Central Committee to report the receipts as well as the expenditures of subordinate committees expending in excess of $100 per year under the § 441a(d) limit, should the State Central Committee choose the option of 11 CFR 110.7 (c)(1) and not file an allocation statement.

The Office of General Counsel however believes that the misleading emphasis on reporting of expenditures in 11 CFR 110.7(c)(1) explains why no receipts of subordinate committees making § 441a(d) expenditures were disclosed by the Democratic Executive Committee of Florida.

<u>RECOMMENDATIONS</u>

This office believes that the Commission should take no action with regard to the failure of the Democratic Executive Committee of Florida or any other State Central Committee to

report the receipts of its subordinate committee which have made § 441a(d) expenditures as long as the State Central Committee has exhibited a good faith effort to comply with 11 CFR 110.7(c)(1) as written.

During the course of revising Title 2 regulations in 1979, the Office of General Counsel intends to recommend a revision to 11 CFR 110.7(c) expressly requiring the State Central Committee to report the receipts as well as the expenditures of its subordinate committees which expend in excess of $100 per calendar year under the § 441a(d) limit. 2/

Meanwhile, the Office of General Counsel recommends that the Commission direct the Audit Division to request committees audited for activity from 1976 through 1978 which have reported § 441a(d) expenditures by their subordinate committees to obtain statements from their subordinate committees as to the nature of the funds used for § 441a(d) expenditures.

The Office of General Counsel also recommends that the Commission close the file on MUR 735 and direct the Audit Division to contact the Democratic Executive Committee of Florida requesting information concerning the nature of funds used by its subordinate unregistered committees for § 441a(d) expenditures.

The Office of General Counsel recommends finally that the Commission direct the Reports Analysis Division to draft a letter to all State Central Committees advising them, for 1979 and the future, that should they choose to report the § 441a(d) expenditures of their subordinate committees, State Central Committees should be prepared to demonstrate the nature of the funds used by their subordinate committees for these expenditures.

2/ It should be noted here that the State Central Committee is also obligated under 11 CFR 104.12 to, "maintain records with respect to the matters required to be reported...which shall provide in sufficient detail the necessary information and date from which the filed reports and statements may be verified, explained, clarified, and checked for accuracy and completeness." Therefore, the Central Committee would be required to keep not only records of its own receipts and expenditures but also records of its subordinate committees' receipts and expenditures if those committees made § 441a(d) expenditures and no allocation statement were filed by the Central Committee.

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

MEMORANDUM TO CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

DATE: DECEMBER 12, 1978

SUBJECT: MUR 735 - Interim Investigative Report dated 12-7-78; Received in OCS: 12-8-78, 12:50

The above-named document was circulated on a 24 hour no-objection basis at 9:00, December 11, 1978.

The Commission Secretary's Office has received no objections to the Interim Investigative Report as of 9:30 this date.

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December 8, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 735

Please have the attached Interim Invest Report on MUR 735 distributed to the Commission.

Thank you.

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RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

78 DEC 8 P12: 50

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of		
Democratic Executive Committee of Florida	)))	MUR 735

INTERIM INVESTIGATIVE REPORT

On November 15, 1978, the Commission voted to take no action concerning §441a(d) expenditures made by unregistered party units in Florida pending the recommendations of the Office of General Counsel and the Audit and Reports Analysis Divisions for the handling of such matters through means other than the compliance track.

The Office of General Counsel is preparing a memorandum on this matter which will be reviewed and commented on by the Audit and Reports Analysis Divisions and circulated to the Commission within the next two weeks.

12/7/78
Date

William C. Oldaker
General Counsel

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FEDERAL ELECTION COMMISSION

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

November 21, 1978

MEMORANDUM

TO: Tom Haselhorst

THROUGH: Orlando B. Potter
Staff Director

FROM: William C. Oldaker

Re: Alachua County Democratic Executive Committee

On November 15, 1978, the Commission voted to refer to the Reports Analysis Division the failure of the Alachua County Democratic Executive Committee to register and report as a political committee in 1976.

The Democratic Executive Committee of Florida reported expenditures made on December 1, 1976 totaling $1,156 made by the Alachua County Democratic Executive Committee for the purpose of benefiting Senator Lawton Chiles.

00018493

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 735
Democratic Executive Committee	)	
of Florida	)	
Alachua County Democratic Executive	)	
Committee	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on November 15, 1978, at an Executive Session at which a quorum was present, the Commission determined by a vote of 5-0 to approve the following recommendations in the above-captioned matter:

1. Take no action at this time concerning the 441a(d) expenditures made by unregistered Democratic party units in Florida pending recommendations by the Audit, General Counsel and Reports Analysis Divisions for the handling of such matters through means other than the compliance track.

2. Refer to Reports Analysis the failure of the Alachua County Democratic Executive Committee to register and report as a political committee in violation of 2 U.S.C. §§433 and 434.

Voting for this determination were Commissioners Aikens, Harris, McGarry, Springer, and Tiernan. Commissioner Thomson was not present at the time of the vote.

Attest:

11/17/78
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

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

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

DATE: NOVEMBER 1, 1978

SUBJECT: OBJECTION - MUR 735 - First General Counsel's Report dated October 27, 1978 Received in OCS: 10-27-78, 10:27

The above-named document was circulated on a 48 hour vote basis at 4:30, October 27, 1978.

Commissioner Tiernan submitted an objection at the close of business, October 31, 1978, thereby placing MUR 735 on the Executive Session Agenda for November 15, 1978.

cc: Commissioner Tiernan

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October 27, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 735 d

Please have the attached First General Counsel's Report on MUR 735 distributed to the Commission on a 48 hour tally basis.

Thank you.

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FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO COMMISSION 78 OCT 27 A10: 27 OCT 27 1978

MUR NO. 735
STAFF MEMBER(S)

LINDSAY

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENT'S NAME: Democratic Executive Committee of Florida
Alachua County Democratic Executive Committee

RELEVANT STATUTE: 2 U.S.C. § 441a(d), 2 U.S.C. §§ 433 and 434
11 C.F.R. 110.7(c)

INTERNAL REPORTS CHECKED: Audit Findings (SEE attached Audit Memo)

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

This matter was referred to the Office of General Counsel on the basis of findings made by the Audit Division during the course of the audit of the Democratic Executive Committee of Florida.

SUMMARY OF ALLEGATIONS

That the Democratic Executive Committee of Florida failed to report, in violation of 2 U.S.C. § 441a(d) and 11 C.F.R. 110.7(c), the receipts of 13 county committees and 1 local organization which made expenditures under 2 U.S.C. § 441a(d) for a Federal candidate. That the Alachua County Democratic Executive Committee, a political committee, failed to register and report in violation of 2 U.S.C. §§ 433 and 434.

PRELIMINARY LEGAL ANALYSIS

During the course of auditing the Democratic Executive Committee of Florida, ("the Committee"), the auditors noted that expenditures reported as made by this Committee on behalf of a Federal candidate were in fact disbursed from the accounts of various unregistered county and local committees.

Thirteen county committees and one local organization disbursed a total of $6,727.67 under the 2 U.S.C. § 441a(d) expenditure limit for State parties on behalf of this candidate between September 21, 1976 and December 1, 1976. Only one of these groups, Alachua County Democratic Executive Committee, expended in excess of $1000 and therefore qualified as a political committee under the Act. The Office of General Counsel recommends that failure to register and report by the Alachua County Democratic Executive Committee be referred to Reports Analysis for appropriate action.

The 441a(d) expenditures were reported by the Democratic Executive Committee of Florida, for the most part, as transfers into this Committee and transfers out to the county committees for the purpose of expenditures on behalf of Lawton Chiles. Only the funds expended by the Alachua County Democratic Executive Committee,($1156), were disclosed as expenditures by this committee on behalf of Lawton Chiles. The reason that the other county committee expenditures were so reported stems from a misunderstanding by the Committee of the reporting procedure for 441a(d) expenditures made by subordinate committees and reported by the State Central Committee as provided for in 11 C.F.R. 110.7(c)(1). The Democratic Executive Committee of Florida has been informed by the auditors of the correct method of reporting these expenditures.

The Democratic Executive Committee of Florida did not report any of the receipts of these county committees which constituted the funds from which the 441a(d) expenditures were made. 11 C.F.R. 110.7 (c)(1) requires that the,

> "State Central Committee shall be responsible for insuring that the expenditures of the entire party organization are within the limitations, including receiving reports from any subordinate committee making expenditures under paragraph (b) of this section, <u>and filing consolidated reports showing all expenditures in the State with the Commission</u>;"

The next paragraph, 11 C.F.R. 110.7(c)(2), offers an optional approach wherein the subordinate committees register and report individually as if they were political committees if their expenditures exceed $100 in a calendar year. Under this section, to "register with and report to the Commission as ... a political committee," would suggest that both receipts and expenditures are to be reported for committees which expend in excess of $100 per year under the State party limit.

The Office of General Counsel believes, however, that the misleading emphasis of reporting of <u>expenditures</u> in 11 C.F.R. 110.7 (c)(1) explains why no receipts of subordinate Democratic party units in Florida were reported. This office believes, furthermore, that the Commission should take no action with regard to this non-reporting of receipts because the regulation, as it stands, is unclear and this committee attempted in good faith to comply with the regulation as written.

During the course of this audit the auditors also noted that corporate contributions are permissible for State and local elections in Florida and that, according to the Director of the Democratic Executive Committee, the local and county committees in Florida probably do not maintain segregated accounts. Therefore, the possibility exists that corporate funds were used to make these 441a(d) expenditures. No records as to the source of the funds used for the 441a(d) expenditures were available to the auditors because the receipts of these committees were not reported, as noted above.

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AO 1978-28 states that even if a party unit is not a "political committee" under the Act, this organization must defray the Federal election portion of its get-out-the-vote expenditures from funds which are lawfully contributed under the Act. Similarly, the Office of General Counsel believes that 441a(d) expenditures by party units which are not political committees should, nevertheless, be made from funds which are lawfully contributed under the Act. Although there is some doubt that the unregistered party units in Florida which made expenditures on behalf of Lawton Chiles did so from untainted funds, we recommend that the question not be pursued through the compliance track. To pursue through compliance such expenditures which are frequently found to have been made under similar circumstances, would pose the same administrative burdens anticipated in connection with contributions from unregistered committees.

Rather, the Office of General Counsel recommends that, consistent with the Commission's determination of October 12, 1978 regarding MUR 652 and contributions to Federal candidates from unregistered committees, this matter be handled in some alternative manner as will be recommended for Commission consideration by the Audit, General Counsel and Reports Analysis staffs in the near future.

RECOMMENDATIONS

1. Take no action at this time concerning the 441a(d) expenditures made by unregistered Democratic party units in Florida pending recommendations by the Audit, General Counsel and Reports Analysis Divisions for the handling of such matters through means other than the compliance track.

2. Refer to Reports Analysis the failure of the Alachua County Democratic Executive Committee to register and report as a political committee in violation of 2 U.S.C. §§ 433 and 434.

Attachments

Audit Referral

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Kenny

FEDERAL ELECTION COMMISSION

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

September 22, 1978

MEMORANDUM

TO : BILL OLDAKER

THROUGH : ORLANDO B. POTTER, OBP
STAFF DIRECTOR

FROM : AC BOB COSTA/RAY LISI RJL

SUBJECT : AUDIT OF THE DEMOCRATIC EXECUTIVE COMMITTEE OF FLORIDA ("the Committee")

During the audit of the above Committee a matter was noted which is being referred to your office for possible MUR treatment.

A review of the Committee's records and reports disclosed expenditures made on behalf of a Federal candidate and reported by the Committee, were actually disbursed from various county and local committees' accounts.

For the period September 21, 1976, through December 1, 1976, 13 county committees and one (1) local organization made expenditures on behalf of a Federal candidate, totaling $6,727.67. In all instances the Committee disclosed this activity as transfers in, and in all but one (1) instance the related expenditures were disclosed as transfers out to the county committees, with the purpose being disclosed as expenditures made on behalf of Senator Chiles. The one (1) exception was the funds expended by the Alachua County Democratic Executive Committee ($1,156), which were disclosed as itemized expenditures to the ultimate payees for $612.73 with the remaining portion of $543.27 reported as unitemized expenditures. This was the only county committee that expended in excess of $1,000.

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It should be noted that corporate contributions are permissable in the State of Florida for state and local elections, and it is possible that the funds expended on behalf of the candidate were from accounts which contained prohibited contributions. In discussing this matter with the Executive Director of the Committee, he indicated that he did not believe that the county committees maintained separate segregated accounts for federal purposes. Of the 14 committees making the expenditures, only the Dade County Democratic Executive Committee 1/ was registered with the Federal Election Commission at the time the expenditures were made.

Additionally, the disclosure of the transactions raise another question. If the Committee elects to report the expenditures for the county committees pursuant to Section 110.7(c)(1) and (2) of the Commission's Regulations, then it is unclear as to what constitutes proper disclosure. Should the Committee disclose the source of the county funds and the ultimate payees as non-cash transactions, on the respective receipt and expenditure schedules?

Attached is a schedule of the 14 committees that directly made expenditures on behalf of the candidate. If you have any questions, please contact Tom Nurthen or Ray Lisi on extenstion 3-4155.

1/ Terminated reporting with the Commission as of 12-31-76.

Attachment as stated

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COMMITTEE NAME	DATE	AMOUNT
Democratic Executive Committee of Charlotte County	09-21-76	$ 378.99
St. Lucie County Democratic Executive Committee	10-15-76	230.00
Democratic Womens Club of Florida, Inc.	10-18-76	100.00
Hardee County Democratic Executive Committee	10-19-76 10-22-76	500.00 115.00
Palm Beach County Democratic Executive Committee	10-19-76	1,000.00
Hendry County Democratic Executive Committee	10-22-76	250.00
Okeechobee County Democratic Executive Committee	10-22-76	200.00
Broward County Democratic Executive Committee	10-25-76 10-26-76	1,000.00
Dade County Democratic Executive Committee	11-15-76 12-01-76	500.00 500.00
Bradford County Democratic Executive Committee	11-15-76	200.00
Jackson County Democratic Executive Committee	11-19-76	297.63
Jefferson County Democratic Executive Committee	11-22-76	100.00
Bay County Democratic Executive Committee	12-01-76	200.00
Alachua County Democratic Executive Committee	12-01-76	1,156.00

The candidate receiving the benefit of the expenditures was Senator Lawton Chiles

A-341

FEDERAL ELECTION COMMISSION

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

September 22, 1978

MEMORANDUM

TO : BILL OLDAKER

THROUGH : ORLANDO B. POTTER, OBP.
STAFF DIRECTOR

FROM : BOB COSTA/RAY LISI RJL

SUBJECT : AUDIT OF THE DEMOCRATIC EXECUTIVE COMMITTEE OF FLORIDA ("the Committee")

During the audit of the above Committee a matter was noted which is being referred to your office for possible MUR treatment.

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For the period September 21, 1976, through December 1, 1976, 13 county committees and one (1) local organization made expenditures on behalf of a Federal candidate, totaling $6,727.67. In all instances the Committee disclosed this activity as transfers in, and in all but one (1) instance the related expenditures were disclosed as transfers out to the county committees, with the purpose being disclosed as expenditures made on behalf of Senator Chiles. The one (1) exception was the funds expended by the Alachua County Democratic Executive Committee ($1,156), which were disclosed as itemized expenditures to the ultimate payees for $612.73 with the remaining portion of $543.27 reported as unitemized expenditures. This was the only county committee that expended in excess of $1,000.

00018942

It should be noted that corporate contributions are pre-missable in the State of Florida for state and local elections, and it is possible that the funds expended on behalf of the candidate were from accounts which contained prohibited contributions. In discussing this matter with the Executive Director of the Committee, he indicated that he did not believe that the county committees maintained separate segregated accounts for federal purposes. Of the 14 committees making the expenditures, only the Dade County Democratic Executive Committee 1/ was registered with the Federal Election Commission at the time the expenditures were made.

Additionally, the disclosure of the transactions raise another question. If the Committee elects to report the expenditures for the county committees pursuant to Section 110.7(c)(1) and (2) of the Commission's Regulations, then it is unclear as to what constitutes proper disclosure. Should the Committee disclose the source of the county funds and the ultimate payees as non-cash transactions, on the respective receipt and expenditure schedules?

Attached is a schedule of the 14 committees that directly made expenditures on behalf of the candidate. If you have any questions, please contact Tom Nurthen or Ray Lisi on extenstion 3-4155.

1/ Terminated reporting with the Commission as of 12-31-76.

Attachment as stated

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COMMITTEE NAME	DATE	AMOUNT
Democratic Executive Committee of Charlotte County	09-21-76	$ 378.99
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Democratic Womens Club of Florida, Inc.	10-18-76	100.00
Hardee County Democratic Executive Committee	10-19-76 10-22-76	500.00 115.00
Palm Beach County Democratic Executive Committee	10-19-76	1,000.00
Hendry County Democratic Executive Committee	10-22-76	250.00
Okeechobee County Democratic Executive Committee	10-22-76	200.00
Broward County Democratic Executive Committee	10-25-76 10-26-76	1,000.00
Dade County Democratic Executive Committee	11-15-76 12-01-76	500.00 500.00
Bradford County Democratic Executive Committee	11-15-76	200.00
Jackson County Democratic Executive Committee	11-19-76	297.68
Jefferson County Democratic Executive Committee	11-22-76	100.00
Bay County Democratic Executive Committee	12-01-76	200.00
Alachua County Democratic Executive Committee	12-01-76	1,156.00

The candidate receiving the benefit of the expenditures was Senator Lawton Chiles

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FEDERAL ELECTION COMMISSION

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

THIS IS THE BEGINNING OF MUR # 735

Date Filmed 5/15/80 Camera No. --- 2

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