



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20461

THIS IS THE END OF MUR # 1315

Date Filmed 7-24-82 Camera No. --- 2

Cameraman GR

Documents or portions of documents removed from the permanent file in MUR 1315, In the Matter of the Association of State Democratic Chairpersons/Dollars for Democrats (1980) pursuant to the exemptions provided in the Freedom of Information Act, 5 U.S.C. § 552(b):

1. Copy of Commissioner Reiche's vote sheet with comment (January 16, 1981) (comment deleted). 1 pg.
2. Routing slip for RTB letters (January 21, 1981). 1 pg.
3. OGC Routing Slip for probable cause brief. 1 pg.
4. OGC Routing Slip for General Counsel's Report. 1 pg.
5. Memorandum to Charles N. Steele, from Marjorie W. Emmons/Jody Custer, re: objections to the February 3, 1982 memorandum to the Commission and enclosing a copy of Commissioner Elliott's vote sheet with her comments (February 5, 1982) (comment deleted). 1 pg. plus 1 pg. attachment.
6. OGC Routing Slip for Memorandum to the Commission. 1 pg.
7. Memorandum to the File, from Robert W. Bonham, III, re: Documents provided by Ann Fishman, Executive Director (March 17, 1982). 1 pg. plus 11 pgs. attachments and 1 pg. envelope.
8. Memorandum to Charles N. Steele, from Marjorie W. Emmons/Jody C. Ransom, enclosing a copy of Commissioner Aikens' vote sheet with comment (May 12, 1982) (comment deleted). 1 pg. plus 1 pg. attachment.
9. OGC Routing Slip for Memorandum to the Commission. 1 pg.
10. OGC Routing Slip for Letter to Fishman.

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Page Two.

11. OGC Routing Slip for Memorandum to the Commission.
1 pg.

Robert W. Bonham, III

Robert W. Bonham, III
Attorney

July 13, 1982.

62040334022

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Association of State Democratic
Chairpersons/Dollars for
Democrats

MUR 1315

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 6, 1982, the Commission authorized by a vote of 6-0 the placement on the public record of the conciliation documents specified in the June 18, 1982 signed statement from Ann Fishman, treasurer of the Association of State Democratic Chairpersons/Dollars for Democrats, the respondent in MUR 1315.

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

Attest:

7-6-82

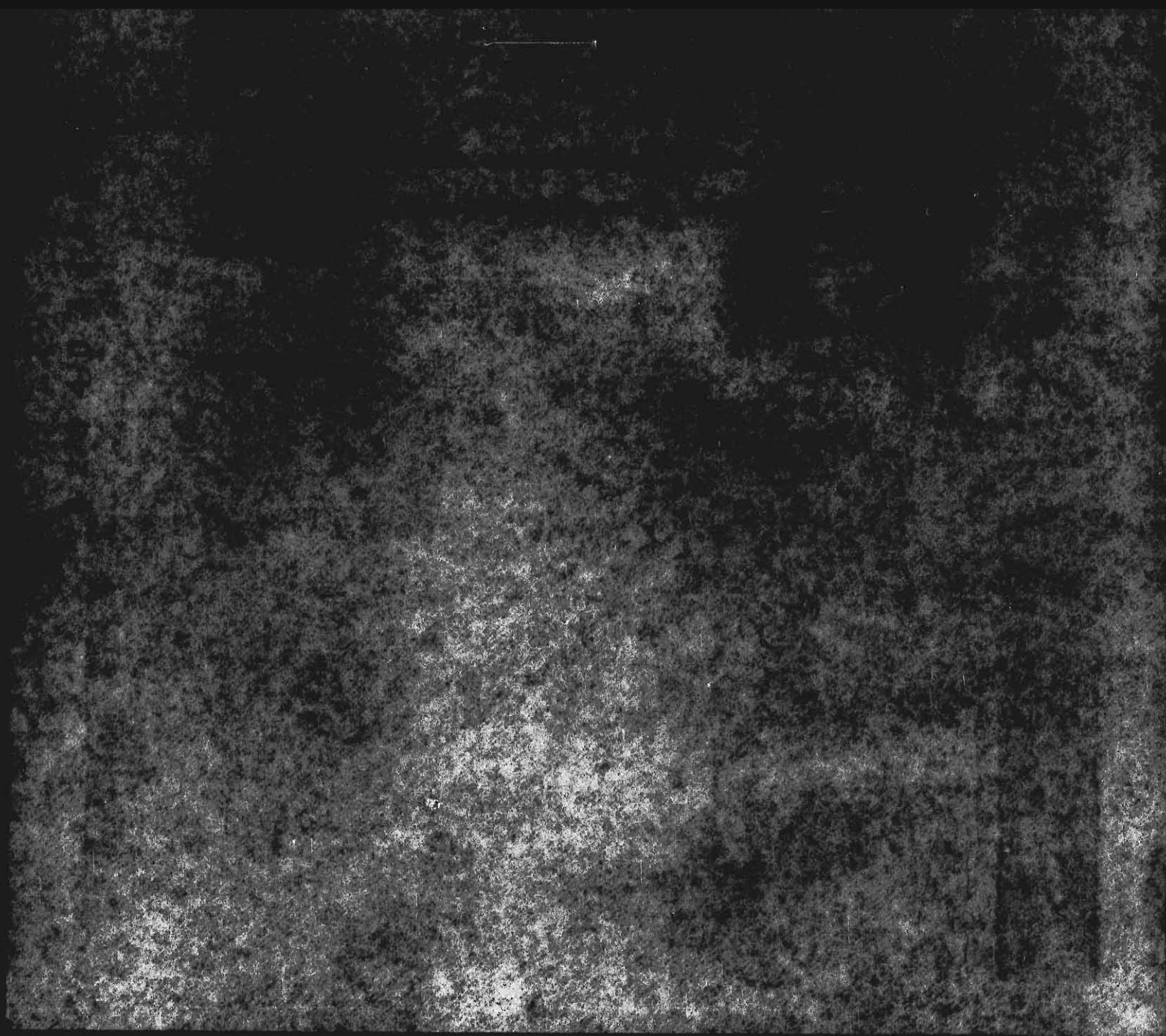
Date

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

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

6-30-82, 2:53
7-1-82, 11:00

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SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

82 JUN 30 P 2: 53

June 30, 1982

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

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

SUBJECT: MUR 1315, Association of State Democratic
Chairpersons/Dollars for Democrats (1980).

On May 12, 1982, the Commission decided to accept the conciliation agreement signed by respondent, the Association of State Democratic Chairpersons/Dollars for Democrats committee, and close the file in this matter. The Office of the General Counsel notified Ann Fishman, treasurer of the committee, of the Commission's action by a letter dated May 19, 1982 which also asked her to advise us in writing should the committee wish any of the information derived in connection with conciliation in this matter to become part of the public record. See Proposed Notification Letter which was provided as Attachment 3 to the Office of the General Counsel's May 10, 1982 Memorandum to the Commission in this matter.

On June 10, 1982, the General Counsel's Office received a June 7, 1982 letter from the treasurer of the committee requesting that the Commission make all correspondence from the Association of State Democratic Chairs to the Commission part of the public record. Attachment 1. Thereafter, on June 16, 1982, the Office of the General Counsel requested the committee to also authorize the Commission to disclose other documents or portions of documents in the Commission's possession which discuss actions by the Commission or contain information derived in connection with conciliation attempts which the Commission would otherwise be prohibited from disclosing. Attachment 2. The treasurer of the committee now has returned a signed statement requesting that the Commission release these documents. Attachment 3.

2 U.S.C. § 437g(a)(4)(B)(i) provides that no action by the Commission or any person, and no information derived

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in connection with any conciliation attempt by the Commission may be made public by the Commission without the written consent of the respondent and the Commission. The Office of the General Counsel now recommends that the Commission authorize the release of these documents so that the public record may reflect the conciliation efforts undertaken to resolve this matter.

RECOMMENDATION:

1. That the Commission authorize the placement on the public record of the conciliation documents specified in the June 18, 1982 signed statement from Ann Fishman, treasurer of the Association of State Democratic Chairpersons/Dollars for Democrats, the respondent in MUR 1315.

Attachments

1. Letter to Rob Bonham, from Ann Fishman, treasurer of Dollars for Democrats (June 7, 1982). 1 pg.
2. Letter to Ann Fishman, from Charles N. Steele by Kenneth A. Gross (June 16, 1982). 2 pgs.
3. Signed Statement of Ann Fishman (June 18, 1982). 1 pg.

02040334026

Association of State Democratic Chairs



1625 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036
TEL. (202) 797-5900

President

Henry Topel, Delaware

(1)

32 JUN 10 PM 12:37

GENERAL COUNSEL

June 7, 1982

Rob Bonham
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

Dear Rob:

I hereby request that you make all correspondence from the Association of State Democratic Chairs to your Offices a part of the public record. Thank you.

Sincerely,

Ann Fishman
Treasurer
Dollars for Democrats

AF/db

Attachment 1-(1)

02040334027



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 16, 1982

(2)

Ann Fishman,
Treasurer
Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Ms. Fishman:

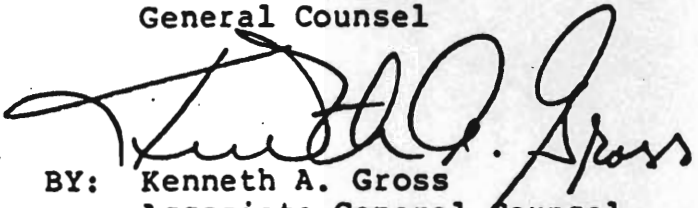
Your June 7, 1982 letter to Commission staff attorney Robert Bonham requesting the Commission make all correspondence from the Association of State Democratic Chairs to the Office of the General Counsel concerning conciliation in MUR 1315, In the Matter of Association of State Democratic Chairpersons/Dollars for Democrats (1980), a part of the public record was received by the Commission on June 10, 1982.

The Office of the General Counsel respectfully requests that you authorize the Commission to also disclose the reports and memoranda or portions thereof submitted by the General Counsel's Office to the Commission which discuss conciliation, the Commission's initial conciliation proposal, Certifications of Commission Action regarding conciliation and accompanying vote sheets and transmittal memoranda so that the public record may more fully reflect the conciliation efforts undertaken to resolve this matter.

If you agree to the release of these additional documents, please sign the attached disclosure request and return it to the Commission. The disclosure request will then be submitted to the Commission for its formal approval pursuant to 2 U.S.C. §437g(a)(4)(B). If approved by the Commission, these documents will be made a part of the public record in this matter within thirty days.

Sincerely,

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

Attachment 2-(1)

62040334028

I hereby request that the Federal Election Commission make the following categories of documents relating to conciliation in MUR 1315, In the Matter of the Association of State Democratic Chairpersons/Dollars for Democrats (1980), a part of the public record unless protected from disclosure pursuant to the exemptions provided in the Freedom of Information Act, 5 U.S.C. § 552(b):

- (a) all correspondence from the Association of State Democratic Chairpersons/Dollars for Democrats to the Commission;
- (b) all reports and memoranda or portions thereof submitted by the General Counsel's Office to the Commission which discuss conciliation;
- (c) the Commission's initial conciliation proposal; and
- (d) Certifications of Commission Action regarding conciliation, and accompanying vote sheets and transmittal memoranda.

Date _____

Ann Fishman, Treasurer
Dollars for Democrats

02040334029

2 JUN 18 P2:34

(4)

I hereby request that the Federal Election Commission make the following categories of documents relating to conciliation in MUR 1315, In the Matter of the Association of State Democratic Chairpersons/Dollars for Democrats (1980), a part of the public record unless protected from disclosure pursuant to the exemptions provided in the Freedom of Information Act, 5 U.S.C. § 552(b):

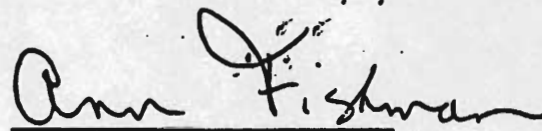
(a) all correspondence from the Association of State Democratic Chairpersons/Dollars for Democrats to the Commission;

(b) all reports and memoranda or portions thereof submitted by the General Counsel's Office to the Commission which discuss conciliation;

(c) the Commission's initial conciliation proposal; and

(d) Certifications of Commission Action regarding conciliation, and accompanying vote sheets and transmittal memoranda.

June 18, '82
Date


Ann Fishman, Treasurer
Dollars for Democrats

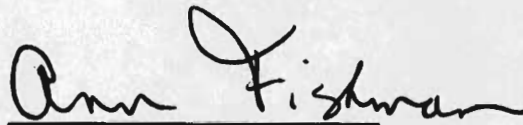
02040334030

32 JUN 18 P 2: 34

I hereby request that the Federal Election Commission make the following categories of documents relating to conciliation in MUR 1315, In the Matter of the Association of State Democratic Chairpersons/Dollars for Democrats (1980), a part of the public record unless protected from disclosure pursuant to the exemptions provided in the Freedom of Information Act, 5 U.S.C. § 552(b):

- (a) all correspondence from the Association of State Democratic Chairpersons/Dollars for Democrats to the Commission;
- (b) all reports and memoranda or portions thereof submitted by the General Counsel's Office to the Commission which discuss conciliation;
- (c) the Commission's initial conciliation proposal; and
- (d) Certifications of Commission Action regarding conciliation, and accompanying vote sheets and transmittal memoranda.

June 18, '82
Date


Ann Fishman, Treasurer
Dollars for Democrats

02040334031



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 16, 1982

Ann Fishman,
Treasurer
Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Ms. Fishman:

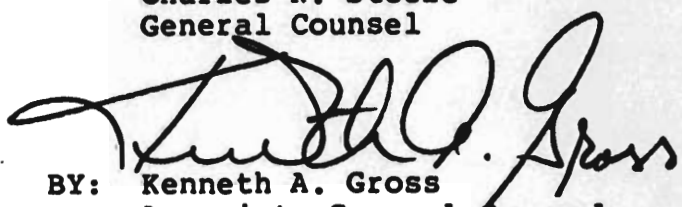
Your June 7, 1982 letter to Commission staff attorney Robert Bonham requesting the Commission make all correspondence from the Association of State Democratic Chairs to the Office of the General Counsel concerning conciliation in MUR 1315, In the Matter of Association of State Democratic Chairpersons/Dollars for Democrats (1980), a part of the public record was received by the Commission on June 10, 1982.

The Office of the General Counsel respectfully requests that you authorize the Commission to also disclose the reports and memoranda or portions thereof submitted by the General Counsel's Office to the Commission which discuss conciliation, the Commission's initial conciliation proposal, Certifications of Commission Action regarding conciliation and accompanying vote sheets and transmittal memoranda so that the public record may more fully reflect the conciliation efforts undertaken to resolve this matter.

If you agree to the release of these additional documents, please sign the attached disclosure request and return it to the Commission. The disclosure request will then be submitted to the Commission for its formal approval pursuant to 2 U.S.C. §437g(a)(4)(B). If approved by the Commission, these documents will be made a part of the public record in this matter within thirty days.

Sincerely,

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

02040334032

02040334033

I hereby request that the Federal Election Commission make the following categories of documents relating to conciliation in MUR 1315, In the Matter of the Association of State Democratic Chairpersons/Dollars for Democrats (1980), a part of the public record unless protected from disclosure pursuant to the exemptions provided in the Freedom of Information Act, 5 U.S.C. § 552(b):

(a) all correspondence from the Association of State Democratic Chairpersons/Dollars for Democrats to the Commission;

(b) all reports and memoranda or portions thereof submitted by the General Counsel's Office to the Commission which discuss conciliation;

(c) the Commission's initial conciliation proposal; and

(d) Certifications of Commission Action regarding conciliation, and accompanying vote sheets and transmittal memoranda.

Date _____

Ann Fishman, Treasurer
Dollars for Democrats



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 16, 1982

Ann Fishman,
Treasurer
Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Ms. Fishman:

Your June 7, 1982 letter to Commission staff attorney Robert Bonham requesting the Commission make all correspondence from the Association of State Democratic Chairs to the Office of the General Counsel concerning conciliation in MUR 1315, In the Matter of Association of State Democratic Chairpersons/Dollars for Democrats (1980), a part of the public record was received by the Commission on June 10, 1982.

The Office of the General Counsel respectfully requests that you authorize the Commission to also disclose the reports and memoranda or portions thereof submitted by the General Counsel's Office to the Commission which discuss conciliation, the Commission's initial conciliation proposal, Certifications of Commission Action regarding conciliation and accompanying vote sheets and transmittal memoranda so that the public record may more fully reflect the conciliation efforts undertaken to resolve this matter.

If you agree to the release of these additional documents, please sign the attached disclosure request and return it to the Commission. The disclosure request will then be submitted to the Commission for its formal approval pursuant to 2 U.S.C. §437g(a)(4)(B). If approved by the Commission, these documents will be made a part of the public record in this matter within thirty days.

Sincerely,

Charles N. Steele
General Counsel

Rob 6/15/82

BY: Kenneth A. Gross
Associate General Counsel

02040334034

201833

Association of State Democratic Chairs



1625 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20036

TEL. (202) 797-5900

President

Henry Topel, Delaware

RECEIVED
GCC#17990
82 JUN22 P2:02

82 JUN22 P4:56

GENERAL COUNSEL

June 21, 1982

02040334033
Robert Bonham
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Mr. Bonham:

Enclosed is our check for \$1,500.00. I hope this
concludes this matter.

Sincerely,

Ann Fishman
Treasurer
Dollar for Democrats

enc.

AF/db

02040334036

ASSOCIATION OF STATE
DEMOCRATIC CHAIRMEN

1377

PAY
TO THE
ORDER OF

Federal Election Commission

June 21 19 82

15-344

\$1,500.⁰⁰/₁₀₀

Fifteen hundred and

⁰⁰/₁₀₀

DOLLARS

The RIGGS NATIONAL BANK

of WASHINGTON, D. C.
16TH AND M STS OFFICE
1600 M STREET, N.W.

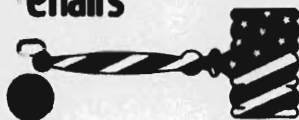
FOR

Henry Lopez

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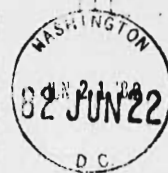
BAKCO 801

**Association of
State Democratic
Chairs**



1825 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D. C. 20036

Mr. Robert Bonham
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463



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WASHINGTON, D.C.

62040

600# 7927

Association of State Democratic Chairs



1625 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036
TEL. (202) 797-5900

President

Henry Topel, Delaware

32 JUN 10 PM 2:37

RECEIVED
GENERAL COUNSEL

June 7, 1982

Rob Bonham
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

Dear Rob:

I hereby request that you make all correspondence from the Association of State Democratic Chairs to your Offices a part of the public record. Thank you.

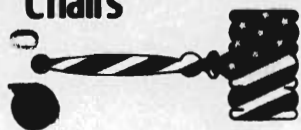
Sincerely,

Ann Fishman
Treasurer
Dollars for Democrats

AF/db

02040334038

Association of
State Democratic
Chairs



1625 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D. C. 20036

Rob Bonham
Federal Election Commission
1325 K Street NW
Washington, D.C. 20463

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111
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02 JUN 10 A10:14

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62040



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 19, 1982

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Re: MUR 1315

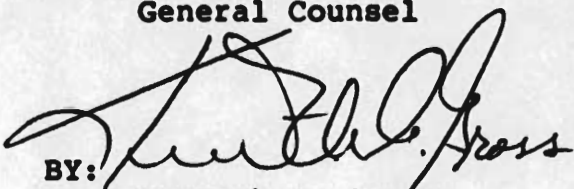
Dear Ms. Fishman:

On May 12, 1982, the Commission accepted the conciliation agreement signed by you in settlement of violations of former 2 U.S.C. § 432, a provision of the Federal Election Campaign Act of 1971, as amended, and former 11 C.F.R. §§ 102.9 and 104.12. 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

02040334040

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Association of State Democratic)
Chairpersons/Dollars for Democrats)

MUR 1315

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after probable cause to believe having been found that the Association of State Democratic Chairpersons/Dollars for Democrats ("Association" or "Respondent") violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

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

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

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

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

32 MAY 6 PM 5:30

RECEIVED

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

1. Respondent, the Association of State Democratic Chairpersons/Dollars for Democrats, is a political committee which registered with the Commission on December 3, 1976 in support of Democratic nominees for federal elections.

2. On March 16, 1979, the Commission's Audit Division notified the Committee that it had been selected for an audit. The audit notification letter specified that "all financial records of (the) Committee for the period January 1, 1977, through the present, ... should be available for inspection when the audit begins."

3. Subsequently, pursuant to former 2 U.S.C. § 438(a)(8), the Audit Division attempted to scrutinize the Association's documents and working papers to verify total reported receipts, expenditures and individual transactions, review required supporting documentation, analyze Association debts and obligations, and perform other audit procedures deemed necessary under the circumstances. The auditors, however, were unable to complete the tests required to verify that the Association had reported all its activity and to determine whether the activity was properly reported because the records provided by the Association were incomplete and the Association lacked knowledgeable personnel to assist the Commission staff. Specifically, review of the Association's bank records was hindered by the lack of deposit tickets and the inadequacy of other types of receipt records. The Audit Division's analysis

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also was impeded by the condition of the Association's contributor records which were not arranged in a fashion to facilitate the verification of the sources and the reported totals.

4. Thereafter, on January 2, 1980, the Audit Division requested by telephone those documents and working papers which it had found missing, and later repeated its request in a May 14, 1980 letter of audit findings. The Association treasurer responded in a July 22, 1980 letter which asserted that the Association had fully cooperated with the auditors by submitting all existing records and provided no additional documents.

5. On January 19, 1981, the Commission approved the recommendation contained in the First General Counsel's Report that it find reason to believe the Association violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979. The Commission subsequently notified the Association of its findings in a January 22, 1981 letter and provided the Association with a summary of the General Counsel's Factual and Legal Analysis on the matter. Although the Association later submitted a March 17, 1981 statement to the Commission responding to the RTB findings which stated that all records requested by the auditors now either do exist or can be recreated, the Association has continued to fail to provide the documents.

V. The Respondent's failure to use its best efforts to adequately document its receipts and expenditures and obtain receipted bills or other memoranda for certain expenditures, and to subsequently retain and make available to the Commission in auditable condition documents which provide in sufficient detail the information necessary to verify reports required to be filed by the Committee under the Act was a violation of former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.(9a), (b), (c) and (e), and 104.12(b)(1) and (3).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one thousand five hundred dollars (^{AF/KAG}\$1,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

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.

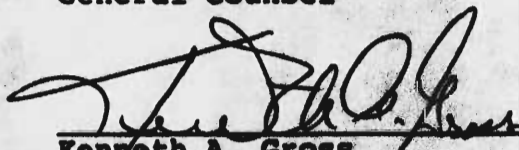
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X. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

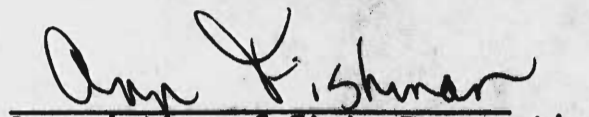
Charles N. Steele
General Counsel

May 18, 1982
Date

BY:


Kenneth A. Gross
Associate General Counsel

May 5 '82
Date


Association of State Democratic
Chairpersons/Dollars
for Democrats
By Ann Fishman, Treasurer

82040334045



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Re: MUR 1315

Dear Ms. Fishman:

On May 12, 1982, the Commission accepted the conciliation agreement signed by you in settlement of violations of former 2 U.S.C. § 432, a provision of the Federal Election Campaign Act of 1971, as amended, and former 11 C.F.R. §§ 102.9 and 104.12. 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

OK
RdB 5/13/82

BY:

Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

02040334046

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Association of State Democratic
Chairpersons
Dollars for Democrats

)
)
)
)
)

MUR 1315

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 12, 1982, the Commission decided by a vote of 5-0 to take the following actions in MUR 1315:

1. Approve the conciliation agreement signed by Ann Fishman, treasurer of the Association of State Democratic Chairpersons/ Dollars for Democrats, as submitted with the General Counsel's May 10, 1982, Memorandum to the Commission and close the file in this matter.
2. Approve and direct the Office of General Counsel to send the notification letter to Ann Fishman, Treasurer of the Association of State Democratic Chairpersons/ Dollars for Democrats as attached to the May 10, 1982, Memorandum to the Commission.

(continued)

02040334047

MUR 1315
Memorandum to the Commission
Dated May 10, 1982

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

Attest:

5-12-82

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

82040334048

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

5-10-82, 11:30
5-10-82, 4:00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS *WE* / JODY C. RANSON *JCR*
DATE: MAY 12, 1982
SUBJECT: COMMENTS RE: MUR 1315 Memorandum to the
Commission dated 5-10-82

Attached is a copy of Commissioner Aikens'
vote sheet with comments regarding

62040334049

ATTACHMENT:
Copy of Vote Sheet



SENSITIVE
FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20543

Date & Time Transmitted: MONDAY, 5-10-82, 4:00

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

RETURN TO COMMISSION SECRETARY BY WEDNESDAY, MAY 12, 1982, 4:00

SUBJECT: MUR 1315 - Memorandum to the Commission dated 5-10-82

(✓) I approve the recommendation in the attached report.

() I object to the recommendation.

COMMENTS: _____

Date: 5-11-82

Signature: J. Aiken

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

82 MAY 12 4 09 PM from the Office of the Commission Secretary

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

62040334050

TO: Mr. Tolson
FROM: Mr. E. A. Tamm
SUBJECT: 100-1111

Please have the attached document
distributed to the appropriate departments.
Thank you.

Respectfully,
E. A. Tamm

cc: Nathan

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SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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May 10, 1982

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

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

SUBJECT: MUR 1315, Association of State Democratic
Chairpersons/Dollars for Democrats

On February 17, 1982, the Commission rejected a counterproposal conciliation agreement submitted by the respondent, the Association of State Democratic Chairpersons/Dollars for Democrats, in settlement of this matter. The Commission directed the Office of General Counsel to:

- 1) provide additional information regarding the operation of the Association of State Democratic Chairpersons/Dollars for Democrats; and,
- 2) pursue conciliation efforts in accordance with the terms of the original conciliation agreement approved by the Commission on October 27, 1981.

Except for the amount of the civil penalty, the Association of State Democratic Chairpersons/Dollars for Democrats now has agreed to a conciliation agreement substantially identical to the one first offered by the Commission. Respondent requests that the Commission accept a civil penalty in the amount of \$1,500 in lieu of the \$2,500 civil penalty originally proposed by the Commission. The signed agreement is attached to this memorandum as Attachment 1. Also attached is a May 7, 1982 letter from Respondent's treasurer. Attachment 2. We recommend that the Commission accept this agreement in settlement of this matter.

In addition, the Office of General Counsel has met with representatives of the Association of State Democratic Chairpersons/Dollars for Democrats and with representatives of Larry Meyer Associates, Inc., the Minnesota based fundraising

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firm employed by the Respondent, in an effort to provide the Commission with a historical and organizational background of the Association of State Democratic Chairpersons/Dollars for Democrats. The Office of the General Counsel now provides the following information in response to questions raised by the Commission at the February 17th Executive Session.

The Association of State Democratic Chairpersons (formerly Association of State Democratic Chairmen) ("ASDC") was organized in the mid-1970's by representatives of various state Democratic party committees. ASDC lobbied for representation on the Democratic National Committee ("DNC") and eventually was recognized by the DNC to serve as a political liaison between the DNC and the state Democratic party committees.

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In late 1976, ASDC was approached by representatives of Larry Meyer Associates, Inc. of St. Cloud, Minnesota, who proposed that ASDC sponsor a telephone fundraising solicitation program similar to an existing program Meyer Associates operated for the Minnesota Democratic State Committee. ASDC claims that after deciding to undertake such a program, representatives of ASDC met with a Commission staff attorney in order to learn how to properly report the activities of the program under the Federal Election Campaign Act. According to ASDC, pursuant to this discussion, it was determined that ASDC as well as each of the participating state Democratic party committees should report with the Commission. The reporting system decided upon required that each state Democratic party committee report an allocated portion of the expenses incurred in the telephone solicitation program as well as the total amount of contributions which each state Democratic party committee received. ASDC was also to file reports showing the total amount of receipts and disbursements, including transfers to and from the state Democratic party committees.

ASDC and many of the participating state Democratic party committees subsequently registered with the Commission. ASDC, on its December 3, 1976 statement of organization, indicated that it was a "national" committee of the Democratic Party and that it intended to operate on a statewide basis, operate in more than one state and not primarily support state or local candidates. ASDC reported that it was affiliated with the DNC and listed its address as 1625 Massachusetts Avenue, N.W. Although ASDC stated that it intended to stay in existence indefinitely, it reported that in the event of dissolution, residual funds were to be transferred to the DNC.

Subsequent to registering with the Commission, ASDC formed ASDC Service Corporation to operate the telephone solicitation program. ASDC did not file an amended statement of organization reflecting this organizational change, however, until May 11, 1978 when an "amended" FEC Form 1 disclosing a change in treasurers was filed for ASDC Service Corporation. The only previous mention of the Service Corporation by ASDC had been in an April, 1977 amended statement of organization which indicated that ASDC had opened a bank account "in the name of ASDC Services Corporation, the operational arm of the Association of State Democratic Chairpersons." On May 11, 1978, ASDC Services Corporation filed a report of receipts and expenditures in which it checked the box on the report indicating that it was terminating. In a May 11, 1978 letter to the Commission on ASDC letterhead, the treasurer of ASDC explained that since "ASDC Service Corp. committee has not engaged in any federal election related activity other than the Dollars for Democrats program, the committee [ASDC Services Corporation] is being terminated." The letter also stated that it had proven impossible for ASDC Services Corporation to accurately allocate fundraising expenses to each of the corresponding state Democratic party committees. Accordingly, a new system of reporting was being implemented in which the Dollars for Democrats Committee would report all receipts and disbursements. The letter went on to say that "state committees using the money for activities related to federal elections will only report the actual [net] transfers in from the Dollars for Democrats program."

A statement of organization for the Dollars for Democrats Committee was filed on May 11, 1978. That statement of organization indicated that the Dollars for Democrats Committee was affiliated with the Democratic National Committee Service Corporation and all thirty-seven state Democratic party organizations which participated at that time in the fundraising program. The address for the Dollars for Democrats Committee was listed as 1625 Massachusetts Avenue, N.W.; however, the treasurer informs us that the Committee now oversees the fundraising program from offices located at 400 North Capitol Street. The Dollars for Democrats Committee reported that in the event of dissolution, residual funds were to be dispersed to the "original states," not the Democratic National Committee as previously reported by ASDC. The Dollars for Democrats Committee filed a 1977 Year End Report which disclosed all the activity previously included in the 1977 reports filed by ASDC and ASDC Services Corporation. Since May 11, 1978, the fundraising activities of ASDC consistently has been reported by the Dollars for Democrats Committee.

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The Dollars for Democrats program acts as a national fundraising program for the participating state Democratic party committees. Pursuant to written agreements with each of the participating state Democratic party committees, the Association of State Democratic Chairpersons is authorized to solicit and accept contributions and to make expenditures necessary to operate the fundraising program. A sample copy of one of these agreements is attached as Attachment 4. In this capacity, ASDC Services Corporation contracts with Larry Meyer Associates, Inc. to actually operate the fundraising program. A copy of a recent agreement between ASDC and Meyer Associates is attached as Attachment 5. Contributions and expenditures are reported to the Federal Election Commission by the Dollars for Democrats Committee.

Meyer Associates establishes a telephone bank for making solicitations into each participating state. Working from lists of party activists, party contributors and previous contributors to the program, Meyer Associates prepares a verified list of potential contributors. Meyer Associates then contacts each of those individuals to solicit contributions to their state Democratic party committee. All contributors are instructed to make their checks payable to the state Democratic party committee and to send their contributions to a mail drop box located in their state. Contributors who do not send their pledge within a reasonable period of time are sent reminders.

All contributions received in each of the participating states are automatically forwarded by courier to the Riggs Bank here in Washington where they are recorded, reviewed for corporate and excessive contributions, and then deposited. According to information entered into the Commission's computer data base, the Dollars for Democrats Committee has reported receiving only four contributions over the itemization threshold totalling \$750. Meyer Associates is paid on the number of phone numbers verified and on the number of phone calls made. Meyer Associates also is reimbursed for the costs incurred in connection with the fundraising program.

At the completion of the fundraising program the funds are disbursed. First, ASDC receives a flat two percent of the gross receipts as a management fee. Since 1980, ASDC has agreed to receive only one percent of gross receipts generated from lists supplied by the state Democratic party committees which are composed of new or first time contributors. These funds are placed in ASDC's general treasury and applied towards the expenses incurred in ASDC's political and other activities.

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Funds are then distributed to each state Democratic party committee proportionate to the gross receipts received in that state. Expenses of the fundraising program are allocated on the number of phone calls soliciting contributions made by Meyer Associates to residents of that state.

A review of the reports filed by ASDC, ASDC Service Corporation, and the Dollars for Democrats Committee indicates that no funds have ever been directly contributed to federal candidates. Instead, funds are transferred to the participating state Democratic party committees who may use the funds as they see fit. According to reports filed with the Commission, in the 1977-78 election cycle, five state Democratic party committees which participated in the fundraising program made contributions to federal candidates. In the 1979-80 election cycle, eighteen state Democratic party committees which participated in the fundraising program made contributions to federal candidates.

RECOMMENDATION:

1. That the Commission approve the attached conciliation agreement signed by Ann Fishman, treasurer of the Association of State Democratic Chairpersons/Dollars for Democrats and close the file in this matter.
2. That the Commission approve and direct the Office of the General Counsel to send the attached notification letter to Ann Fishman, Treasurer of the Association of State Democratic Chairpersons/Dollars for Democrats.

Attachments

1. Proposed Conciliation Agreement, 5 pgs.
2. May 7, 1982 letter from Ann fishman, Treasurer, Association of State Democratic Chairpersons/Dollars for Democrats, 2 pgs.
3. Proposed notification letter to Ann Fishman, Treasurer, Association of State Democratic Chairpersons/Dollars for Democrats, 1 pg.
4. Sample Agreement between the Association of State Democratic Chairpersons and the State Democratic Committees, 4 pgs.
5. Recent Agreement Between the ASDC Services Corporation and Meyer Associates, Inc., 7 pgs.

BEFORE THE FEDERAL ELECTION COMMISSION

(1)

In the Matter of
Association of State Democratic
Chairpersons/Dollars for Democrats

MUR 1315

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after probable cause to believe having been found that the Association of State Democratic Chairpersons/Dollars for Democrats ("Association" or "Respondent") violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

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

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

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

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

Attachment 1-(1)

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

1. Respondent, the Association of State Democratic Chairpersons/Dollars for Democrats, is a political committee which registered with the Commission on December 3, 1976 in support of Democratic nominees for federal elections.

2. On March 16, 1979, the Commission's Audit Division notified the Committee that it had been selected for an audit. The audit notification letter specified that "all financial records of (the) Committee for the period January 1, 1977, through the present, ... should be available for inspection when the audit begins."

3. Subsequently, pursuant to former 2 U.S.C. § 438(a)(8), the Audit Division attempted to scrutinize the Association's documents and working papers to verify total reported receipts, expenditures and individual transactions, review required supporting documentation, analyze Association debts and obligations, and perform other audit procedures deemed necessary under the circumstances. The auditors, however, were unable to complete the tests required to verify that the Association had reported all its activity and to determine whether the activity was properly reported because the records provided by the Association were incomplete and the Association lacked knowledgeable personnel to assist the Commission staff. Specifically, review of the Association's bank records was hindered by the lack of deposit tickets and the inadequacy of other types of receipt records. The Audit Division's analysis

also was impeded by the condition of the Association's contributor records which were not arranged in a fashion to facilitate the verification of the sources and the reported totals.

4. Thereafter, on January 2, 1980, the Audit Division requested by telephone those documents and working papers which it had found missing, and later repeated its request in a May 14, 1980 letter of audit findings. The Association treasurer responded in a July 22, 1980 letter which asserted that the Association had fully cooperated with the auditors by submitting all existing records and provided no additional documents.

5. On January 19, 1981, the Commission approved the recommendation contained in the First General Counsel's Report that it find reason to believe the Association violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979. The Commission subsequently notified the Association of its findings in a January 22, 1981 letter and provided the Association with a summary of the General Counsel's Factual and Legal Analysis on the matter. Although the Association later submitted a March 17, 1981 statement to the Commission responding to the RTB findings which stated that all records requested by the auditors now either do exist or can be recreated, the Association has continued to fail to provide the documents.

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V. The Respondent's failure to use its best efforts to adequately document its receipts and expenditures and obtain receipted bills or other memoranda for certain expenditures, and to subsequently retain and make available to the Commission in auditable condition documents which provide in sufficient detail the information necessary to verify reports required to be filed by the Committee under the Act was a violation of former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.(9a), (b), (c) and (e), and 104.12(b)(1) and (3).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one thousand five hundred dollars (41,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

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.

-5-

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

Charles N. Steele
General Counsel

BY:

Date

May 5 '82
Date

Kenneth A. Gross
Associate General Counsel

Ann Fishman
Association of State Democratic
Chairpersons/Dollars
for Democrats
By Ann Fishman, Treasurer

Association of
State Democratic
Chairs



1625 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20036

TEL. (202) 797-5900

May 7, 1982

RECEIVED
GENERAL COUNSEL
MAY 7 PM 2:15

President

Marge Thurman, Georgia

Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

Dear Commissioners:

Attached is a copy of our letter dated January 25, 1982. In this letter we requested your consideration of a fine of less than \$1,500 and our reasons for that request. We believe a fine of \$1,500 is unduly high given the circumstances which led to the alleged violation. Therefore, we again respectfully request that the Commission lower the fine.

The Association is most desirous of reaching a satisfactory conclusion to this matter. To reach this end, we have conceded much of the language in the conciliation agreement. We have spent numerous hours in consultation with your staff attorneys and arranged, at their request, an additional meeting with our consultant, Larry Meyer, and your staff. We hope our request for a lesser fine is granted. However, if the Commission does not see fit to grant us a reduced fine, we reluctantly agree to pay the \$1,500 in order to conclude this matter.

Respectfully yours,

Ann Fishman

Ann Fishman
Treasurer
Dollar for Democrats

Attachment 2-(1)

Association of State Democratic Chairs



1625 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20036

TEL. (202) 797-5900

January 25, 1982

President

Federal Election Commission

1325 K Street, NW

Marge Thurman, Georgia

Washington, D.C. 20463

Dear Commissioners:

RE: MUR 1315

Enclosed please find a copy of our proposed conciliation agreement. In the proposed agreement the Association agrees to pay a fine of \$1,500.00. The Association agrees to this amount most reluctantly and only after consultation with your staff. Notwithstanding the Association's willingness to pay the fine as proposed, the Association hopes the Commission will see fit to reduce the amount.

The Association believes a lower fine would accomplish the Commission's objectives while putting less strain on the Association's limited resources. A review of previous conciliation agreements I believe would demonstrate that fines over \$500 have almost invariably been reserved for cases involving prohibited contributions or in which aggravating circumstances were present. The problems that are the subject of this proceeding are not of that character. Rather they arose at a time when the law had not evolved to a state that provided the Association with clear answers on how to report a national fundraising program on behalf of numerous State Committees most of which were not political committees for the purposes of the Federal Election Campaign Act.

At all-times the Association has made a good faith effort to comply with the law. Prior to commencing the program, representatives of the Association sought the advice of the Commission's staff on how to report. Later after recognizing the problems associated with the original bookkeeping and reporting system the Association on its own initiative completely revamped the system to correct the deficiencies.

The Association's staff consists of myself and a part-time bookkeeper. Our annual budget is 2% of the gross proceeds of the program or about \$20,000.00. Consequently a fine of \$1,500.00 would be a financial hardship for the Association. The Association respectfully requests that the Commission consider reducing the fine. A fine of \$500.00 the Association believes would be fair and would significantly reduce the financial strain on the Association. Your consideration on this request is sincerely appreciated.

Respectfully yours,

Attachment 2-(2)

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GENERAL COUNCIL

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Re: MUR 1315

Dear Ms. Fishman:

On May , 1982, the Commission accepted the conciliation agreement signed by you in settlement of violations of former 2 U.S.C. § 432, a provision of the Federal Election Campaign Act of 1971, as amended, and former 11 C.F.R. §§ 102.9 and 104.12. 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

Attachment 3-(1)

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March 27, 1981

Ms. Marjorie Thurman
Association of State Democratic
Chairpersons
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Marge:

This letter authorizes the Association of State Democratic Chairpersons ("the Association") to solicit and accept contributions on behalf of and as duly authorized agent of the State Democratic Committee of _____, ("the State Committee") in conjunction with a national fundraising effort undertaken by the Association on behalf of various State Committees of the Democratic Party. In connection with that fundraising effort, this letter also authorizes the Association to make such expenditures as are necessary to defray any expense associated with the fundraising program for the time period from April 2, 1981, through April 2, 1983.

The authority delegated to the Association pursuant to this agreement is subject to the following terms and conditions:

1. The Association agrees to comply with the applicable provisions of the Federal Election Campaign Act of 1971, as amended, (2 U.S.C. 431 et seq.) and with any other applicable provision of State or Federal law. However, this condition shall take effect only upon the State Committee having submitted to the Association a copy of all relevant provisions of its State law, and shall continue in effect only so long as the State Committee agrees to keep the Association fully and timely informed of any relevant changes in or any additions to its State law.
2. The Association shall establish an account in a District of Columbia bank into which all contributions raised pursuant to this agreement shall be deposited and from which all connected expenses shall be paid. Transactions from this account shall be restricted to those associated with the fundraising efforts authorized by this agreement.

Attachment 4-(f).

Within five days of the effective date of this agreement, the Association shall notify (in writing) the State Committee of the name and address of the bank and the name and number of the specially created bank account.

3. The Association shall establish a federally reporting committee to be called the "Dollars for Democrats - Consolidated Report Committee" which shall report all contributions and expenditures related to the program to the Federal Elections Commission.

The State Committee, if it reports federally, shall only be required to report to the Federal Elections Commission the actual transfers to it from the committee established by the Association.

4. Each year at the completion of the fundraising program, the Association shall provide the State Committee with a financial report. The financial report shall disclose in detail all contributions and expenditures made pursuant to this agreement. With respect to each expenditure, the report shall disclose to whom and for what purpose the expenditures were made.
5. At the completion of the program and following the deduction of expenses the Association shall forward within a reasonable time to the State Committee its share of the fundraising proceeds. The Association shall allow the State Committee to make draws upon its share of the proceeds prior to the completion of the program provided that in the Association's opinion such draws can be made without jeopardizing the ongoing nature of the program.
6. The Association shall obtain and keep a receipted bill for every expenditure exceeding \$100 (or in a lesser amount if the aggregate of such expenditures to the same person exceeds or is expected to exceed \$100 during a calendar year). The receipted bill shall contain the identification of the person to whom the expenditure was made, and the date, amount, and purpose of the expenditure.

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7. The Association shall make and preserve photocopies of the record of all contributions of \$50 or more received pursuant to this agreement. The Association shall make these copies available upon any authorized audit by State or Federal regulatory body.
8. All solicitations shall reflect the fact that a contribution is being solicited on behalf of the State Committee and all contributors shall be instructed to make out their checks in a manner which reflects the fact that the contribution is to the State Committee. The content of all solicitations shall conform to the requirements of the Act and any applicable State Law.
9. Any mailing list provided by the State Committee to the Association or Meyer Associates for the purposes of this program shall remain the property of the State Committee. The Association's and Meyer Associates, use of such lists shall be restricted to the purposes of the program and the Association and Meyer Associates shall be strictly forbidden from disseminating such lists to any other party without the express authorization of the State Committee. And the Association shall make such lists available to Meyer Associates only upon the express written condition that Meyer Associates agrees to limit its use of such lists to the purposes of the fundraising program.
10. The Association shall, if the State Committee desires, make arrangements for the fundraising lists generated by the program to be put on computer. This agreement shall be terminable at will by the State Committee subject to the following conditions. If the State Committee should terminate prior to the beginning of the program within its State, the State Committee shall be liable for its share of the program's start up cost. The State Committee's share of the start up costs shall be considered the amount of State Committee funds the Association has retained for this purpose from the prior year's program. After the announcement of the program within the State, the Association shall have the right to complete the solicitation effort which is underway and the State Committee shall be

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liable on the same basis as if the State Committee were still participating in the two year program. The liability shall be the percentage of the contributions raised needed to defray the State Committee's share of the expenses of the program.

This agreement shall automatically and immediately terminated if the Association fails to comply with any term or condition in this agreement. In return for the Association's services under this agreement and in lieu of its Association dues, the State Committee agrees to pay the Association two percent of the gross receipts of the program.

State Chairperson

DATE

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CONSULTING CONTRACT

This Consulting Contract is made this 27th day of March, 1981, by and between ASDC Service Corporation (hereafter the "ASDC"), a District of Columbia corporation and the operational arm of the Association of State Democratic Chairs (hereafter called the "Association"), and Meyer Associates, Inc., a Minnesota corporation (hereafter called "MAI").

W I T N E S S E T H:

WHEREAS, MAI has presented to the Association a proposal for providing assistance to the various State Democratic Organizations (hereafter referred to as "SDOs") in raising funds through the continuation of the "Dollars for Democrats" program, and

WHEREAS, the Association, meeting in Washington, D.C., January 23, 1981, agreed to continue with the program, and decided to retain MAI to implement it, and

WHEREAS, the ASDC as the operational arm of the Association and MAI have agreed upon and wish to set down in writing the terms of their agreement whereby MAI is retained by the ASDC, and to define the respective duties of MAI and the ASDC under this Agreement.

NOW THEREFORE, in consideration of the mutual promises contained herein, the ASDC and MAI hereby agree as follows:

1. Agreement to Retain MAI. The ASDC hereby retains MAI to engage in a fund-raising program in participating states, pursuant to the terms of this Contract.

2. Term for Which MAI is Retained. MAI is retained under this Contract for the period from April 2, 1981 through April 2, 1983 subject to the provisions of paragraph 10 of this Contract.

3. State by State Basis of Program. This agreement contemplates the fundraising program being carried out on a state by state basis. MAI shall determine in consultation with the participating SDOs the order in which the states will be called. Before the program is commenced in any state, MAI shall seek and obtain the required approval of the SDO.

4. Ownership of Lists. Any list provided to or developed by MAI pursuant to this agreement shall remain the property of the SDO involved. MAI's use of such lists shall be restricted to the purposes of the program and under no circumstance shall MAI make such lists available to any party without the express written approval of the SDO.

5. Responsibilities of MAI. MAI shall:

- a. Prepare lists of past contributors to the program, party activists and other party contributors from lists submitted by the Association or the respective SDO, and compute the number of names thereon.
- b. Prepare all materials to be used by telephone solicitors and for billing purposes. Such materials shall be subject to the approval of the president of the Association.
- c. Take the steps necessary to ensure that the content of all solicitations comply with applicable State and Federal law.
- d. Look up all phone numbers and check all addresses for all persons on the lists prepared by MAI pursuant to subparagraph 5a above.
- e. Secure bids and commitments for union commercial printing and mailing services at the lowest possible cost.

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- f. Take all necessary to qualify business in any state where funds are solicited.
 - g. Locate and contract for phone bank locations, and other telephone service, and rent necessary office equipment for each phone bank at the lowest possible cost.
 - h. Hire, train and supervise phone bank supervisors, phone solicitors and phone bank secretaries necessary for fund-raising activities for each SDO.
 - i. Supervise fund-raising activities on a daily basis.
 - j. Make a reasonable effort to contact all persons from the list prepared as required by subparagraph 5a above.
 - k. Assist the ASDC with preparing the necessary financial reports.
 - l. Pay from MAI funds the following expenses of the program:
 - (1) Costs of insurance, accountants and other professional services, including insurance sufficient to cover any loss of Dollars for Democrats records.
 - (2) Salary and expenses of all phone bank supervisors and phone solicitors.
 - (3) Salary and expenses for all secretaries necessary for preparing reports and mailing out pledge statements for the first billing. If additional billings are decided upon, the fee will be negotiated at that time.
 - (4) Salaries and expenses of phone bank coordinators to supervise the daily activities of the fund-raising efforts.
 - (5) Telephone toll charges between supervisors and MAI headquarters, costs of advertising for and hiring of phone solicitors and other necessary employees.
 - (6) Costs of training sessions for supervisors and phone solicitors.
 - (7) Costs of supervising the mailing, printing, and preparation of all printed materials.

(8) Costs of supervising the collection and transfer to Washington, D.C. of contributions to the program.

(9) Costs of setting up the phone banks.

(10) Costs of operating the Dollars for Democrats headquarters in Minnesota.

(11) Any other costs necessary for MAI to carry out its responsibilities under this Contract.

6. Responsibilities of the ASDC. The ASDC shall:

a. Obtain the participation of SDOs in the fund-raising activities contemplated by this Contract. To this end, the President of the Association will personally contact the Chairs of each of the SDOs, and will strongly encourage them to participate in the fund-raising contemplated by this Contract.

b. Serve as liaison between the Democratic National Committee, the various participating State Chairs and MAI, and aid MAI in obtaining from the participating SDOs lists of past contributors to and activists in the Democratic Party and its candidates in the respective states.

c. Provide over-all coordination of the fund-raising efforts which are pursued pursuant to this Contract, and maintain regular communication between the staff of the ASDC and MAI.

d. Open a bank account into which all pledge payments received as a result of the program shall be deposited.

e. Provide reports to the respective SDOs concerning the proceeds received by the ASDC as a result of the fund-raising contemplated by this Contract.

f. Raise the necessary funds to commence the program. Until (17) these funds have been exhausted, advances to MAI from the fund shall be made upon request. Pursuant to the terms of Paragraph 7 of this Contract, advances to MAI for costs to be borne by MAI shall be recovered by the ASDC from amounts due to MAI from the ASDC pursuant to the terms of this Contract.

g.. Charge an amount sufficient to replenish the start-up fund against the contributions raised in each state. The funds so raised shall be used to finance the program in subsequent states. Advances to MAI from this fund shall be made upon request on the same basis as from the initial start-up fund.

h. Provide MAI with the necessary lists of potential contributors and their addresses in each state where the SDO is participating in this program.

i. Pay all costs incurred by MAI for printing, postage, telephone charges (including phone bank charges) and office & equipment rental, and fees necessary to qualify MAI to transact business in, and solicit contributions in any state where the fund-raising contemplated by this Contract takes place.

7. Payments to MAI. For its services pursuant to this Contract, MAI shall receive with respect to newly-participating states nine cents for each phone number looked up in a phone directory or through directory assistance and twenty-nine cents for each phone call made. With respect to states which are already participating, MAI shall receive forty-eight and a half cents for each phone call made to a prior donor to the program and shall receive nine cents for each phone number looked up in a phone directory or

through directory assistance and twenty-nine cents for each phone call made (18)
to a prospective donor. For the purposes of this agreement, a phone call is
considered a complete dial of the phone number followed by a sufficient period
in which the phone might be reasonably answered. It shall be the responsibility
of MAI to keep a record of each phone call made which includes the date called,
the caller's name and the result of the call. Payments under this section
shall be required only upon receipt by the ASDC of sufficient documentation
to establish the number of phone calls made.

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The ASDC shall remit said payments on a regular basis, after deducting
any advances by the ASDC to MAI under Paragraph 4, above, provided, however,
that the ASDC shall not be allowed to deduct any advances made to MAI for any
sums expended for any state where the program of fund-raising contemplated by
this Contract is cancelled by unilateral action of any SDO or by the joint
action of one or more SDOs and the ASDC, or MAI, through no negligence of its
own, is not permitted to carry out all the activities set out in Paragraph 5
hereof and is not permitted to implement fully the program of fund-raising
contemplated thereby. Any deductions of advances from sums otherwise due to
MAI shall be re-credited to and paid to MAI if, at some later date, such
cancellations or limitations of fund-raising programs occur.

8. No Warranty -- Indemnification. Because of the uncertainties of
political fund-raising, which is subject to changes in political opinions,
national and international affairs and the like, it is clearly understood
between the ASDC and MAI that MAI will put forth its best efforts in pursuit
of the mutual goals of MAI and the ASDC but that MAI is not guaranteeing to
raise a specific amount. In addition, the ASDC will indemnify MAI against

any and all expenses and costs incurred for any state to the extent such expenses and costs exceed net fees derived by MAI from funds raised in that state where due to premature termination by either the SDO or the ASDC, MAI is unable to engage, or is prevented from engaging, in a fund-raising drive in the manner contemplated by this Contract.

9. Liability. The contract is between the ASDC and MAI. Individual SDOs are neither jointly nor severally liable for its performance.

10. Termination Provision. The ASDC shall have the right to terminate this agreement if the program is unable to generate sufficient funds to timely pay all the expenses associated with the program and to fully replenish the start-up fund before the program is scheduled to begin in a state.

11. Governing Law. The parties intend that this Contract be governed by the laws of the District of Columbia.

IN WITNESS WHEREOF the parties to this Contract have caused it to be executed as of the day and year first above written.

ASDC Service Corporation

By: _____

Its: _____

Meyer Associates, Inc.

By: Larry Meyer
Larry Meyer
Its: President

Attachment 5-(7)

02040334075

Association of
State Democratic
Chairs



1625 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20036

TEL. (202) 797-5900

May 7, 1982

President

Federal Election Commission

1325 K Street, NW

Marge Thurman, Georgia

Washington, D.C. 20463

Dear Commissioners:

Attached is a copy of our letter dated January 25, 1982. In this letter we requested your consideration of a fine of less than \$1,500 and our reasons for that request. We believe a fine of \$1,500 is unduly high given the circumstances which led to the alleged violation. Therefore, we again respectfully request that the Commission lower the fine.

The Association is most desirous of reaching a satisfactory conclusion to this matter. To reach this end, we have conceded much of the language in the conciliation agreement. We have spent numerous hours in consultation with your staff attorneys and arranged, at their request, an additional meeting with our consultant, Larry Meyer, and your staff. We hope our request for a lesser fine is granted. However, if the Commission does not see fit to grant us a reduced fine, we reluctantly agree to pay the \$1,500 in order to conclude this matter.

Respectfully yours,

Ann Fishman

Ann Fishman

Treasurer

Dollar for Democrats

Call 7699

02 MAY 7 PM:15

GENERAL COUNSEL

02040334070

Association of State Democratic Chairs



1625 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20036

TEL. (202) 797-5900

January 25, 1982

President

Federal Election Commission

1325 K Street, NW

Marge Thurman, Georgia

Washington, D.C. 20463

Dear Commissioners:

RE: MUR 1315

Enclosed please find a copy of our proposed conciliation agreement. In the proposed agreement the Association agrees to pay a fine of \$1,500.00. The Association agrees to this amount most reluctantly and only after consultation with your staff. Notwithstanding the Association's willingness to pay the fine as proposed, the Association hopes the Commission will see fit to reduce the amount.

The Association believes a lower fine would accomplish the Commission's objectives while putting less strain on the Association's limited resources. A review of previous conciliation agreements I believe would demonstrate that fines over \$500 have almost invariably been reserved for cases involving prohibited contributions or in which aggravating circumstances were present. The problems that are the subject of this proceeding are not of that character. Rather they arose at a time when the law had not evolved to a state that provided the Association with clear answers on how to report a national fundraising program on behalf of numerous State Committees most of which were not political committees for the purposes of the Federal Election Campaign Act.

At all times the Association has made a good faith effort to comply with the law. Prior to commencing the program, representatives of the Association sought the advice of the Commission's staff on how to report. Later after recognizing the problems associated with the original bookkeeping and reporting system the Association on its own initiative completely revamped the system to correct the deficiencies.

The Association's staff consists of myself and a part-time bookkeeper. Our annual budget is 2% of the gross proceeds of the program or about \$20,000.00. Consequently a fine of \$1,500.00 would be a financial hardship for the Association. The Association respectfully requests that the Commission consider reducing the fine. A fine of \$500.00 the Association believes would be fair and would significantly reduce the financial strain on the Association. Your consideration on this request is sincerely appreciated.

Respectfully yours,

Ann Fishman

Ann Fishman

Treasurer, Dollars for Democrats

02040334077

32 MAY 6 PM 2:50

GENERAL COUNCIL

RECEIVED

Democratic National Committee
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

0 3 3 4 0 7 8

RECEIVED

02 MAY 6 P12:59

Phil Bonham

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Association of State Democratic)
Chairpersons/Dollars for)
Democrats)

MUR 1315

CERTIFICATION

I, Marjorie W. Emons, Recording Secretary for the Federal Election Commission Executive Session on February 17, 1982, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in the above-captioned matter:

1. Reject the proposed conciliation agreement signed by Ann Fishman, treasurer of the Association of State Democratic Chairpersons, which had been submitted with the FEC General Counsel's February 3, 1982 report on MUR 1315.
2. Direct the General Counsel to renegotiate an agreement based on the Commission's discussion of this date.

Commissioners Aikens, Elliott, McDonald, McGarry, and Reiche voted affirmatively for the decision. Commissioner Harris was not present at the time of the vote.

Attest:

2/18/82

Date

Marjorie W. Emons
Marjorie W. Emons
Secretary of the Commission

02040334079



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE, GENERAL COUNSEL
FROM: MARJORIE W. EMMONS/JODY CUSTER *JC*
DATE: FEBRUARY 5, 1982
SUBJECT: OBJECTION - IMR 1315
Memorandum to the Commission dated 2-3-82;
Received in OCS, 2-3-82, 10:29

The above-named document was circulated to the Commission on
February 3, 1982 at 4:00.

Commissioners Aikens and Elliott submitted objections at
3:30, this date.

This matter will be placed on the agenda for the Executive
Session of Wednesday, February 17, 1982. A copy of Commissioner
Elliott's vote sheet with her comments is attached.

Attachment:
Copy of vote sheet

02040334080

48 HOUR BALLOT

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

82 FEB 5 P3:30

Date and Time Transmitted: WEDNESDAY, 2-3-82,

4:00

COMMISSIONER: McGARY, AIKENS, McDONALD, ~~WELCH~~, REICHE, HARRIS

RETURN TO COMMISSION SECRETARY BY FRIDAY, FEBRUARY 5, 1982 - 4:00

SUBJECT: MIR 1315 - Memorandum to the Commission dated February 3, 1982
Conciliation Agreement

- () I approve the recommendation
(X) I object to the recommendation

COMMENTS: _____

Date: 2-5-82

Signature: Lee Ann Elliott

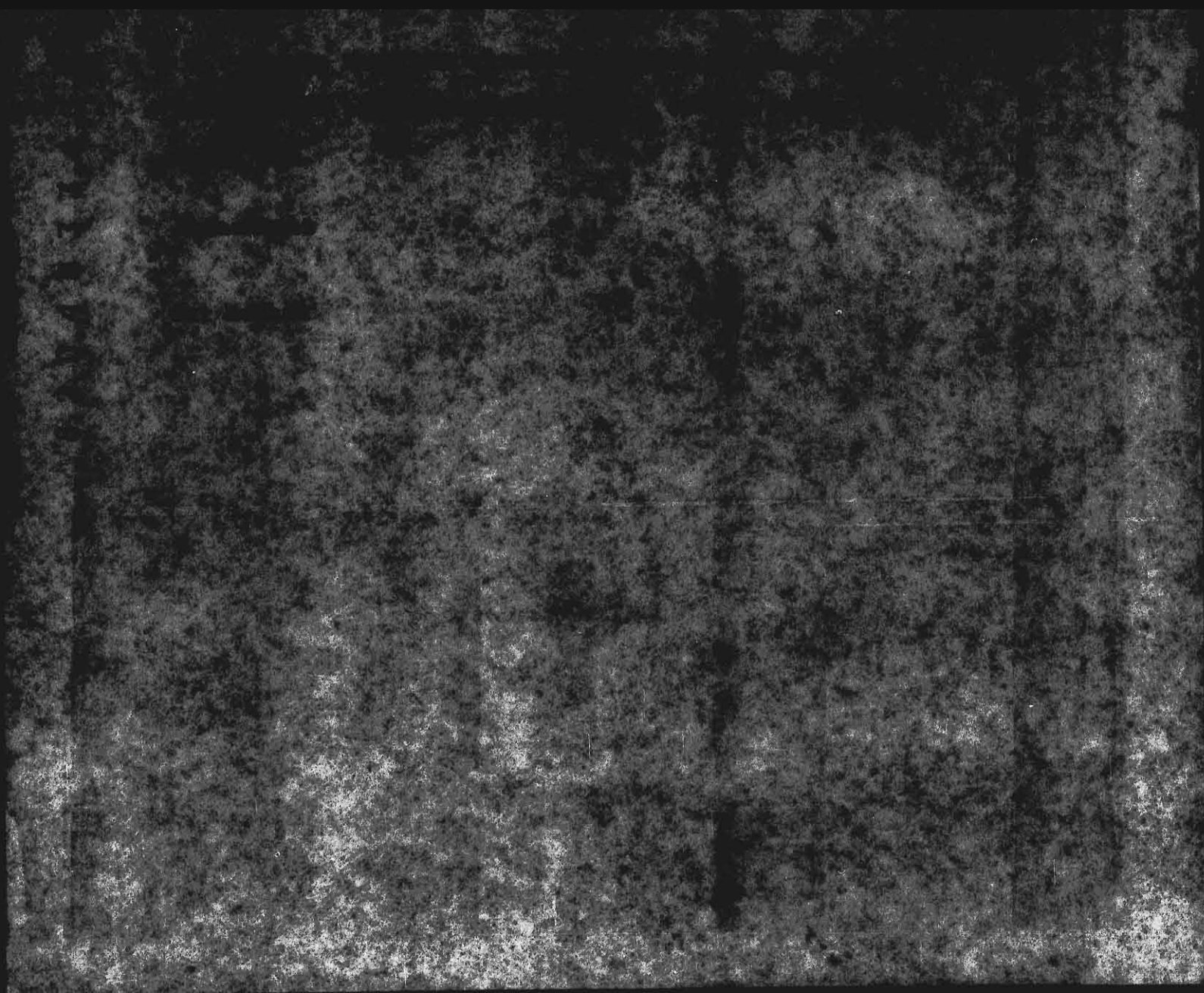
A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.

PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.

PLEASE RETURN BALLOT NO LATER THAN THE DATE AND TIME SHOWN ABOVE.

From the Office of the Commission Secretary

62040334081





SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

82 FEB 3 AM: 28

February 3, 1982

MEMORANDUM TO: The Commission
FROM: Charles N. Steele
General Counsel
BY: Kenneth A. Gross
Associate General Counsel *KAG*
SUBJECT: MUR 1315 (80) Conciliation Agreement

Attached is a conciliation agreement which has been signed by Ann Fishman, treasurer of the Association of State Democratic Chairpersons. The attached agreement is similar to the agreement reviewed by the Commission in connection with the General Counsel's Report in this matter. The significant changes in the agreement are as follows: (i) additional language was added in paragraph 1 of the factual summary to reflect the nature of the Association's federal activity; (ii) paragraph 5 was inserted to summarize the Association's assertions regarding additional possible mitigating factors; and (iii) the civil penalty in paragraph VI was reduced from \$2,500. (Changes in the agreement are denoted by underlining.) Also attached is a January 25, 1982 letter from the Association's treasurer which accompanied the Association's proposal.

The Office of General Counsel recommends the acceptance of this agreement and the closing of the file. We believe this agreement represents a satisfactory settlement of this matter. In the agreement, the respondent admits a violation, consents to pay a civil penalty and agrees not to further violate the Act. The additional language proposed by the respondent incorporates the Association's views without significantly adversely affecting the tenor of the overall agreement. The reduction in the size of the civil penalty appears appropriate in light of the possible mitigating factors suggested by the Association, particularly the limited extent to which funds collected by the Association were distributed to state committees who deposited them in federal accounts and the Association's efforts to correct its defective bookkeeping prior to being notified that it was to be audited.

02040334083

Memorandum to the Commission
Re: MUR 1315
Page Two

RECOMMENDATION:

That the Commission approve the attached proposed conciliation agreement signed by Ann Fishman, treasurer of the Association of State Democratic Chairpersons, and close the file in this matter.

Attachments

1. Conciliation Agreement
2. January 25, 1982 letter from Ann Fishman, Treasurer
Association of State Democratic Chairpersons/
Dollars for Democrats
3. Proposed Notification Letter to Ann Fishman, Treasurer,
Association of State Democratic Chairpersons/
Dollars for Democrats

82040334084

BEFORE THE FEDERAL ELECTION COMMISSION

1

In the Matter of

Association of State Democratic
Chairpersons/Dollars for Democrats

MUR 1315

CONCILIATION AGREEMENT

6204033408
This matter having been initiated by the Federal Election Commission (hereinafter the "Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after probable cause to believe having been found that the Association of State Democratic Chairpersons/Dollars for Democrats ("Association" or "Respondent") violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

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

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

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

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

Attachment 1-(1)

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

1. Respondent, the Association of State Democratic Chairpersons/Dollars for Democrats, is a political committee which registered with the Commission on December 3, 1976 in support of Democratic nominees for federal elections. The Association serves as a national fundraising program for various participating Democratic state committees. Although the Association makes contributions and expenditures to federal candidates through these state committees, the Association did not directly contribute to or make expenditures on behalf of federal candidates during the period audited. Rather, such contributions or expenditures were made by the state committees. Furthermore, during the period covered by the audit, only four of the participating state committees deposited funds received from the Association into accounts from which such contributions or expenditures could be made.

2. On March 16, 1979, the Commission's Audit Division notified the Committee that it had been selected for an audit. The audit notification letter specified that "all financial records of (the) Committee for the period January 1, 1977, through the present, ... should be available for inspection when the audit begins."

3. Subsequently, pursuant to former 2 U.S.C. § 438(a)(8), the Audit Division attempted to scrutinize the Association's documents and working papers to verify total

reported receipts, expenditures and individual transactions, review required supporting documentation, analyze Association debts and obligations, and perform other audit procedures deemed necessary under the circumstances. The auditors, however, were unable to complete the tests required to verify that the Association had reported all its activity and to determine whether the activity was properly reported because the records provided by the Association were incomplete and the Association lacked knowledgeable personnel to assist the Commission staff. Specifically, review of the Association's bank records was hindered by the lack of deposit tickets and the inadequacy of other types of receipt records. The Audit Division's analysis also was impeded by the condition of the Association's contributor records which were not arranged in a fashion to facilitate the verification of the sources and the reported totals.

4. Thereafter, on January 2, 1980, the Audit Division requested by telephone those documents and working papers which it had found missing, and later repeated its request in a May 14, 1980 letter of audit findings. The Association treasurer responded in a July 22, 1980 letter which asserted that the Association had fully cooperated with the auditors by submitting all existing records and provided no additional documents.

5. The problems encountered by the auditors stemmed in part from the bookkeeping system initially adopted by the Association. Prior to establishing that system, the Association

contends it attempted to determine how it should set up its bookkeeping system. Prior to being notified that it was to be audited, the Association took steps to rectify the defective bookkeeping system in an effort to prospectively comply with the provisions of the Act.

6. On January 19, 1981, the Commission approved the recommendation contained in the First General Counsel's Report that it find reason to believe the Association violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979. The Commission subsequently notified the Association of its findings in a January 22, 1981 letter and provided the Association with a summary of the General Counsel's Factual and Legal Analysis on the matter. Although the Association later submitted a March 17, 1981 statement to the Commission responding to the RTB findings which stated that all records requested by the auditors now either do exist or can be recreated, the Association has continued to fail to provide the documents.

V. The Respondent's failure to use its best efforts to adequately document its receipts and expenditures and obtain receipted bills or other memoranda for certain expenditures, and

02040334088

to subsequently retain and make available to the Commission in auditable condition documents which provide in sufficient detail the information necessary to verify reports required to be filed by the Committee under the Act was a violation of former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.(9a), (b), (c) and (e), and 104.12(b)(1) and (3).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one thousand five hundred dollars (\$1,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

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.

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

Charles N. Steele
General Counsel

BY:

Date

Kenneth A. Gross
Associate General Counsel

1-25-82

Date

Ann Fishman

Association of State Democratic
Chairpersons/Dollars
for Democrats
By Ann Fishman, Treasurer

02040334090

Association of State Democratic Chairs



1625 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20036

TEL. (202) 797-5900

January 25, 1982

President

Federal Election Commission

1325 K Street, NW

Marge Thurman, Georgia

Washington, D.C. 20463

Dear Commissioners:

RE: MUR 1315

Enclosed please find a copy of our proposed conciliation agreement. In the proposed agreement the Association agrees to pay a fine of \$1,500.00. The Association agrees to this amount most reluctantly and only after consultation with your staff. Notwithstanding the Association's willingness to pay the fine as proposed, the Association hopes the Commission will see fit to reduce the amount.

The Association believes a lower fine would accomplish the Commission's objectives while putting less strain on the Association's limited resources. A review of previous conciliation agreements I believe would demonstrate that fines over \$500 have almost invariably been reserved for cases involving prohibited contributions or in which aggravating circumstances were present. The problems that are the subject of this proceeding are not of that character. Rather they arose at a time when the law had not evolved to a state that provided the Association with clear answers on how to report a national fundraising program on behalf of numerous State Committees most of which were not political committees for the purposes of the Federal Election Campaign Act.

At all times the Association has made a good faith effort to comply with the law. Prior to commencing the program, representatives of the Association sought the advice of the Commission's staff on how to report. Later after recognizing the problems associated with the original bookkeeping and reporting system the Association on its own initiative completely revamped the system to correct the deficiencies.

The Association's staff consists of myself and a part-time bookkeeper. Our annual budget is 2% of the gross proceeds of the program or about \$20,000.00. Consequently a fine of \$1,500.00 would be a financial hardship for the Association. The Association respectfully requests that the Commission consider reducing the fine. A fine of \$500.00 the Association believes would be fair and would significantly reduce the financial strain on the Association. Your consideration on this request is sincerely appreciated.

Respectfully yours,

Ann Fishman

Ann Fishman

Treasurer, Dollars for Democrats

Attachment 2-(1)



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

8

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Re: MUR 1315

Dear Ms. Fishman:

On February , 1982, the Commission accepted the conciliation agreement signed by you in settlement of violations of former 2 U.S.C. § 432, a provision of the Federal Election Campaign Act of 1971, as amended, and former 11 C.F.R. §§ 102.9 and 104.12. 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

Attachment 3-(1)

02040334092

Association of State Democratic Chairs



1625 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20036

TEL. (202) 797-5900

January 25, 1982

President

Federal Election Commission

1325 K Street, NW

Marge Thurman, Georgia

Washington, D.C. 20463

Dear Commissioners:

RE: MUR 1315

Enclosed please find a copy of our proposed conciliation agreement. In the proposed agreement the Association agrees to pay a fine of \$1,500.00. The Association agrees to this amount most reluctantly and only after consultation with your staff. Notwithstanding the Association's willingness to pay the fine as proposed, the Association hopes the Commission will see fit to reduce the amount.

The Association believes a lower fine would accomplish the Commission's objectives while putting less strain on the Association's limited resources. A review of previous conciliation agreements I believe would demonstrate that fines over \$500 have almost invariably been reserved for cases involving prohibited contributions or in which aggravating circumstances were present. The problems that are the subject of this proceeding are not of that character. Rather they arose at a time when the law had not evolved to a state that provided the Association with clear answers on how to report a national fundraising program on behalf of numerous State Committees most of which were not political committees for the purposes of the Federal Election Campaign Act.

At all times the Association has made a good faith effort to comply with the law. Prior to commencing the program, representatives of the Association sought the advice of the Commission's staff on how to report. Later after recognizing the problems associated with the original bookkeeping and reporting system the Association on its own initiative completely revamped the system to correct the deficiencies.

The Association's staff consists of myself and a part-time bookkeeper. Our annual budget is 2% of the gross proceeds of the program or about \$20,000.00. Consequently a fine of \$1,500.00 would be a financial hardship for the Association. The Association respectfully requests that the Commission consider reducing the fine. A fine of \$500.00 the Association believes would be fair and would significantly reduce the financial strain on the Association. Your consideration on this request is sincerely appreciated.

Respectfully yours,

Ann Fishman

Ann Fishman

Treasurer, Dollars for Democrats

RECEIVED
GENERAL COUNSEL
JAN 25 1982

02040364093

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Association of State Democratic
Chairpersons/Dollars for Democrats

MUR 1315

CONCILIATION AGREEMENT

This matter having been initiated by the Federal Election Commission (hereinafter the "Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after probable cause to believe having been found that the Association of State Democratic Chairpersons/Dollars for Democrats ("Association" or "Respondent") violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

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

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

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

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

02040334094

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

1. Respondent, the Association of State Democratic Chairpersons/Dollars for Democrats, is a political committee which registered with the Commission on December 3, 1976 in support of Democratic nominees for federal elections. The Association serves as a national fundraising program for various participating Democratic state committees. Although the Association makes contributions and expenditures to federal candidates through these state committees, the Association did not directly contribute to or make expenditures on behalf of federal candidates during the period audited. Rather, such contributions or expenditures were made by the state committees. Furthermore, during the period covered by the audit, only four of the participating state committees deposited funds received from the Association into accounts from which such contributions or expenditures could be made.

2. On March 16, 1979, the Commission's Audit Division notified the Committee that it had been selected for an audit. The audit notification letter specified that "all financial records of (the) Committee for the period January 1, 1977, through the present, ... should be available for inspection when the audit begins."

3. Subsequently, pursuant to former 2 U.S.C. § 438(a)(8), the Audit Division attempted to scrutinize the Association's documents and working papers to verify total

02040334095

reported receipts, expenditures and individual transactions, review required supporting documentation, analyze Association debts and obligations, and perform other audit procedures deemed necessary under the circumstances. The auditors, however, were unable to complete the tests required to verify that the Association had reported all its activity and to determine whether the activity was properly reported because the records provided by the Association were incomplete and the Association lacked knowledgeable personnel to assist the Commission staff. Specifically, review of the Association's bank records was hindered by the lack of deposit tickets and the inadequacy of other types of receipt records. The Audit Division's analysis also was impeded by the condition of the Association's contributor records which were not arranged in a fashion to facilitate the verification of the sources and the reported totals.

4. Thereafter, on January 2, 1980, the Audit Division requested by telephone those documents and working papers which it had found missing, and later repeated its request in a May 14, 1980 letter of audit findings. The Association treasurer responded in a July 22, 1980 letter which asserted that the Association had fully cooperated with the auditors by submitting all existing records and provided no additional documents.

5. The problems encountered by the auditors stemmed in part from the bookkeeping system initially adopted by the Association. Prior to establishing that system, the Association

02040334090

contends it attempted to determine how it should set up its bookkeeping system. Prior to being notified that it was to be audited, the Association took steps to rectify the defective bookkeeping system in an effort to prospectively comply with the provisions of the Act.

6. On January 19, 1981, the Commission approved the recommendation contained in the First General Counsel's Report that it find reason to believe the Association violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979. The Commission subsequently notified the Association of its findings in a January 22, 1981 letter and provided the Association with a summary of the General Counsel's Factual and Legal Analysis on the matter. Although the Association later submitted a March 17, 1981 statement to the Commission responding to the RTB findings which stated that all records requested by the auditors now either do exist or can be recreated, the Association has continued to fail to provide the documents.

V. The Respondent's failure to use its best efforts to adequately document its receipts and expenditures and obtain receipted bills or other memoranda for certain expenditures, and

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to subsequently retain and make available to the Commission in auditable condition documents which provide in sufficient detail the information necessary to verify reports required to be filed by the Committee under the Act was a violation of former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.(9a), (b), (c) and (e), and 104.12(b)(1) and (3).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of one thousand five hundred dollars (\$1,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

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

Charles N. Steele
General Counsel

BY:

Date

Kenneth A. Gross
Associate General Counsel

Date

1-25-82

Ann Fishman
Association of State Democratic
Chairpersons/Dollars
for Democrats
By Ann Fishman, Treasurer

62040334099

02040334100

FEDERAL ELECTION COMMISSION
1325 K STREET, NW
7th Floor Receptionist
WASHINGTON, D.C. 20463

Box 5865

November 24, 1981

Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

NOV 27 12:02

GENERAL COUNSEL

RE: MUR 1315

Dear Mr. Steele:

I am in receipt of your letter and proposed conciliation agreement of October 29, 1981. At the outset I would like to again stress the Association's desire to settle this matter on a mutually agreeable basis. However, I find the proposed conciliation agreement to be unsatisfactory in a number of respects. Consequently I will outline the Association's objections to the proposed agreement and suggest a basis upon which an agreement might be concluded.

The Association's first objection is the failure of the proposed agreement to recite any of the mitigating circumstances relating to the alleged violations. When the Dollars for Democrats program was first proposed to the Association in 1976, the Federal Election Campaign Act ("the Act") had only recently been passed. It was unclear at the time how a multi-state fundraising program on behalf of numerous state party committees only some of which were political committees for the purposes of the Act should be reported. Consequently, the Association sought the advice of the staff of the Federal Election Commission. The advice given by then Assistant General Counsel Benjamin Vandergrift and which was followed by the Association required an unduly complex reporting and bookkeeping system.

To demonstrate the problems which this system created for the Association, I will attempt with your indulgence to briefly summarize how the Dollars for Democrats program actually operates and then describe how the suggested bookkeeping and reporting system failed to take into account the day to day workings of the program. The Association contracts with Larry Meyer Associates of St. Cloud, Minnesota to conduct a telephone solicitation fundraising program in various states. Larry Meyer Associates then hires persons to do the actual phone solicitation, contracts with the phone

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company and with various vendors for lists, printing materials, mail services and other necessary services. Contributions which are received as a result of the solicitation are forwarded to an account in Washington where they are screened for illegal contributions and deposited.

The bookkeeping and reporting system which was suggested to the Association by Commission staff required the Association to pay all vendors directly despite the fact that Larry Meyer Associates actually contracted with the vendors. Further the Association was told to allocate all expenses to each state according to the benefit derived. Lastly, the Association was told to create a separate reporting committee for each participating political committee. This bookkeeping and reporting system created untold problems for the Association. Rather than relating all the problems created, I will give an example. Larry Meyer Associates would contract for printing of pledge forms and would forward the bill to the Association for payment. Larry Meyer Associates would later discover it had misallocated each state's share of the bill or because it later received a discount on additional printing would redetermine each state's printing expenses. The Association would consequently have to amend its report or attempt some adjustment on the next report. Adjustments such as these were numerous not only for printing bills but for other expenses such as telephone bills. The intricacies of this bookkeeping and reporting system were just beyond the capabilities of the Association.

Consequently the Association sought the advice of counsel. The Association's counsel suggested a complete change in the Association's bookkeeping and reporting system. Because of the unlimited transfers allowed between state committees, counsel suggested that state by state allocation of expenses was unnecessary. Second, he suggested that only one reporting entity was required. Third, he advised that the Association pay only Larry Meyer Associates directly. The Association accepted counsel's advice and began reporting using the system presently employed. However, despite the fact that the Association believes the new system is in full keeping with the requirements of the Act, it was impossible to correct all the problems created by the previous system.

The reason I have outlined the history of the Association's bookkeeping and reporting systems is that I believe it is useful in understanding the source of the committee's present problems. The Association relying on the advice of Commission staff made a good faith effort to comply with the Act. When the system suggested by Commission staff proved unworkable, the Association on its own accord adopted a new system which fully complied with the Act, provided more meaningful disclosure

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and eliminated the earlier problems. The problems associated with the old system and which are now the subject of this proceeding arose when the Act had recently been enacted and when it was far from clear how a multi-state program such as the Dollar for Democrats should be reported. I believe these mitigating circumstances should all be made part of the proposed agreement.

The Association's second objection is that the proposed agreement appears to be based on a mistaken assumption about the state of the Association's books. The Association's records are sufficient to establish the source of all contributions made to the program. Concededly there are not deposit slips for all deposits, but there is available for every month of operation a bank statement showing all deposits and withdrawals. Also available are copies of every check which was deposited into a Dollar for Democrats account. I would note that it is questionable whether the deposit slips sought by the auditors were even required to be kept by the Act.

With respect to expenses, there is available a cancelled check for every expense. Again, the Association concedes there are not receipts from vendors for every expense. However it should be noted that Federal Campaign Act Amendments of 1979 did away with the requirement that receipts be kept.

The Association's third objection to the proposed agreement is the size of the proposed fine. Fines of this size have been rare and imposed almost exclusively in situations where aggravating circumstances were present. In this instance there has been no suggestion that excessive or illegal contributions have been accepted. Nor has there been any willful disregard of Commission rules or regulations. Rather there has been a consistent good faith effort to comply with the Act.

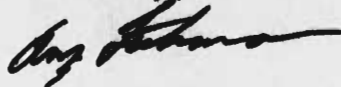
The Association is a small organization of limited resources. The staff consists of myself and a part time bookkeeper. Looking at the gross revenues of the Dollars for Democrats program one might conclude that our resources are substantial. This would be a mistake. In the early years of the program the costs were upwards of eighty-five percent of revenues and the remainder was divided among forty participating states. In recent years costs have run about fifty percent and another forty-eight percent has been distributed to the states as required by the Association agreement with the states. This leaves an operating budget for the Association of two percent or about \$20,000 a year which barely covers expenses. A fine of the size proposed

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can only be deemed excessive given the circumstances. I question what purpose a fine this size would serve. At most a nominal fine appears to be justified.

I would welcome the opportunity to discuss this matter more fully with you or a representative of your office.

Sincerely,



Ann Fishman
Treasurer
Association of State Democratic
Chairpersons/Dollars for Democrats

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82040334105

Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, DC 20463

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 29, 1981

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1315

Dear Ms. Fishman:

On October 27, 1981, the Commission determined there is probable cause to believe that your committee committed a violation of the Federal Election Campaign Act of 1971, as amended, former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3), by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the U.S. Treasurer.

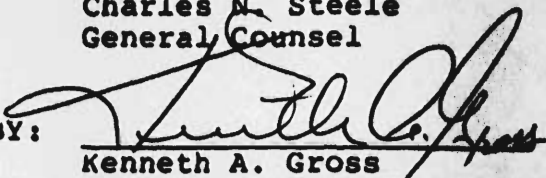
Letter to Ann Fishman
Page Two
MUR 1315

If you have any questions or suggestions for change in the enclosed conciliation agreement, please contact Robert Bonham, the staff attorney assigned to this matter, at 523-4060.

Sincerely,

Charles M. Steele
General Counsel

BY:


Kenneth A. Gross
Associate General Counsel

Enclosure

Proposed Conciliation Agreement

82040334107

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Association of State Democratic)
Chairpersons/Dollars For)
Democrats)

MUR 1315

CONCILIATION AGREEMENT

6 2 0 4 0 3 3 4 1 0 8
This matter having been initiated by the Federal Election Commission (hereinafter the "Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after probable cause to believe having been found that the Association of State Democratic Chairpersons/Dollars for Democrats ("Respondent") violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12 (b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

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

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

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

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

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

1. Respondent, the Association of State Democratic Chairpersons/Dollars for Democrats, was a political committee which registered with the Commission on December 3, 1976 in support of Democratic nominees for federal elections.

2. On March 16, 1979, the Commission's Audit Division notified the Committee that it had been selected for audit in connection with the FEC's routine review of the Democratic National Committee and its affiliates. The audit notification letter specified that "all financial records of (the) Committee for the period January 1, 1977, through the present,...should be available for inspection when the audit begins."

3. Subsequently, pursuant to former 2 U.S.C. § 438(a)(8), the Audit Division attempted to scrutinize the Committee's documents and working papers to verify total reported receipts, expenditures and individual transactions, review required supporting documentation, analyze Committee debts and obligations, and perform other audit procedures deemed necessary under the circumstances. The auditors, however, were unable to complete the tests required to verify that the Committee had reported all its activity and to determine whether the activity was properly reported

because the records provided by the Committee were incomplete and the Committee lacked knowledgeable personnel to assist the Commission staff. Specifically, review of the Committee's bank records was hindered by the lack of deposit tickets and the inadequacy of other types of receipt records. The Audit Division's analysis also was impeded by the condition of the Committee's contributor records which were not arranged in a fashion to facilitate the verification of the sources and the reported totals.

4. Thereafter, on January 2, 1980, the Audit Division requested by telephone those documents and working papers which it had found missing, and later repeated its request in a May 14, 1980 letter of audit findings. The Committee treasurer responded in a July 22, 1980 letter which asserted that the Committee had fully cooperated with the auditors by submitting all existing records and provided no additional documents.

5. On January 19, 1981, the Commission approved the recommendation contained in the First General Counsel's Report that it find reason to believe the Committee violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979. The Commission subsequently

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notified the Committee of its findings in a January 22, 1981 letter and provided the Committee with a summary of the General Counsel's Factual and Legal Analysis on the matter. Although the Committee later submitted a March 17, 1981 statement to the Commission responding to the RTB findings which stated that all records requested by the auditors now either do exist or can be recreated, the Committee has continued to fail to provide the documents.

V. The respondent Committee's failure to use its best efforts to adequately document its receipts and expenditures and obtain receipted bills or other memoranda for certain expenditures, and to subsequently retain and make available to the Commission in auditable condition documents which provide in sufficient detail the information necessary to verify reports required to be filed by the Committee under the Act was a violation of former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of two thousand five hundred dollars (\$2,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

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.

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

Charles N. Steele
General Counsel

Date

BY: _____
Kenneth A. Gross
Associate General Counsel

Date

Association of State
Democratic Chairpersons/
Dollars for Democrats
By Ann Fishman, Treasurer

02040334112



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1315

Dear Ms. Fishman:

On October 27, 1981, the Commission determined there is probable cause to believe that your committee committed a violation of the Federal Election Campaign Act of 1971, as amended, former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3), by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the U.S. Treasurer.

Letter to Ann Fishman
Page Two
MUR 1315

If you have any questions or suggestions for change in the enclosed conciliation agreement, please contact Robert Bonham, the staff attorney assigned to this matter, at 523-4060.

Sincerely,

Charles N. Steele
General Counsel

BY:

Kenneth A. Gross
Associate General Counsel

Enclosure

Proposed Conciliation Agreement

62040334114

RoB
10/28/81

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Association of State Democratic) MUR 1315 (80)
Chairpersons/Dollars for)
Democrats)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on October 27, 1981, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 1315 (80):

1. Find probable cause to believe that the Association of State Democratic Chairpersons/Dollars for Democrats violated former 2 U.S.C. §§432(c)(1), (2), (3), and (4), and (d) and former 11 C.F.R. §§102.9(a), (b), (c) and (e) and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.
2. Approve and send the letter and proposed conciliation agreement identified as attachments 2 and 3 submitted with the General Counsel's October 15, 1981 report on this matter.

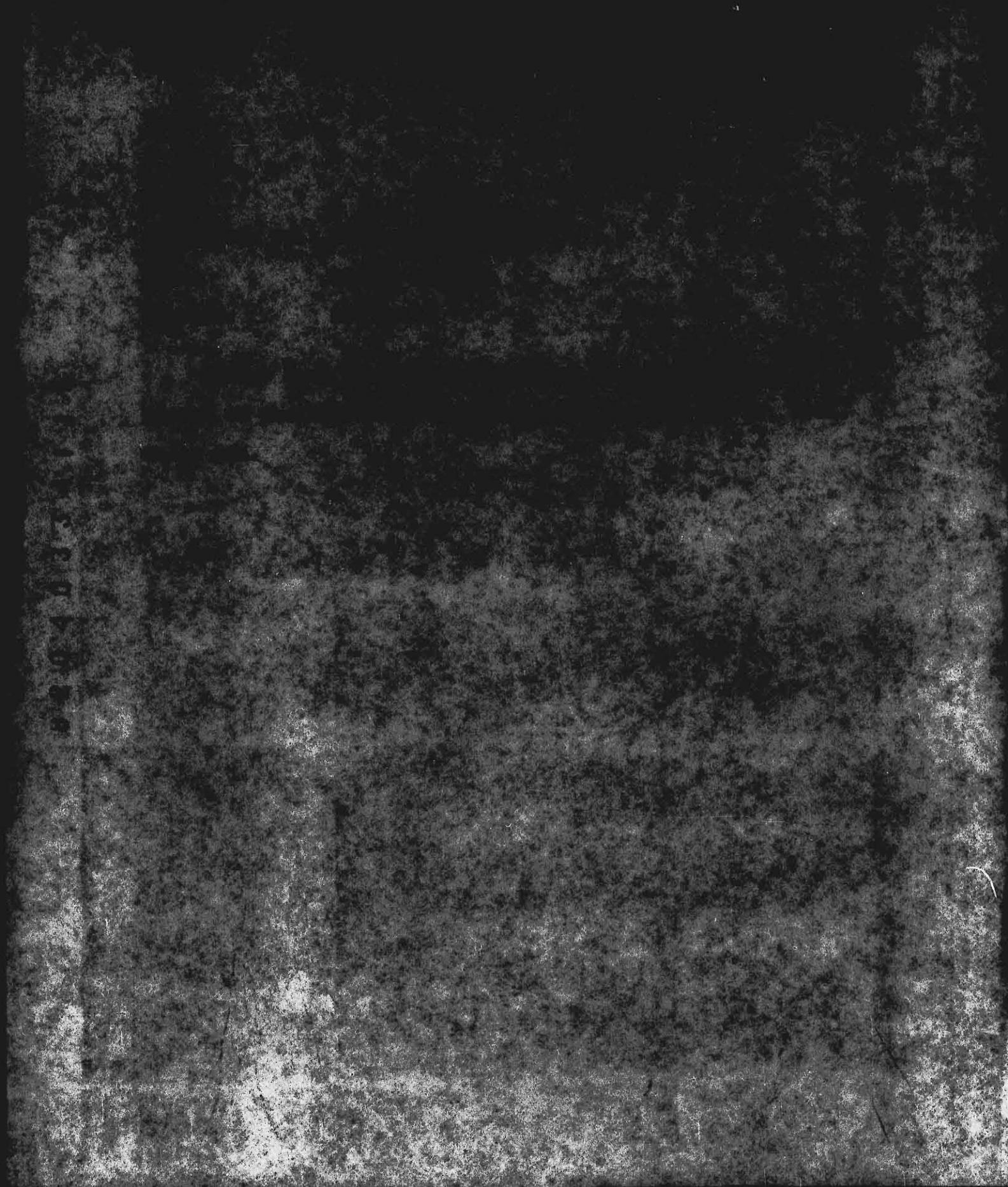
Commissioners Aikens, Harris, McGarry, Reiche, Thomson, and Tiernan voted affirmatively for the decision.

Attest:

10/27/81
Date

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

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SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION
September 15, 1981

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

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In the Matter of)

Association of State)

Democratic Chairpersons/)

Dollars for Democrats)

MUR 1315 (80)

EXECUTIVE SESSION

GENERAL COUNSEL'S REPORT

OCT 27 1981

I. BACKGROUND

On July 2, 1980, the Audit Division referred to the Office of the General Counsel the final audit report for the Association of State Democratic Chairpersons/Dollars for Democrats (hereinafter the "Committee" or "ASDC/DFD"). The report, which was based on an audit conducted pursuant to former 2 U.S.C. § 438 (a)(8) covering the period January 1, 1977 through September 30, 1979, concluded that the Committee's records were insufficient to properly conduct an audit verifying that the Committee had completely and accurately reported all its activity. Specifically, the audit report alleged that due to the incompleteness of Committee records and the lack of Committee personnel knowledgeable of the Committee's prior recording and reporting methods, the Audit Division was forced to suspend fieldwork without fully examining both the Committee's receipts and expenditures.

Thereafter, on January 19, 1981, the Commission decided to find reason to believe that the Committee violated 2 U.S.C. § 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures

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during the period January 1, 1977 through September 30, 1979. ^{1/} Following notification of the FEC's action and two procedural inquiries by ASDC/DFD representatives, see Interim Investigative Report #1 (dated February 19, 1981) and Interim Investigative Report #2 (dated April 9, 1981), the Committee submitted a letter dated March 17, 1981 "responding to the specific findings of the Commission...." Attachment 1.

After completing its analysis of the Committee's response, the Office of the General Counsel, on July 20, 1981, forwarded to the Committee's treasurer this office's July 17, 1981 brief stating our position on the factual and legal issues of the case and notifying the respondent that the General Counsel's Office was prepared to recommend that the Commission find probable cause to believe a violation had occurred. The treasurer also was informed that within fifteen days of receipt of the brief the Committee could submit a reply brief stating the Committee's position on the issues and responding to the brief of the General Counsel.

Subsequently, the staff attorney assigned to this matter was contacted by the Committee treasurer who expressed a continuing

^{1/} Although the January 14, 1981 First General Counsel's Report on this matter correctly cited former code sections 432(c) (1) and (2) when discussing the relevant law concerning recordkeeping for receipts, the recommendations section of that report inadvertently referred to former section 434(c)(1) and (2). However, since the Committee's response to the Commission's RTB findings did not directly address either the specific alleged violations or the particular code sections involved, this typographical error does not appear to have prejudiced the Committee.

desire to resolve this matter. After being informed that it is this office's policy to proceed to a probable cause to believe determination whenever a PCTB brief already had been sent to a respondent, and that a proposed conciliation agreement ordinarily is attached to any Commission notification of a PCTB finding, the treasurer indicated that the Committee would not submit a reply brief. No such brief has been received by the General Counsel's Office.

II. LEGAL ANALYSIS

See OGC Brief of July 17, 1981.

III. CONCILIATION AND CIVIL PENALTY

Attached for the Commission's approval is a proposed conciliation agreement which is to be offered to the Committee in settlement of this matter. The agreement contains a provision which requires the Committee to pay a two thousand five hundred dollar (\$2,500) civil penalty. This penalty is appropriate in view of the magnitude of the Committee's activity during the period audited and the seriousness of the violation. (The Committee reported receipts of over 3.1 million dollars and expenditures of over 2.9 million dollars.)

IV. RECOMMENDATIONS

1. That the Commission find probable cause to believe that the Association of State Democratic Chairpersons/Dollars for Democrats violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e),

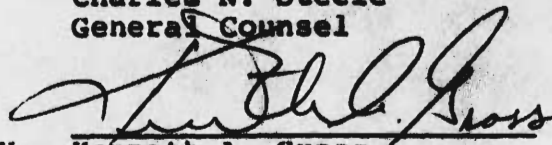
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and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

2. Approve and send the attached letter together with the proposed conciliation agreement. Attachments 2 and 3.

Oct. 15, 1981
Date

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

Attachments:

1. Letter to the Commission from Ann Fishman, Treasurer, Association of State Democratic Chairpersons (March 17, 1981), 3 pp.
2. Notification letter to respondent, 2 pp.
3. Proposed conciliation agreement, 5 pp.

02040334120

Association of State Democratic Chairs

ATTACHMENT 1.

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1625 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20036

TEL. (202) 797-5900

March 17, 1981

President

Marge Thurman, Georgia

Federal Election Commission

1325 K St. N.W.

Washington D. C. 20463

ATTENTION: Mr. Robert Bonham

Re: MUR 1315

Dear Commissioners:

By letter of January 22, 1981 the Commission notified me that it had found reason to believe that the Association of State Democratic Chairpersons may have violated the Federal Election Campaign Act in connection with the operation of its Dollars for Democrats program. Before responding to the specific findings of the Commission, I would like to express the hope that this matter can be resolved expeditiously and on mutually acceptable basis. I have spoken with Mr. Robert Bonham of the Commission's staff and from those conversations, I believe a mutually satisfactory resolution of this matter can be readily achieved.

As the Commission's letter indicates the reason to believe finding grew out of an audit of the Dollars for Democrats program. To understand the findings of that audit and the reasons that the audit was suspended requires a close examination of the history of the Dollars for Democrats program and an understanding of the changes that have been made in the operation of the program.

The Dollars for Democrats program was first proposed to the Association of State Democratic Chairpersons in late 1976. Modeled on a similar program run by the Minnesota Democratic State Committee, the Dollars for Democrats program is a fundraising program that couples telephone solicitation with the follow up mailing of pledge statements. The program is run by Larry Meyer and Associates of St. Cloud, Minnesota.

The program operates as follows. From a central phone bank calls are made into states requesting contributions to the Dollars for Democrats program of that state. Those pledging contributions as a result of that solicitation are sent a

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pledge form which is then returned with the contribution to a post office box in that state. All contributions received at the post office box are then forwarded by a bonded courier to Riggs National Banks. At Riggs National Bank, all contributions are photocopied and deposited into the Dollars for Democrats account for that state. Each state has its own account. No money is deposited into a state's account other than contributions received at the state's post office box. Corporate and partnership checks are separated from other checks by the bank and rather than deposited, are forwarded to the Washington office of Dollars for Democrats. The average contribution is fifteen to twenty dollars. Rarely are there contributions of over fifty dollars and almost never is there a contribution of over two hundred dollars. For recordkeeping and reporting purposes, contributions of over fifty dollars are noted.

After the depositing of a state's contributions a deposit slip is forwarded to the Washington office of Dollars for Democrats. Riggs National Bank also provides a monthly statement listing all receipts and disbursements of each state's accounts. Only four types of disbursements are made from the Dollars for Democrats accounts. Checks are written only to Larry Meyer and Associates for fundraising expenses, to the Association of State Democratic Chairpersons for membership dues, to the bookkeeper and landlord, and to the various state committees representing net fundraising proceeds. The bank makes copies of all these checks. As will be explained, however, the original system for disbursements was much more complicated.

After the Association decided to undertake the Dollars for Democrats program, the question arose of how to properly report the activities of the program under the Federal Election Campaign Act. In an effort to determine how to properly report the activities, representatives of the Association met with Mr. Ben Vandergrift of the Commission staff. He advised the Association that each state account should be considered a separate committee and if the state committee were going to use the proceeds for federal election purposes, the state's account would be required to register as a federal committee. This also required that all disbursements made by the Dollars for Democrats program be allocated to each state account according to benefit derived. He further advised that rather than paying Larry Meyer and Associates for all fundraising expenses and having Larry Meyer and Associates pay the ultimate vendor (e.g. the phone company) the Association should pay the vendors directly. Expenses which involved more than one state, he suggested, should be paid from one central account and then allocated to each state account. The Association proceeded to set up its reporting system accordingly.

After a year and a half of reporting in this manner, it became apparent that this system of reporting was unmanageable and the Association sought an alternative. At the advice of counsel, the Association decided to consolidate the reporting of all the accounts into one reporting entity. It further decided that except for bookkeeping and rent for the Washington office, all fundraising expenses would be paid by the

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fundraiser, Larry Meyer and Associates, who in fact, does all the contracting for fundraising services. The new reporting entity re-registered with the Commission as an affiliate of all the participating state committees. Because the law allows unlimited transfers between party committees, this new reporting system seemed totally in keeping with the requirements of the Act. The new reporting system also provided the public with more meaningful information in that it accurately reflected how the program operated.

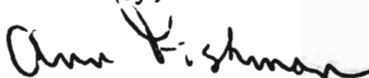
However, because the old system was so irrational, the recordkeeping system that supported it was in complete disarray. The problems were compounded by the inability of the Association to hire anyone who could bring order to the records. In its first two years of operation, the Dollars for Democrats went through seven bookkeepers. Although the implementation of the new reporting and recordkeeping system remedied the existing problem, it could not make up for all the past deficiencies. The Association believes it is now on a very sound reporting system, but as the audit team discovered, the problems of four years ago still make it difficult for an audit of that early activity to be completed.

I was not Treasurer four years ago. In fact, there has been at least four Treasurers since then. I do know, however, that from bank records, all past activity can be recreated. It would be a very time consuming effort and I do not believe that effort would be useful to anyone.

I have at all times been willing, and have voiced my willingness, to cooperate with your audit staff. I was unable, however, because of my lack of personal knowledge of the whereabouts of all earlier records to satisfy each request immediately. The records do exist or can be recreated either in our office or at the bank, but to locate them is a time consuming task and without a specific request for a particular item, I have been unable to fully assist your auditors. Your audit staff requested complete categories of items and for me to respond to that request would require that I undertake an audit myself to determine each item that might be missing. This is not meant to be a criticism of your audit staff. At all times during their stay in our offices, they conducted themselves in a friendly and professional manner. All I am suggesting is that because of my lack of personal knowledge and the irrational reporting and recordkeeping system that was employed when the Dollars for Democrat program was initiated, I could not assist your staff during the audit to the extent that they requested.

As I noted before, I believe the reporting and recordkeeping system now employed by the Association is adequate to satisfy all the requirement of the Act. If problems existed before, they were a result of ignorance rather than purposeful. I would be happy to discuss this matter with anyone on your staff in the hope of coming to satisfactory resolution of this matter.

Sincerely,



Ann Fishman
Treasurer
Dollars For Democrats

02040334123



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1315

Dear Ms. Fishman:

On , 1981, the Commission determined there is probable cause to believe that your committee committed a violation of the Federal Election Campaign Act of 1971, as amended, former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3), by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

The Commission has a duty to attempt to correct such violations for a period of thirty to ninety days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. If we are unable to reach an agreement during that period, the Commission may institute civil suit in United States District Court and seek payment of a civil penalty.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the U.S. Treasurer.

Letter to Ann Fishman
Page Two
MUR 1315

If you have any questions or suggestions for change in the enclosed conciliation agreement, please contact Robert Bonham, the staff attorney assigned to this matter, at 523-4060.

Sincerely,

Charles N. Steele
General Counsel

BY:

Kenneth A. Gross
Associate General Counsel

Enclosure

Proposed Conciliation Agreement

82040334125

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
 Association of State Democratic) MUR 1315
 Chairpersons/Dollars For)
 Democrats)

CONCILIATION AGREEMENT

0 2 0 4 0 3 3 4 1 2 6
 This matter having been initiated by the Federal Election Commission (hereinafter the "Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after probable cause to believe having been found that the Association of State Democratic Chairpersons/Dollars for Democrats ("Respondent") violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12 (b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

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

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

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

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

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

1. Respondent, the Association of State Democratic Chairpersons/Dollars for Democrats, was a political committee which registered with the Commission on December 3, 1976 in support of Democratic nominees for federal elections.

2. On March 16, 1979, the Commission's Audit Division notified the Committee that it had been selected for audit in connection with the FEC's routine review of the Democratic National Committee and its affiliates. The audit notification letter specified that "all financial records of (the) Committee for the period January 1, 1977, through the present,...should be available for inspection when the audit begins."

3. Subsequently, pursuant to former 2 U.S.C. § 438(a)(8), the Audit Division attempted to scrutinize the Committee's documents and working papers to verify total reported receipts, expenditures and individual transactions, review required supporting documentation, analyze Committee debts and obligations, and perform other audit procedures deemed necessary under the circumstances. The auditors, however, were unable to complete the tests required to verify that the Committee had reported all its activity and to determine whether the activity was properly reported

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because the records provided by the Committee were incomplete and the Committee lacked knowledgeable personnel to assist the Commission staff. Specifically, review of the Committee's bank records was hindered by the lack of deposit tickets and the inadequacy of other types of receipt records. The Audit Division's analysis also was impeded by the condition of the Committee's contributor records which were not arranged in a fashion to facilitate the verification of the sources and the reported totals.

4. Thereafter, on January 2, 1980, the Audit Division requested by telephone those documents and working papers which it had found missing, and later repeated its request in a May 14, 1980 letter of audit findings. The Committee treasurer responded in a July 22, 1980 letter which asserted that the Committee had fully cooperated with the auditors by submitting all existing records and provided no additional documents.

5. On January 19, 1981, the Commission approved the recommendation contained in the First General Counsel's Report that it find reason to believe the Committee violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979. The Commission subsequently

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notified the Committee of its findings in a January 22, 1981 letter and provided the Committee with a summary of the General Counsel's Factual and Legal Analysis on the matter. Although the Committee later submitted a March 17, 1981 statement to the Commission responding to the RTB findings which stated that all records requested by the auditors now either do exist or can be recreated, the Committee has continued to fail to provide the documents.

V. The respondent Committee's failure to use its best efforts to adequately document its receipts and expenditures and obtain receipted bills or other memoranda for certain expenditures, and to subsequently retain and make available to the Commission in auditable condition documents which provide in sufficient detail the information necessary to verify reports required to be filed by the Committee under the Act was a violation of former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of two thousand five hundred dollars (\$2,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein

- 5 -

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.

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

Charles N. Steele
General Counsel

Date

BY: _____
Kenneth A. Gross
Associate General Counsel

Date

Association of State
Democratic Chairpersons/
Dollars for Democrats
By Ann Fishman, Treasurer

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

81 JUL 20 AM: 38

July 20, 1981

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

CNS by KAR

SUBJECT: MUR 1315

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondent of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe were mailed on July 20, 1981. Following receipt of the Respondent's reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Brief
2. Letter to Respondent

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Association of State)
Democratic Chairpersons/)
Dollars for Democrats)

MUR 1315

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On July 2, 1980, the Audit Division referred to the Office of the General Counsel the final audit report for the Association of State Democratic Chairpersons/Dollars for Democrats (hereinafter the "Committee" or "ASDC/DFD"). The report, which was based on an audit conducted pursuant to former 2 U.S.C. § 438(a)(8),^{1/} covering the period January 1, 1977 through September 30, 1979, concluded that the Committee's records were insufficient to properly conduct an audit verifying that the Committee had completely and accurately reported all its activity. Specifically, the audit report alleged that due to the incompleteness of Committee records and the lack of Committee

^{1/} The Federal Election Campaign Act of 1971, Pub. L. No. 92-225, 86 Stat. 3 (1972), was amended by the Federal Election Campaign Act Amendments of 1974, Pub. L. No. 93-443, 88 Stat. 1263 (1974), by the Federal Election Campaign Act Amendments of 1976, Pub. L. No. 94-283, 90 Stat. 475 (1976), by the Social Security Amendments of 1977, Title V, Sec. 502, Pub. L. No. 95-216, 91 Stat. 1655 (1977), and by the Federal Election Campaign Act Amendments of 1979, Pub. L. No. 96-187, 93 Stat. 1339 (1980). The relevant provisions of the Act are codified in Title 2, United States Code. All references to substantive and procedural sections of the Act are to amended versions in effect at the time of the alleged violations or enforcement action. Effective dates are denoted in brackets following statutory citations, where relevant.

personnel knowledgeable of the Committee's recording and reporting methods, the Audit Division was forced to suspend fieldwork without fully examining both the Committee's receipts and expenditures.

Thereafter, on January 19, 1981, the Commission decided to find reason to believe that the Committee violated 2 U.S.C. § 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12 (b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.^{2/}

Following notification of the FEC's action and two procedural inquiries by ASDC/DFD representatives, the Committee submitted a letter dated March 17, 1981 "responding to the specific findings of the Commission...."

Pursuant to 11 C.F.R. § 111.16, the General Counsel's Office now has prepared this brief which states the General Counsel's position on the factual and legal issues involved in this matter and contains both an analysis of the Committee's recent response and a recommendation that the Commission find probable cause to believe that violations have occurred.

^{2/} Although the January 14, 1981 First General Counsel's Report on this matter correctly cited former code sections 432(c)(1) and (2) when discussing the relevant law concerning recordkeeping for receipts, the recommendations section of that report inadvertently referred to former section 434(c)(1) and (2). However, since the Committee's response to the Commission's RTB findings did not directly address either the specific alleged violations or the particular code sections involved, see discussion infra, this typographical error does not appear to have prejudiced the Committee.

II. Factual and Legal Analysis

A. Relevant Law

1. Inadequate recordkeeping for receipts.

Former 2 U.S.C. § 432(c)(1) and (2), and former 11 C.F.R. § 102.9(a) required political committee treasurers to keep detailed records of all contributions made to or for the committee, including the date, amount and the identification of the donor if greater than \$50, and the persons's occupation and principal place of business, if any, when his or her aggregate contributions exceeded \$100.

2. Inadequate recordkeeping for expenditures.

Former 2 U.S.C. § 432(c)(3) and (4), and former 11 C.F.R. § 102.9(b) required political committee treasurers to keep detailed and exact records of all expenditures made by or on behalf of the committee, including the date, amount and the identification of every person to whom any expenditure is made, and the name, address and office sought by each candidate on whose behalf such expenditure was made.

Former 2 U.S.C. § 432(d) and former 11 C.F.R. § 102.9(c) required committee treasurers to obtain and keep a receipted bill from the person to whom the expenditure is made stating the particulars for every expenditure in excess of \$100 made by or on behalf of a political committee, and for any expenditure in a lesser amount if the aggregate expenditures to that person exceeded \$100 during the calendar year. Such receipted bills must be preserved for periods of time established by

the Commission. Former 11 C.F.R. § 102.9(c)(4) allowed the treasurer to keep a canceled check evidencing payment of the bill, an invoice or other contemporaneous memorandum of the transaction supplied to the committee by the payee showing the amount, date and particulars of the expenditure when a receipted bill was unavailable.

Former 11 C.F.R. § 102.9(e) required campaign treasurers to use his or her best efforts to obtain required information and to keep complete records of efforts to do so. The reporting committee was to be deemed in compliance with this requirement if a showing of best efforts was made.

Former 11 C.F.R. § 104.12(b)(1) and (3) required political committees to maintain records which provided sufficient detail to verify, explain, clarify, and check for accuracy and completeness the necessary particulars of both receipts and expenditures required to be disclosed, including vouchers, worksheets, receipts, bills and accounts. Those records and reports were required to be kept available for audit, inspection, or examination by the Commission or its authorized representatives for not less than three years from the end of the year in which the report or statement was filed.

B. Factual Basis

On March 16, 1979, the Commission's Audit Division notified the Committee that it had been selected for audit in connection with the FEC's routine review of the Democratic National Committee

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and its affiliates. The audit notification letter specified that all Committee financial records for the period January 1, 1977 to "the present" be made available, including bank statements, together with deposit slips and cancelled checks, contribution records, invoices or receipted bills, and journals and ledgers maintained by the Committee. Audit also requested that the Committee's by-laws or charter, minutes of meetings, if any, solicitation material, brochures and other publications be available for inspection. The undated final audit report submitted to the Office of the General Counsel, which was approved by the Commission on August 25, 1980, indicates that the Audit Division attempted to scrutinize these documents and working papers to verify total reported receipts, expenditures and individual transactions, review required supporting documentation, and analyze Committee debts and obligations.

The report reveals that the Audit staff was unable to determine the source of \$206,592.11 in 1977 and 1978 deposits because of a lack of deposit tickets and the inadequacy of other types of receipt records, such as journals and ledgers, which hindered the Division's review of the committee's bank records. An examination of contributor records maintained by the Committee's exclusive individual fundraiser also was frustrated because pledge invoices and contributor file cards were not arranged in a fashion which facilitated verification of sources and reported totals.

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The Audit Division reviewed the Committee's expenditures by examining cancelled checks, check stubs and internally generated expense allocation schedules made available by the Committee, together with disclosure reports filed with the Commission. Incomplete records and "a lack of knowledgeable personnel," however, prevented the staff from completing "all necessary tests." Report of the Audit Division on the Association of State Democratic Chairpersons at 3-4.

On January 2, 1980, Audit requested by telephone those documents and working papers which it had found missing, and later repeated its request in a May 14, 1980 letter of audit findings. The letter gave the Committee thirty days from the date of receipt to obtain the missing bank account and expenditure records and to provide the audit staff with all committee financial records in auditable condition. Since large numbers of records were incomplete, the letter requested specific categories rather than individually listing all missing records.

The Committee treasurer responded in a July 22, 1980 letter to the Commission's assistant staff director for audit:

. . . I feel the committee was more than cooperative with your audit staff and made a good faith effort to comply with all of your requests. All existing records were submitted to the auditors for their inspection.

(emphasis in original). The treasurer claimed that rapid turnover in staff and repeated office relocation caused imprecise recordkeeping during the period prior to her assumption of the office of treasurer in November, 1979.

While Audit was conducting its examination, the Reports Analysis Division independently sent the Committee several Requests for Additional Information for omissions and mathematical errors on its second and third quarter 1979 disclosure reports. In a January 18, 1980 RFAI, RAD noted that the Committee's April 10, 1979 Report of Receipts and Expenditures listed cash on hand on March 31, 1979 in the amount of \$8,848.29, while the July 10, 1979 quarterly report listed cash on hand on April 1, 1979 as \$99,446.40. RAD asked the Committee to provide the circumstances for the discrepancy between the April and July reports within fifteen days. When no explanation was received, a second RFAI was sent on March 4, 1980.

Writing in response to RAD's second inquiry, the Committee treasurer explained on March 26, 1980, that she had been unable to locate the previous treasurer and bookkeeper who were responsible for filing the particular report in question. While still attempting to secure the information requested, she continued "I have furthermore hoped that the current FEC audit of DFD could help explain the discrepancy in the cash-on-hand figure when it is completed." ^{3/}

^{3/} The final audit report indicated that the Committee reported an opening cash balance on January 1, 1977 of \$-0-, total receipts for the audited period of \$3,100,984.61, total expenditures for the same period of \$3,088,653.46, and a closing cash balance on September filed by the Committee at the time of the audit, of \$95,009.53. The auditors attributed \$32,678.46 of the \$82,678.38 discrepancy in the reported totals of cash on hand to (a) an unexplained adjustment on the committee's first quarter 1978 report of \$3,895; (b) another such adjustment on the second quarter 1979 report of \$67,642.61; and (c) the overstatement of 1979 expenditures by \$6,140.85.

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After stating the preceeding facts, the First General Counsel's Report on this matter, concluded that violations of the former Act and Commission's Regulations had occurred and recommended that the Commission therefore find reason to believe:

~~The final audit report, the RFAI's and the~~ Committee's responses show the materiality of the Committee's recordkeeping inadequacies. During the thirty-three month period audited, quarterly reports filed with the Commission contained gross unexplained adjustments or inaccuracies exceeding \$100,000. When questioned regarding the discrepancies, the Committee treasurer was unable to provide satisfactory explanations or provide necessary supporting documents. While acknowledging imprecise recordkeeping during the audit period, she also implicitly admitted that inadequate records and working papers were retained.

The Committee has failed to meet its statutory duty to maintain and make available for audit detailed records for receipt and expenditure matters required to be disclosed. While the Committee claims to have made a "good faith effort" to comply with the Audit Division's requests, it has not been shown to have used its "best efforts" to initially obtain and later retain the required information. To the contrary, the Committee's inability to account for large amounts of cash seemingly would negate any claim of "best efforts."

Following the Commission's preliminary action on this matter, the Committee was informed of the Commission's reason to believe findings in a January 22, 1981 letter. Thereafter, on January 27, 1981, the General Counsel's Office was contacted on behalf of the ASDC/DFD treasurer by a former advisor to the Committee, later identified as attorney for the respondent, who indicated a desire to provide background information relevant to the Commission's consideration of this matter.

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At that time, the staff attorney assigned to this MUR suggested the advisor recommend to the ASDC/DFD treasurer that the Committee formally submit to the Commission a written statement responding to the RTB notification which would incorporate the advisor's comments. Pursuant to this suggestion, which later was repeated in response to a procedural inquiry from the treasurer, the Committee submitted a letter dated March 17, 1981 which was received by the Commission on March 19, 1981.

Although the Committee's response largely reiterated the general themes of explanations previously provided to the Commission, it did substantially elaborate on the factual bases for the Committee's defenses. In particular, after both stating that a close examination of the historical development of the Association's Dollars for Democrats program was essential to understanding the Audit Division's findings and describing the program's fundraising activities, the March 17th letter traced the evolution of ASDC/DFD's reporting procedures.

The Committee's response alleged that ASDC representatives had met with a then Commission staff member to learn how to properly report its proposed activities shortly after the Committee decided to undertake its fundraising program, and subsequently proceeded to institute the reporting system he suggested which treated each state account as a separate reporting entity and required that all disbursements made by the Dollars for Democrats

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program for expenses involving more than one state be paid directly from a central account administered by the Committee and then later allocated to each state account according to the benefit derived. The treasurer's letter claimed, however, that after a year and a half of decentralized reporting the Association concluded this system was unmanageable and, at the advice of counsel, decided to consolidate the disclosure of all state accounts into one report. The Committee also decided to decentralize the procedure for payment of vendors; all fundraising expenses with the exception of bookkeeping and rent for the Washington office would be paid by the Association's Minnesota fundraiser, who in fact contracted for all fundraising services, rather than directly by the Committee:

Because the law allows unlimited transfers between party committees, this new reporting system seemed totally in keeping with the requirements of the Act. The new reporting system also provided the public with more meaningful information . . . [since] it accurately reflected how the program operated.

Letter from Ann Fishman, Association of State Democratic Chairpersons/Dollars for Democrats Treasurer to the Commission (March 17, 1981) at 3.

The Committee ultimately contended it was unable to assist the Commission's auditors to the extent they requested because the records developed under the Association's initial "irrational" recordkeeping and reporting system were disorganized and the Committee was unable "to hire anyone who

could bring order to the records." Id. Although the implementation of the new bookkeeping system supposedly remedied the existing problem, it was insufficient to cure all past deficiencies. Instead, the problem was compounded by a rapid turnover in Committee personnel, seven bookkeepers in its first two years of operation and at least five treasurers in the last four years, which today continues to make it difficult to completely audit the Committee's early activity.

ASDC/DFD's current treasurer specifically claimed that despite her stated willingness to cooperate with the audit staff, she was unable to immediately satisfy each audit request because of her lack of personal knowledge of the "whereabouts" of all earlier records:

The records do exist or can be recreated either in our office or at the bank, but to locate them is a time consuming task and without a specific request for a particular item, I have been unable to fully assist your auditors. Your audit staff requested complete categories of items and for me to respond to that request would require that I undertake an audit myself to determine each item that might be missing.

Id. Furthermore, she believes that recreating the Committee's past activity from the bank records would not be useful to anyone; if problems existed before, they were a result of ignorance rather than purposeful, and the Association's current "sound" reporting and recordkeeping system "is adequate to satisfy all the requirement of the Act." (sic). Id.

C. Legal Analysis

The factual characterizations and legal references in the Audit Division's final report on its review of the Committee's

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operations suggested that two distinct but interrelated violations had occurred: first, that the Committee failed to continuously prepare complete records of its receipts and expenditures and obtain receipted bills or other memoranda for certain expenditures and, second, that the Committee failed to subsequently retain and make available to the Commission in auditable condition documents which provide in sufficient detail the information necessary to verify reports required to be filed by the Committee under the Act. The Office of the General Counsel's legal analysis submitted to the Commission in connection with this matter further alleged that the Committee failed to use its "best efforts" to obtain required information and to keep complete records of its efforts to do so. Although factual statements in the Committee's March 17, 1981 letter to the Commission answering the FEC's reason to believe findings were not labeled as responses to particular alleged violations, the explanations contained therein can be interpreted as rebuttals to each of these allegations.

(i) Based upon the suggestion from a Committee statement that ASDC/DFD experienced recordkeeping difficulty, the First General Counsel's Report in this matter inferred that the Committee inadequately documented receipts and expenditures. The Committee's response to the Commission partially contradicted this conclusion by asserting that the additional records necessary to satisfy each of the Audit Division's requests which previously were claimed to be unavailable now either do exist or can be recreated. Thus, to the extent it could

produce evidence proving that in fact the records actually were collected or prepared contemporaneous with ASDC/DFD's financial activity, the Committee would have satisfied its initial recordkeeping obligation. However, since the response fails to unconditionally state that all necessary records were originally assembled, the Committee fails to suggest that it completely fulfilled its legal duty.

(ii) The Committee also failed to completely rebut FEC allegations that it inadequately maintained and made available existing records.

The Audit Division's letter of audit findings notified ASDC/DFD's treasurer following the suspension of fieldwork that the auditors had concluded the receipt and expenditure records provided for their review were insufficient to successfully complete an audit verifying the accuracy and thoroughness of the Committee's reports. The letter also stated that a significant portion of the Committee's expenditure records were maintained in such a manner that the staff was unable to decide whether the Committee complied with the Act's recordkeeping and disclosure provisions. In her July 22, 1980 response to the audit letter, the Committee treasurer claimed that the Committee had made good faith efforts to satisfy the audit staff's requests by submitting all existing records to the auditors for their inspection. The March 18, 1981 response to the Commission's reason to believe findings also claimed a Committee willingness to cooperate with the audit staff, but alleged that the Committee's ability to respond had been

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hindered by the current treasurer's lack of personal knowledge about the early Committee records and the audit division's requests for complete categories of documents rather than specific items.

Neither of the factors claimed by the Committee as justifications for its failure to timely provide all the requested documents in auditable condition are sufficient to excuse the Committee's inability to satisfy the auditors' requests; both were foreseeable consequences of the Committee's admittedly disorganized recordkeeping system. Furthermore, given the apparent poor condition of the records involved, it is not unreasonable that the Audit Division phrase its requests for additional documents categorically since the Committee presumably should be best aware of what financial transactions actually occurred and therefore what specific documentation should exist.

(iii) Finally, the Committee failed to adequately show that it used its "best efforts", as currently defined in 11 C.F.R. § 102.9(d), to obtain necessary information and to keep complete records of its attempts to do so. The Committee's claim that it followed the advice of a former Commission staff member, then an OGC attorney, when it established its original recordkeeping system is insufficient to establish a defense to allegations of inadequate initial documentation.

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The Committee also claimed it consulted with private legal counsel before changing to a consolidated reporting system in 1978. Although good faith reliance upon advice received from counsel is a potentially mitigating factor which the Commission may wish to consider when examining a respondent's assertions, it can never be a complete defense. ^{4/}

In summary, although the Committee repeatedly claimed it fully cooperated with the auditors by making good faith efforts to comply with each request, it has failed to provide specific explanations or submit other evidence that shows it used its best efforts to obtain, maintain and submit particular missing information or records in satisfaction of the "best efforts" performance test established by the Regulations.

Accordingly, the Committee's records cannot be deemed in compliance with the Act under that provision. In light of the conclusions presented above regarding the Committee's initial failure to comply with the statute, the Office of the General Counsel therefore recommends that the Commission find probable cause to believe that the Association of State Democratic Chairpersons violated former 2 U.S.C. §§ 432(c)(1), (2), (3)

4/ Even if this latter reliance argument could be considered a defense, it would not excuse all the shortcomings discovered by the Commission's audit. With perhaps the exception of the specific discrepancies found in the Committee's 1978 and 1979 reports, discussed supra at 7, none of the Audit Division's findings can fully be attributed to only one of the Committee's two recordkeeping and reporting systems since several of the audit report's conclusions involved the entire thirty-three month period audited.

and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

III. Recommendation

That the Commission find probable cause to believe that the Association of State Democratic Chairpersons violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d) and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12 (b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

July 17, 1981
Date

Charles N. Steele
Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 20, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Ann Fishman, Treasurer
Association of State Democratic Chairpersons/
Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

RE: MUR 1315

Dear Ms. Fishman:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on January 19, 1981, found reason to believe that your committee violated former 2 U.S.C. §§ 432(c)(1), (2), (3) and (4), and (d), and former 11 C.F.R. §§ 102.9(a), (b), (c) and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979, and instituted an investigation in this matter.

After considering all the evidence available to the Commission, including your March 17, 1981 letter to the Commissioners, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should be also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

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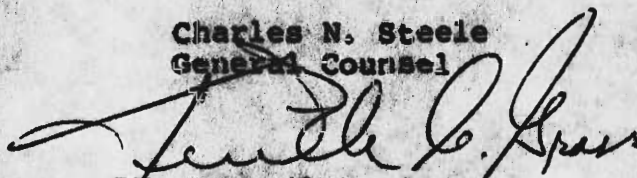
Letter to Ann Fishman
Page Two
MUR 1315

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety, days to settle this matter through a conciliation agreement. This does not preclude settlement of this matter through conciliation prior to a finding of probable cause to believe, if you so desire.

Should you have any questions, please contact Robert Bonham, the staff attorney assigned to this matter, at 523-4166.

Sincerely,

Charles N. Steele
General Counsel



BY Kenneth A. Gross
Associate General Counsel

Enclosure
Brief

62040334150



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *MWE*
FROM: MARJORIE W. EMMONS/JODY CUSTER *Jc*
DATE: APRIL 13, 1981
SUBJECT: MUR 1315 - Interim Investigative Report #2,
dated 4-8-81; Received in OCS, 4-10-81,
11:42

The above-named document was circulated to the
Commission on a 24 hour no-objection basis at 2:00,
April 10, 1981.

There were no objections to the Interim Investigative
Report at the time of the deadline.

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TO: Mr. J. Edgar Hoover
FROM: Mr. W. C. Sullivan
SUBJECT: [illegible]

Re: [illegible]
[illegible] [illegible] [illegible]

• SENSITIVE •

BEFORE THE FEDERAL ELECTION COMMISSION
April 8, 1981

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

81 APR 10 AM 11:42

In the Matter of)
)
Association of State) MUR 1315 (80)
Democratic Chairpersons)
(Dollars for Democrats))

INTERIM INVESTIGATIVE REPORT #2

On January 19, 1981, the Commission made the following
determination in connection with the above referenced matter:

Find Reason to Believe that the Association
of State Democratic Chairpersons (Dollars
for Democrats) violated former 2 U.S.C.
§§ 432(c)(3) and (4), and (d), 434(c)(1)
and (2), and former 11 C.F.R. §§ 102.9(a),
(b), (c), and (e), and 104.12(b)(1) and
(3) by keeping inadequate records for
receipts and expenditures during the
period January 1, 1977 through September
30, 1979.

As discussed in Interim Investigative Report #1 (dated
February 19, 1981), the Office of General Counsel was con-
tacted by a former advisor to the Committee (later identified
as attorney for the respondent) who indicated a desire to
provide background information relevant to the Commission's
consideration of this matter. At that time, the staff
attorney assigned to this matter suggested the advisor
recommend to the ASDC/DFD treasurer that the Committee
formally submit to the Commission a written statement
responding to the RTB notification which would incorporate
the advisor's comments.

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Pursuant to this suggestion, which later was repeated in response to a procedural inquiry from the Committee, the treasurer for the respondent submitted a statement which was received by the Commission on March 19, 1981. The Office of the General Counsel presently is concluding both its examination of the Committee's response and review of recent action by the Reports Analysis Division concerning related apparent violations by the Committee, and anticipates shortly recommending further Commission action.

April 9, 1981
Date

Charles N. Steele by
Charles N. Steele
General Counsel
KAC

02040334154

Association of State Democratic Chairs



1625 MASSACHUSETTS AVENUE, N.W.

WASHINGTON, D.C. 20036

TEL. (202) 797-5900

March 17, 1981

President

Marge Thurman, Georgia

Federal Election Commission

1325 K St. N.W.

Washington D. C. 20463

ATTENTION: Mr. Robert Bonham

-Re: MUR 1315

Dear Commissioners:

By letter of January 22, 1981 the Commission notified me that it had found reason to believe that the Association of State Democratic Chairpersons may have violated the Federal Election Campaign Act in connection with the operation of its Dollars for Democrats program. Before responding to the specific findings of the Commission, I would like to express the hope that this matter can be resolved expeditiously and on mutually acceptable basis. I have spoken with Mr. Robert Bonham of the Commission's staff and from those conversations, I believe a mutually satisfactory resolution of this matter can be readily achieved.

As the Commission's letter indicates the reason to believe finding grew out of an audit of the Dollars for Democrats program. To understand the findings of that audit and the reasons that the audit was suspended requires a close examination of the history of the Dollars for Democrats program and an understanding of the changes that have been made in the operation of the program.

The Dollars for Democrats program was first proposed to the Association of State Democratic Chairpersons in late 1976. Modeled on a similar program run by the Minnesota Democratic State Committee, the Dollars for Democrats program is a fundraising program that couples telephone solicitation with the follow up mailing of pledge statements. The program is run by Larry Meyer and Associates of St. Cloud, Minnesota.

The program operates as follows. From a central phone bank calls are made into states requesting contributions to the Dollars for Democrats program of that state. Those pledging contributions as a result of that solicitation are sent a

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FEDERAL ELECTION COMMISSION
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pledge form which is then returned with the contribution to a post office box in that state. All contributions received at the post office box are then forwarded by a bonded courier to Riggs National Banks. At Riggs National Bank, all contributions are photocopied and deposited into the Dollars for Democrats account for that state. Each state has its own account. No money is deposited into a state's account other than contributions received at the state's post office box. Corporate and partnership checks are separated from other checks by the bank and rather than deposited, are forwarded to the Washington office of Dollars for Democrats. The average contribution is fifteen to twenty dollars. Rarely are there contributions of over fifty dollars and almost never is there a contribution of over two hundred dollars. For recordkeeping and reporting purposes, contributions of over fifty dollars are noted.

After the depositing of a state's contributions a deposit slip is forwarded to the Washington office of Dollars for Democrats. Riggs National Bank also provides a monthly statement listing all receipts and disbursements of each state's accounts. Only four types of disbursements are made from the Dollars for Democrats accounts. Checks are written only to Larry Meyer and Associates for fundraising expenses, to the Association of State Democratic Chairpersons for membership dues, to the bookkeeper and landlord, and to the various state committees representing net fundraising proceeds. The bank makes copies of all these checks. As will be explained, however, the original system for disbursements was much more complicated.

After the Association decided to undertake the Dollars for Democrats program, the question arose of how to properly report the activities of the program under the Federal Election Campaign Act. In an effort to determine how to properly report the activities, representatives of the Association met with Mr. Ben Vandergrift of the Commission staff. He advised the Association that each state account should be considered a separate committee and if the state committee were going to use the proceeds for federal election purposes, the state's account would be required to register as a federal committee. This also required that all disbursements made by the Dollars for Democrats program be allocated to each state account according to benefit derived. He further advised that rather than paying Larry Meyer and Associates for all fundraising expenses and having Larry Meyer and Associates pay the ultimate vendor (e.g. the phone company) the Association should pay the vendors directly. Expenses which involved more than one state, he suggested, should be paid from one central account and then allocated to each state account. The Association proceeded to set up its reporting system accordingly.

After a year and a half of reporting in this manner, it became apparent that this system of reporting was unmanageable and the Association sought an alternative. At the advice of counsel, the Association decided to consolidate the reporting of all the accounts into one reporting entity. It further decided that except for bookkeeping and rent for the Washington office, all fundraising expenses would be paid by the

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fundraiser, Larry Meyer and Associates, who in fact, does all the contracting for fundraising services. The new reporting entity re-registered with the Commission as an affiliate of all the participating state committees. Because the law allows unlimited transfers between party committees, this new reporting system seemed totally in keeping with the requirements of the Act. The new reporting system also provided the public with more meaningful information in that it accurately reflected how the program operated.

However, because the old system was so irrational, the recordkeeping system that supported it was in complete disarray. The problems were compounded by the inability of the Association to hire anyone who could bring order to the records. In its first two years of operation, the Dollars for Democrats went through seven bookkeepers. Although the implementation of the new reporting and recordkeeping system remedied the existing problem, it could not make up for all the past deficiencies. The Association believes it is now on a very sound reporting system, but as the audit team discovered, the problems of four years ago still make it difficult for an audit of that early activity to be completed.

I was not Treasurer four years ago. In fact, there has been at least four Treasurers since then. I do know, however, that from bank records, all past activity can be recreated. It would be a very time consuming effort and I do not believe that effort would be useful to anyone.

I have at all times been willing, and have voiced my willingness, to cooperate with your audit staff. I was unable, however, because of my lack of personal knowledge of the whereabouts of all earlier records to satisfy each request immediately. The records do exist or can be recreated either in our office or at the bank, but to locate them is a time consuming task and without a specific request for a particular item, I have been unable to fully assist your auditors. Your audit staff requested complete categories of items and for me to respond to that request would require that I undertake an audit myself to determine each item that might be missing. This is not meant to be a criticism of your audit staff. At all times during their stay in our offices, they conducted themselves in a friendly and professional manner. All I am suggesting is that because of my lack of personal knowledge and the irrational reporting and recordkeeping system that was employed when the Dollars for Democrat program was initiated, I could not assist your staff during the audit to the extent that they requested.

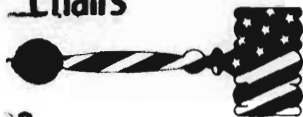
As I noted before, I believe the reporting and recordkeeping system now employed by the Association is adequate to satisfy all the requirement of the Act. If problems existed before, they were a result of ignorance rather than purposeful. I would be happy to discuss this matter with anyone on your staff in the hope of coming to satisfactory resolution of this matter.

Sincerely,



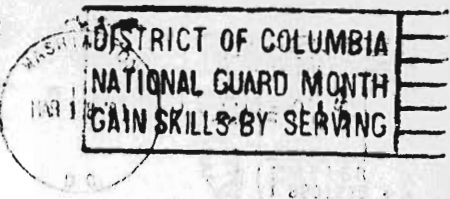
Ann Fishman
Treasurer
Dollars For Democrats

Association of
State Democratic
Chairs



1625 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D. C. 20036

Attn: Mr. Robert Bonham
Federal Election Commission
1325 K St. N.W.
Washington DC 20463



020400

REPORTS ANALYSIS REFERRAL UPDATE

*ORIGIN: Audit

DATE MARCH 17, 1981

ANALYST Alva Smith *AS*

TO: Office of General Counsel
ATTENTION: Robert Bonham

TEAM CHIEF Bobby Warfel *BW*

THROUGH: STAFF DIRECTOR *[Signature]*

COMPLIANCE REVIEW Peggy Sims *PS*

FROM: ASSISTANT STAFF DIRECTOR FOR REPORTS ANALYSIS *JA*

MUR No. 1315

DATE OF ORIGINAL REFERRAL 10/17/80

**PURPOSE:

The attached informational notice and telecon is being forwarded for your review.

OUTCOME: (if applicable)

*Commission unit which initiated original Referral (e.g. AUDIT/RAD/OGC).
**INFORMATION, or RESULTS OF RAD ACTION, as appropriate.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 24, 1981

Ann Fishman, Treasurer
Association of State
Democratic Chairpersons
1625 Massachusetts Avenue, N.W.
Washington, DC 20036

Identification No: C00073791

Reference: 30 Day Post-General Report (10/1/80-11/24/80)

Dear Ms. Fishman:

This letter is prompted by the Commission's preliminary review of your 30 Day Post-General Report. The review raised questions concerning certain information contained in the report. An itemization of these areas follows:

-When preparing your next report, please note that political party committees must enter the total amount of transfers from other political party committees on Line 12. Line 11(a) is to be used to enter the total amount of contributions from individuals, partnerships and other persons who are not political committees. Please refer to the instructions contained on the back of Form 3X for detailed reporting guidance.

Any amendment or clarification should be filed with the Federal Election Commission. If you need assistance, please feel free to contact me on our toll free number, (800)424-9530. My local number is (202)357-0026.

Sincerely,

Alva Smith

Alva Smith
Reports Analyst
Reports Analysis Division

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d.c.
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3/12/81

Jackie Boozer

Assoc of State Dam Chairpersons

1:30

Boozer called to discuss an informational notice dated 2/24/81.

She explained that the contributions received from state DFD's are actually from individuals. She does not have a record of the individuals who made the contributions. The only information she receives from each state DFD's is the total amount of funds received during that period.

02040334161



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS/MARGARET CHANEY
OFFICE OF THE SECRETARY TO THE COMMISSION
DATE: FEBRUARY 24, 1981
SUBJECT: MUR 1315 - Interim Investigative Report #1,
dated 2-19-81; Received in OCS 2-20-81, 3:09

The above-named document was circulated to the Commission on a no-objection basis at 11:00, February 23, 1981.

There were no objections to the Interim Investigative Report at the time of the deadline.

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BEFORE THE FEDERAL ELECTION COMMISSION
February 19, 1981

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

In the Matter of)
)
Association of State Democratic)
Chairpersons (Dollars for)
Democrats))

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MUR 1315 (80)

INTERIM INVESTIGATIVE REPORT #1

On January 19, 1981, the Commission made the following
determination in connection with the above referenced matter:

1. Find Reason To Believe that the Association of State Democratic Chairpersons (Dollars for Democrats) violated former 2 U.S.C. §§ 432(c) (3) and (4), and (d), 434(c) (1) and (2), and former 11 C.F.R. §§ 102.9(a), (b), (c), and (e), and 104.12(b) (1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

On January 27, 1981, the Office of the General Counsel was contacted by a former advisor to the Committee who claimed to be calling on behalf of the current ASDC/DFD treasurer. The former advisor stated that he wished to provide background information concerning the condition of the Committee's records during the period audited. The attorney assigned to this matter suggested that the Committee submit a written statement incorporating the advisor's comments to the Commission, preferably within two weeks.

The Office of the General Counsel expects to receive a response from the Committee within several days, and anticipates recommending further action to the Commission regarding this matter shortly thereafter.

19 Feb 1981
Date


Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 22, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for
Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Re: MUR 1315

Dear Ms. Fishman:

The Federal Election Commission notified you in a request for additional information letter dated January 18, 1980, that your committee may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act").

Upon further review of the information available to the Commission and information supplied by you, the Commission determined, on January 19, 1981, that there is reason to believe that you may have violated former 2 U.S.C §§ 432 and 434, and former 11 C.F.R. §§ 102.9 and 104.12. A report on the Commission's finding is attached for your information. You may submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

Your response to the Commission's initial notification of the possible violation did not provide complete information regarding the matters in question. In the absence of any additional information which demonstrates that no further action should be taken against your committee, the Commission may find probable cause to believe that a violation has occurred, and proceed with formal conciliation. Of course, this does not preclude the settlement of this matter through informal conciliation prior to a finding of probable cause to believe if you so desire.

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MUR 1315 BONHAM



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for
Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

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Letter to Ms. Ann Fishman,
Treasurer of Association of State
Democratic Chairpersons/Dollars
for Democrats
Page two

This matter will remain confidential in accordance with 2 U.S.C.
§§ 437g(a)(4)(B) and 437g(a)(12)(A) [formerly § 437g(a)(3)(B)] unless
you notify the Commission in writing that you wish the matter to be
made public.

If you have any questions, please contact Robert Bonham, the
attorney assigned to this matter at (202) 523-4166.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Undated Final Audit Report

RoB
1/21/81

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FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE January 22, 1981

MUR NO. 1315

STAFF MEMBER(S) & TEL. NO.

Robert Fonham
(202) 523-4166

RESPONDENT: Association of State Democratic Chairpersons
(Dollars for Democrats)

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

SUMMARY OF ALLEGATIONS

On July 2, 1980 the Audit Division referred to the Office of the General Counsel the final audit report for the Association of State Democratic Chairpersons (Dollars for Democrats) (the "Committee"). The report, which was based on an audit conducted pursuant to former 2 U.S.C. § 438(a)(8), covering the period January 4, 1977 through September 30, 1979, noted two areas where Committee records were insufficient to properly conduct an audit verifying that the Committee had completely reported all their activity and such activity was accurately disclosed. Specifically, due to the incompleteness of Committee records and the lack of Committee personnel knowledgeable of the Committee's recording and reporting methods, the Audit Division was forced to suspend fieldwork without fully examining both the Committee's receipts and expenditures.

FACTUAL AND LEGAL ANALYSIS

A. Relevant Law

1. Inadequate recordkeeping for receipts.

Former 2 U.S.C. § 432(c)(1) and (2), and former 11 C.F.R. §102.9(a) required political committee treasurers to keep detailed records of all contributions made to or for the committee, including the date, amount and the identification of the donor if greater than \$50, and the persons's occupation and principal place of business, if any, when his or her aggregate contributions exceeded \$100.

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2. Inadequate recordkeeping for expenditures.

Former 2 U.S.C. § 432(c)(3) and (4), and former 11 C.F.R. § 102.9(b) required political committee treasurers to keep detailed and exact records of all expenditures made by or on behalf of the committee, including the date, amount and the identification of every person to whom any expenditure is made, and the name, address and office sought by each candidate on whose behalf such expenditure was made.

Former 2 U.S.C. § 432(d) and former 11 C.F.R. § 102.9(c) required committee treasurers to obtain and keep a receipted bill from the person to whom the expenditure is made stating the particulars for every expenditure in excess of \$100 made by or on behalf of a political committee, and for any expenditure in a lesser amount if the aggregate expenditures to that person exceeded \$100 during the calendar year. Such receipted bills must be preserved for periods of time established by the Commission. Former 11 C.F.R. § 102.9(c)(4) allowed the treasurer to keep a canceled check evidencing payment of the bill, an invoice or other contemporaneous memorandum of the transaction supplied to the committee by the payee showing the amount, date and particulars of the expenditure when a receipted bill was unavailable.

Former 11 C.F.R. § 102.9(e) required campaign treasurers to use his or her best efforts to obtain required information and to keep complete records of efforts to do so. The reporting committee was to be deemed in compliance with this requirement if a showing of best efforts was made.

Former 11 C.F.R. § 104.12(b)(1) and (3) required political committees to maintain records which provided sufficient detail to verify, explain, clarify, and check for accuracy and completeness the necessary particulars of both receipts and expenditures required to be disclosed, including vouchers, worksheets, receipts, bills and accounts. Those records and reports were required to be kept available for audit, inspection, or examination by the Commission or its authorized representatives for not less than three years from the end of the year in which the report or statement was filed.

B. Analysis

In a March 16, 1979 audit notification letter, the Audit Division specified that all Committee financial records for the period January 1, 1976 to "the present" be made available, including bank statements, together with deposit slips and cancelled checks, contribution records, invoices or receipted bills, and journals and ledgers maintained by the Committee. Audit also requested that the Committee's by-laws or charter and minutes of meetings, if any, and solicitation material, brochures and other publications be available for inspection. The undated final audit report submitted to the Office of the General

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Counsel, which was unanimously approved by the Commission August 25, 1980, indicates that the Audit Division attempted to scrutinize these documents and working papers to verify total reported receipts, expenditures and individual transactions; review required supporting documentation; and analyze Committee debts and obligations.

The report reveals that the Audit staff was unable to determine the source of \$206,592.11 in 1977 and 1978 deposits because of a lack of deposit tickets and the inadequacy of other types of receipt records, such as journals and ledgers, which hindered the Division's review of the committee's bank records. An examination of contributor records maintained by the Committee's exclusive individual fundraiser was also frustrated because pledge invoices and contributor file cards were not arranged in a fashion which facilitated verification of sources and reported totals.

The Audit Division reviewed the Committee's expenditures by examining cancelled checks, check stubs and internally generated expense allocation schedules made available by the Committee, together with disclosure reports filed with the Commission. Incomplete records and a lack of knowledgeable personnel prevented the staff from completing all necessary tests.

On January 2, 1980, Audit requested by telephone those documents and working papers which it found missing and repeated its request in a May 14, 1980 letter of audit findings. The letter gave the Committee thirty days from the date of receipt to obtain all missing bank account and expenditure records and provide the audit staff with all committee financial records in auditable condition. Since large numbers of records were incomplete, the letter requested specific categories rather than individually listing all missing records.

A general description of the missing records for each bank account is as follows:

1. Main account (Riggs #26-07-239-575) and State accounts.

Missing records include cancelled checks, deposit tickets, credit memoranda, and debit memoranda (e.g., for returned items, bank charges, etc.);

2. ASDC-Services Corporation (Riggs #26-07-239-962)

Missing records include cancelled checks, deposit tickets, debit memoranda, and check register (stubs);

3. ASDC (Riggs #26-07-238-724)

Missing records include deposit tickets only.

* * *

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Some of the problems encountered during the expenditure trace included:

- 1) the Committee did not retain several worksheets for expenditures which show how expenditures were reported.
- 2) several cancelled checks and their corresponding check stubs from the check register were missing, or the check stub was unclear as to the necessary information (e.g., name of vendor, date and amount of payment); and
- 3) for expenditures to [exclusive fundraiser], many of the "pink slips" (request for payment) did not contain the information necessary to associate the pink slip to a particular expenditure, making it impossible to determine which expenditures were adequately supported by this documentation.

On July 22, 1980, the Committee treasurer responded:

. . . I feel the committee was more than cooperative with your audit staff and made a good faith effort to comply with all of your requests. All existing records were submitted to the auditors for their inspection.

(emphasis in original). The Committee treasurer claimed that rapid turnover in staff and repeated office relocation caused imprecise recordkeeping during the period prior to her assumption of office in November, 1979. Acknowledging present uncertainty regarding how to proceed so that Audit might complete its investigation, she asked the Commission to "(p)lease advise." The Audit Division does not believe the treasurer's letter is responsive to the May 14, 1980 letter's request for records, and has not responded to its request for guidance.

While Audit was conducting its examination, the Reports Analysis Division independently sent the Committee several Requests for Additional Information for omissions and mathematical errors on its second and third quarter 1979 disclosure reports. In a January 18, 1980 RFAI, RAD noted that the Committee's April 10, 1979 Report of Receipts and Expenditures listed cash on hand on March 31, 1979 in the amount of \$8,848.29, while the July 10, 1979 quarterly report listed cash on hand on April 1, 1979 as \$99,446.40. RAD asked the Committee to provide the circumstances for the discrepancy between the April and July reports within fifteen days. When no explanation was received, a second RFAI was sent on March 4, 1980.

Writing in response to RAD's second inquiry, the Committee treasurer explained on March 26, 1980, that she had been unable to locate the previous treasurer and bookkeeper who were responsible for filing the particular reports in question. While still attempting to secure the information requested, she continued "I have furthermore hoped that the current FEC audit of DFD could help explain the discrepancy in the cash-on-hand figure when it is completed."

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The final audit report indicated that the Committee reported an opening cash balance on January 1, 1977 of \$-0-, total receipts for the audited period of \$3,100,984.61, total expenditures for the same period of \$3,088,653.46, and a closing cash balance on September 31, 1979, the final coverage day of the most recent quarterly report filed by the Committee at the time of the audit, of \$95,009.53. The auditors attributed \$32,678.46 of the \$82,678.38 discrepancy in the reported totals of cash on hand to (a) an unexplained adjustment on the committee's first quarter 1978 report of \$3,895; (b) another such adjustment on the second quarter 1979 report of \$67,642.61; and (c) the overstatement of 1979 expenditures by \$6,140.85.

The final audit report, the RFAIs and the Committee's responses show the materiality of the Committee's recordkeeping inadequacies. During the thirty-three month period audited, quarterly reports filed with the Commission contained gross unexplained adjustments or inaccuracies exceeding \$100,000. When questioned regarding the discrepancies, the Committee treasurer was unable to provide satisfactory explanations or provide necessary supporting documents. While acknowledging imprecise recordkeeping during the audit period, she also implicitly admitted that inadequate records and working papers were retained.

The Committee has failed to meet its statutory duty to maintain and make available for audit detailed records for receipt and expenditure matters required to be disclosed. While the Committee claims to have made a "good faith effort" to comply with the Audit Division's requests, it has not been shown to have used its "best efforts" to initially obtain and later retain the required information. To the contrary, the Committee's inability to account for large amounts of cash seemingly would negate any claim of "best efforts."

The Office of the General Counsel therefore recommends that the Commission find reason to believe that the Association of State Democratic Chairpersons (Dollars for Democrats) violated former 2 U.S.C. §§ 432(c)(3) and (4), and (d), 434(c)(1) and (2), and former 11 C.F.R. §§ 102.9(a), (b), (c), and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979; and approve and send the attached letter and notification of a reason to believe finding.

Recommendations

That the Commission find reason to believe that the Association of State Democratic Chairpersons (Dollars for Democrats) violated former 2 U.S.C. §§ 432(c)(3) and (4), and (d), 434(c)(1) and (2), and former 11 C.F.R. §§ 102.9(a), (b), (c), and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION
ON THE
ASSOCIATION OF STATE DEMOCRATIC CHAIRPERSONS

I. Background

A. Overview

This report is based upon an audit of the Association of State Democratic Chairpersons ("the Committee") undertaken by the Audit Division in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which, at the time of the audit, directed the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Federal Election Commission on December 3, 1976 in support of Democratic nominees for Federal elections; and maintains its headquarters in Washington, D.C.

The audit covered the period January 1, 1977 through September 30, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported an opening cash balance on January 1, 1977 of \$-0-, total receipts for the period of \$3,100,984.61, total expenditures for the period of \$3,088,653.46, and a closing cash balance on September 30, 1979 of \$95,009.53. ^{1/}

^{1/} The reported totals contain a discrepancy in closing cash on hand of \$82,678.46 resulting from: a) an unexplained Committee adjustment to cash on hand on its first quarter 1978 report of \$8,895.00; b) an unexplained Committee adjustment to cash on hand on its second quarter 1979 report of \$67,642.61; and c) the Committee's overstatement of its 1979 expenditures by \$6,140.35.

This audit report is based on 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 addressed in the report and were available to the Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period audited were:

<u>President</u>	<u>Dates</u>
Donald Fowler	12/3/76 - 5/11/78
Anne D. Campbell	5/11/78 - 3/16/79
Morley Winograd	3/16/79 - end of audit period
<u>Executive Director/Treasurer</u>	
Jessie Rattley	12/3/76 - 5/11/78
Barbara J. Daly	5/11/78 - 3/16/79
Mario Cooper	3/16/79 - end of audit period

C. Scope

Except as set forth in Findings A and B, the audit included such tests as verification of total reported receipts, expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Recordkeeping for Receipts

During the period audited, Section 432(c)(1) and (2) of Title 2, United States Code, stated that the treasurer of a political committee shall keep a detailed and exact account of all contributions made to or for such committee, to include identification of every person making a contribution in excess of \$50 with the date and amount thereof and, if a person's contributions aggregate more than \$100, the account shall include occupation, and the principal place of business (if any).

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Further, Section 104.12(b) (1) and (3) of Title 11, Code of Federal Regulations, required, in part, that each political committee required to file reports under the act shall: maintain records with respect to the matters required to be reported, including vouchers, worksheets, receipts, bills and accounts, which shall provide in sufficient detail the necessary information and data from which the filed reports may be verified; and keep those records available for audit, inspection, or examination by the Commission or its authorized representative for a period not less than three (3) years from the end of the year in which the report was filed.

The review of the Committee's bank records was hindered by the lack of deposit tickets and the inadequacy of other types of receipt records (such as journals, ledgers, etc.). Due to the lack of records, the Audit staff was unable to determine the source of \$207,592.11 in deposits in 1977 and 1978.

A review of the Committee's contributor records was performed at Meyer Associates, Inc. ("MAI") in St. Cloud, Minnesota. MAI is solely responsible for raising funds for the Committee through individual contributions. The records reviewed at MAI consisted of pledge invoices and contributor file cards, however, these records were not arranged in a fashion to facilitate the verification of the sources and the reported totals.

Due to the incompleteness of the Committee's records and the lack of knowledgeable Committee personnel, the Audit staff was unable to complete such tests as were necessary to verify that the Committee had reported all their activity and whether the activity was properly reported.

These missing documents were requested by the Audit staff by telephone on January 2, 1980, as well as by letter on May 14, 1980. The May 14 letter gave the Committee 30 days to obtain all missing records and present them in an auditable condition. The Committee, however, failed to provide any additional documents to the Audit staff within the prescribed period.

B. Recordkeeping for Expenditures

During the period audited, Section 432(c) (3), (4) and (d) of Title 2, United States Code, stated that a treasurer of a political committee shall keep a detailed and exact account of all expenditures made by or on behalf of such committee, to include the identification of every person to whom any expenditure is made, the date and amount thereof. Further, the treasurer shall obtain and keep a receipted bill, stating the particulars, for every expenditure made in excess of, or in the aggregate in excess of, \$100 in a calendar year. Section 102.9(c) (4) of Title 11, Code of Federal Regulations stated that when a receipted bill is not available, the treasurer may keep the cancelled check(s) showing payment of the bill; and the bill, invoice or other contemporaneous memorandum of the transaction.

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Further, Section 104.12(b) (1) and (3) of Title 11, Code of Federal Regulations required in part, that each political committee required to file reports under the Act shall: maintain records with respect to the matters required to be reported, including vouchers, worksheets, receipts, bills and accounts, which shall provide in sufficient detail the necessary information and data from which the filed reports may be verified; and keep those records available for audit, inspection or examination by the Commission or its authorized representatives for a period not less than three (3) years from the end of the year in which the report was filed.

The review of Committee expenditures included examination of cancelled checks, check stubs, and Committee generated expense allocation schedules made available, in addition to the disclosure reports filed with the Commission.

Due to the incompleteness of the Committee's records and the lack of knowledgeable Committee personnel, the Audit staff was unable to complete such tests as were necessary to verify that the Committee had reported all their activity and whether the activity was properly reported.

These missing documents were requested by the Audit staff by telephone on January 2, 1980, as well as by letter on May 14, 1980. The May 14 letter gave the Committee 30 days to obtain all missing records and present them in an auditable condition. The Committee, however, failed to provide any additional documents to the Audit staff within the prescribed period.

Recommendation (for both Findings A and B)

It is the recommendation of the Audit staff that these matters be referred to the Commission's Office of General Counsel for consideration.

62040334177

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Association of State Democratic)
Chairpersons (Dollars for)
Democrats))

MUR 1315

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on January 19, 1981, the Commission decided by a vote of 6-0 to take the following actions regarding MUR 1315:

1. Find REASON TO BELIEVE that the Association of State Democratic Chairpersons (Dollars for Democrats) violated former 2 U.S.C. §§ 432(c)(3) and (4), and (d), 434(c)(1) and (2), and former 11 C.F.R. §§ 102.9(a), (b), (c), and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.
2. Approve and send the letter with the General Counsel's Factual and Legal Analysis (Attachment 3 to the First General Counsel's Report dated January 14, 1981.

Commissioner Aikens, Harris, McGarry, Reiche, Thomson, and Tiernan voted affirmatively in this matter.

Attest:

1/21/81
Date

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

Received in Office of the Commission Secretary: 1-14-81, 5:12
Circulated on 48 hour vote basis: 1-15-81, 4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

MEMORANDUM TO: CHARLES STEELE *MWC*
FROM: MARJORIE W. EMMONS/MARGARET CHANEY *me*
DATE: JANUARY 19, 1981
SUBJECT: MUR 1315 - First General Counsel's
Report dated 1-14-81 - Comments

Attached is a copy of Commissioner Reiche's
vote sheet with comments regarding MUR 1315.

62040334179

ATTACHMENT:
Copy of Vote Sheet



FEDERAL ELECTION COMMISSION

1325 K STREET, N.W.
WASHINGTON, D.C. 20463Date and Time Transmitted: JANUARY 15, 1981

4:00 p.m.

Commissioner McGARRY, AIKENS, TIERNAN, THOMSON, REICHE, HARRISRETURN TO OFFICE OF COMMISSION SECRETARY BY: JANUARY 19, 1981 4:00 p.m.MUR No. 1315: FIRST GENERAL COUNSEL'S REPORT

- (☒) I approve the recommendation
() I object to the recommendation

COMMENTS:

Date: 1/16/81Signature: Frank P. Reiche

A DEFINITE VOTE IS REQUIRED AND ALL SHEETS SIGNED AND DATED.
PLEASE RETURN ONLY THE VOTE SHEETS TO THE OFFICE OF THE
COMMISSION SECRETARY NO LATER THAN THE DATE AND TIME SHOWN
ABOVE.



TO: Mr. George W. Brown

FROM: Mr. J. Edgar Hoover

RE: Case No. 100-1113

Please have the attached letter to Brown distributed to the Committee on a 48 hour basis. Thank you.

62040334101

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

1-14-81

MUR # 1315
STAFF MEMBER(S)
Robert Bonham

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENT'S NAME: Association of State Democratic Chairpersons
(Dollars for Democrats)

RELEVANT STATUTE: former 2 U.S.C. §§ 432(c)(3) and (4), and (d),
434(c)(1) and (2), and 11 C.F.R. §§ 102.9(a),
(b), (c) and (e), and 104.12(b)(1) and (3).

INTERNAL REPORTS CHECKED: None

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

On July 2, 1980 the Audit Division referred to the Office of the General Counsel the final audit report for the Association of State Democratic Chairpersons (Dollars for Democrats) (the "Committee"). The report, which was based on an audit conducted pursuant to former 2 U.S.C. § 438(a)(8), covering the period January 4, 1977 through September 30, 1979, noted two areas where Committee records were insufficient to properly conduct an audit verifying that the Committee had completely reported all their activity and such activity was accurately disclosed. Specifically, due to the incompleteness of Committee records and the lack of Committee personnel knowledgeable of the Committee's recording and reporting methods, the Audit Division was forced to suspend fieldwork without fully examining both the Committee's receipts and expenditures.

FACTUAL AND LEGAL ANALYSIS

A. Relevant Law

1. Inadequate recordkeeping for receipts.

Former 2 U.S.C. § 432(c)(1) and (2), and former 11 C.F.R. §102.9(a) required political committee treasurers to keep detailed records of all contributions made to or for the committee, including the date, amount and the identification of the donor if greater than \$50, and the persons's occupation and principal place of business, if any, when his or her aggregate contributions exceeded \$100.

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OFFICE OF THE
COMMISSION SECRETARY
81 JAN 14 P 5: 18

2. Inadequate recordkeeping for expenditures.

Former 2 U.S.C. § 432(c)(3) and (4), and former 11 C.F.R. § 102.9(b) required political committee treasurers to keep detailed and exact records of all expenditures made by or on behalf of the committee, including the date, amount and the identification of every person to whom any expenditure is made, and the name, address and office sought by each candidate on whose behalf such expenditure was made.

Former 2 U.S.C. § 432(d) and former 11 C.F.R. § 102.9(c) required committee treasurers to obtain and keep a receipted bill from the person to whom the expenditure is made stating the particulars for every expenditure in excess of \$100 made by or on behalf of a political committee, and for any expenditure in a lesser amount if the aggregate expenditures to that person exceeded \$100 during the calendar year. Such receipted bills must be preserved for periods of time established by the Commission. Former 11 C.F.R. § 102.9(c)(4) allowed the treasurer to keep a canceled check evidencing payment of the bill, an invoice or other contemporaneous memorandum of the transaction supplied to the committee by the payee showing the amount, date and particulars of the expenditure when a receipted bill was unavailable.

Former 11 C.F.R. § 102.9(e) required campaign treasurers to use his or her best efforts to obtain required information and to keep complete records of efforts to do so. The reporting committee was to be deemed in compliance with this requirement if a showing of best efforts was made.

Former 11 C.F.R. § 104.12(b)(1) and (3) required political committees to maintain records which provided sufficient detail to verify, explain, clarify, and check for accuracy and completeness the necessary particulars of both receipts and expenditures required to be disclosed, including vouchers, worksheets, receipts, bills and accounts. Those records and reports were required to be kept available for audit, inspection, or examination by the Commission or its authorized representatives for not less than three years from the end of the year in which the report or statement was filed.

B. Analysis

In a March 16, 1979 audit notification letter, the Audit Division specified that all Committee financial records for the period January 1, 1976 to "the present" be made available, including bank statements, together with deposit slips and cancelled checks, contribution records, invoices or receipted bills, and journals and ledgers maintained by the Committee. Audit also requested that the Committee's by-laws or charter and minutes of meetings, if any, and solicitation material, brochures and other publications be available for inspection. The undated final audit report submitted to the Office of the General

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Counsel, which was unanimously approved by the Commission August 25, 1980, indicates that the Audit Division attempted to scrutinize these documents and working papers to verify total reported receipts, expenditures and individual transactions; review required supporting documentation; and analyze Committee debts and obligations.

The report reveals that the Audit staff was unable to determine the source of \$206,592.11 in 1977 and 1978 deposits because of a lack of deposit tickets and the inadequacy of other types of receipt records, such as journals and ledgers, which hindered the Division's review of the committee's bank records. An examination of contributor records maintained by the Committee's exclusive individual fundraiser was also frustrated because pledge invoices and contributor file cards were not arranged in a fashion which facilitated verification of sources and reported totals.

The Audit Division reviewed the Committee's expenditures by examining cancelled checks, check stubs and internally generated expense allocation schedules made available by the Committee, together with disclosure reports filed with the Commission. Incomplete records and a lack of knowledgeable personnel prevented the staff from completing all necessary tests.

On January 2, 1980, Audit requested by telephone those documents and working papers which it found missing and repeated its request in a May 14, 1980 letter of audit findings. The letter gave the Committee thirty days from the date of receipt to obtain all missing bank account and expenditure records and provide the audit staff with all committee financial records in auditable condition. Since large numbers of records were incomplete, the letter requested specific categories rather than individually listing all missing records.

A general description of the missing records for each bank account is as follows:

1. Main account (Riggs #26-07-239-575) and State accounts.

Missing records include cancelled checks, deposit tickets, credit memoranda, and debit memoranda (e.g., for returned items, bank charges, etc.);

2. ASDC-Services Corporation (Riggs #26-07-239-962)

Missing records include cancelled checks, deposit tickets, debit memoranda, and check register (stubs);

3. ASDC (Riggs #26-07-238-724)

Missing records include deposit tickets only.

* * *

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Some of the problems encountered during the expenditure trace included:

- 1) the Committee did not retain several worksheets for expenditures which show how expenditures were reported.
- 2) several cancelled checks and their corresponding check stubs from the check register were missing, or the check stub was unclear as to the necessary information (e.g., name of vendor, date and amount of payment); and
- 3) for expenditures to [exclusive fundraiser], many of the "pink slips" (request for payment) did not contain the information necessary to associate the pink slip to a particular expenditure, making it impossible to determine which expenditures were adequately supported by this documentation.

On July 22, 1980, the Committee treasurer responded:

. . . I feel the committee was more than cooperative with your audit staff and made a good faith effort to comply with all of your requests. All existing records were submitted to the auditors for their inspection.

(emphasis in original). The Committee treasurer claimed that rapid turnover in staff and repeated office relocation caused imprecise recordkeeping during the period prior to her assumption of office in November, 1979. Acknowledging present uncertainty regarding how to proceed so that Audit might complete its investigation, she asked the Commission to "(p)lease advise." The Audit Division does not believe the treasurer's letter is responsive to the May 14, 1980 letter's request for records, and has not responded to its request for guidance.

While Audit was conducting its examination, the Reports Analysis Division independently sent the Committee several Requests for Additional Information for omissions and mathematical errors on its second and third quarter 1979 disclosure reports. In a January 18, 1980 RFAI, RAD noted that the Committee's April 10, 1979 Report of Receipts and Expenditures listed cash on hand on March 31, 1979 in the amount of \$8,848.29, while the July 10, 1979 quarterly report listed cash on hand on April 1, 1979 as \$99,446.40. RAD asked the Committee to provide the circumstances for the discrepancy between the April and July reports within fifteen days. When no explanation was received, a second RFAI was sent on March 4, 1980.

Writing in response to RAD's second inquiry, the Committee treasurer explained on March 26, 1980, that she had been unable to locate the previous treasurer and bookkeeper who were responsible for filing the particular report in question. While still attempting to secure the information requested, she continued "I have furthermore hoped that the current FEC audit of DFD could help explain the discrepancy in the cash-on-hand figure when it is completed."

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The final audit report indicated that the Committee reported an opening cash balance on January 1, 1977 of \$-0-, total receipts for the audited period of \$3,100,984.61, total expenditures for the same period of \$3,088,653.46, and a closing cash balance on September 31, 1979, the final coverage day of the most recent quarterly report filed by the Committee at the time of the audit, of \$95,009.53. The auditors attributed \$32,678.46 of the \$82,678.38 discrepancy in the reported totals of cash on hand to (a) an unexplained adjustment on the committee's first quarter 1978 report of \$3,895; (b) another such adjustment on the second quarter 1979 report of \$67,642.61; and (c) the overstatement of 1979 expenditures by \$6,140.85.

The final audit report, the RFAIs and the Committee's responses show the materiality of the Committee's recordkeeping inadequacies. During the thirty-three month period audited, quarterly reports filed with the Commission contained gross unexplained adjustments or inaccuracies exceeding \$100,000. When questioned regarding the discrepancies, the Committee treasurer was unable to provide satisfactory explanations or provide necessary supporting documents. While acknowledging imprecise recordkeeping during the audit period, she also implicitly admitted that inadequate records and working papers were retained.

The Committee has failed to meet its statutory duty to maintain and make available for audit detailed records for receipt and expenditure matters required to be disclosed. While the Committee claims to have made a "good faith effort" to comply with the Audit Division's requests, it has not been shown to have used its "best efforts" to initially obtain and later retain the required information. To the contrary, the Committee's inability to account for large amounts of cash seemingly would negate any claim of "best efforts."

The Office of the General Counsel therefore recommends that the Commission find reason to believe that the Association of State Democratic Chairpersons (Dollars for Democrats) violated former 2 U.S.C. §§ 432(c)(3) and (4), and (d), 434(c)(1) and (2), and former 11 C.F.R. §§ 102.9(a), (b), (c), and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979; and approve and send the attached letter and notification of a reason to believe finding.

Recommendations

1. That the Commission find reason to believe that the Association of State Democratic Chairpersons (Dollars for Democrats) violated former 2 U.S.C. §§ 432(c)(3) and (4), and (d), 434(c)(1) and (2), and former 11 C.F.R. §§ 102.9(a), (b), (c), and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.
2. Approve and send the attached letter with the General Counsel's Factual and Legal Analysis.

Attachments

1. Undated Final Audit Report
2. Letter to Ms. Ann Fishman, ASDC/DFD Treasurer
3. General Counsel's Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION
ON THE
ASSOCIATION OF STATE DEMOCRATIC CHAIRPERSONS

I. Background

A. Overview

This report is based upon an audit of the Association of State Democratic Chairpersons ("the Committee") undertaken by the Audit Division in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which, at the time of the audit, directed the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Federal Election Commission on December 3, 1976 in support of Democratic nominees for Federal elections; and maintains its headquarters in Washington, D.C.

The audit covered the period January 1, 1977 through September 30, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported an opening cash balance on January 1, 1977 of \$-0-, total receipts for the period of \$3,100,984.61, total expenditures for the period of \$3,088,653.46, and a closing cash balance on September 30, 1979 of \$95,009.53. 1/

1/ The reported totals contain a discrepancy in closing cash on hand of \$82,678.46 resulting from: a) an unexplained Committee adjustment to cash on hand on its first quarter 1978 report of \$8,895.00; b) an unexplained Committee adjustment to cash on hand on its second quarter 1979 report of \$67,642.61; and c) the Committee's overstatement of its 1979 expenditures by \$6,140.85.

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This audit report is based on 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 addressed in the report and were available to the Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period audited were:

<u>President</u>	<u>Dates</u>
Donald Fowler	12/3/76 - 5/11/78
Anne D. Campbell	5/11/78 - 3/16/79
Morley Winograd	3/16/79 - end of audit period
<u>Executive Director/Treasurer</u>	
Jessie Rattley	12/3/76 - 5/11/78
Barbara J. Daly	5/11/78 - 3/16/79
Mario Cooper	3/16/79 - end of audit period

C. Scope

Except as set forth in Findings A and B, the audit included such tests as verification of total reported receipts, expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Recordkeeping for Receipts

During the period audited, Section 432(c)(1) and (2) of Title 2, United States Code, stated that the treasurer of a political committee shall keep a detailed and exact account of all contributions made to or for such committee, to include identification of every person making a contribution in excess of \$50 with the date and amount thereof and, if a person's contributions aggregate more than \$100, the account shall include occupation, and the principal place of business (if any).

Further, Section 104.12(b)(1) and (3) of Title 11, Code of Federal Regulations, required, in part, that each political committee required to file reports under the act shall: maintain records with respect to the matters required to be reported, including vouchers, worksheets, receipts, bills and accounts, which shall provide in sufficient detail the necessary information and data from which the filed reports may be verified; and keep those records available for audit, inspection, or examination by the Commission or its authorized representative for a period not less than three (3) years from the end of the year in which the report was filed.

The review of the Committee's bank records was hindered by the lack of deposit tickets and the inadequacy of other types of receipt records (such as journals, ledgers, etc.). Due to the lack of records, the Audit staff was unable to determine the source of \$207,592.11 in deposits in 1977 and 1978.

A review of the Committee's contributor records was performed at Meyer Associates, Inc. ("MAI") in St. Cloud, Minnesota. MAI is solely responsible for raising funds for the Committee through individual contributions. The records reviewed at MAI consisted of pledge invoices and contributor file cards, however, these records were not arranged in a fashion to facilitate the verification of the sources and the reported totals.

Due to the incompleteness of the Committee's records and the lack of knowledgeable Committee personnel, the Audit staff was unable to complete such tests as were necessary to verify that the Committee had reported all their activity and whether the activity was properly reported.

These missing documents were requested by the Audit staff by telephone on January 2, 1980, as well as by letter on May 14, 1980. The May 14 letter gave the Committee 30 days to obtain all missing records and present them in an auditable condition. The Committee, however, failed to provide any additional documents to the Audit staff within the prescribed period.

B. Recordkeeping for Expenditures

During the period audited, Section 432(c)(3), (4) and (d) of Title 2, United States Code, stated that a treasurer of a political committee shall keep a detailed and exact account of all expenditures made by or on behalf of such committee, to include the identification of every person to whom any expenditure is made, the date and amount thereof. Further, the treasurer shall obtain and keep a receipted bill, stating the particulars, for every expenditure made in excess of, or in the aggregate in excess of, \$100 in a calendar year. Section 102.9(c)(4) of Title 11, Code of Federal Regulations stated that when a receipted bill is not available, the treasurer may keep the cancelled check(s) showing payment of the bill; and the bill, invoice or other contemporaneous memorandum of the transaction.

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Further, Section 104.12(b)(1) and (3) of Title 11, Code of Federal Regulations required in part, that each political committee required to file reports under the Act shall: maintain records with respect to the matters required to be reported, including vouchers, worksheets, receipts, bills and accounts, which shall provide in sufficient detail the necessary information and data from which the filed reports may be verified; and keep those records available for audit, inspection or examination by the Commission or its authorized representatives for a period not less than three (3) years from the end of the year in which the report was filed.

The review of Committee expenditures included examination of cancelled checks, check stubs, and Committee generated expense allocation schedules made available, in addition to the disclosure reports filed with the Commission.

Due to the incompleteness of the Committee's records and the lack of knowledgeable Committee personnel, the Audit staff was unable to complete such tests as were necessary to verify that the Committee had reported all their activity and whether the activity was properly reported.

These missing documents were requested by the Audit staff by telephone on January 2, 1980, as well as by letter on May 14, 1980. The May 14 letter gave the Committee 30 days to obtain all missing records and present them in an auditable condition. The Committee, however, failed to provide any additional documents to the Audit staff within the prescribed period.

Recommendation (for both Findings A and B)

It is the recommendation of the Audit staff that these matters be referred to the Commission's Office of General Counsel for consideration.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for
Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Re: MUR 1315

Dear Ms. Fishman:

On January , 1981, the Federal Election Commission determined that there is reason to believe that your committee violated former 2 U.S.C. §§ 432 and 434, and former 11 C.F.R. §§ 102.9 and 104.12. The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter.

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

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Letter to Ms. Ann Fishman,
Treasurer of Association of State
Democratic Chairpersons/Dollars
for Democrats
Page two

This matter will remain confidential in accordance with 2 U.S.C.
§§ 437g(a)(4)(B) and 437g(a)(12)(A) [formerly § 437g(a)(3)(B)] unless
you notify the Commission in writing that you wish the matter 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 Robert
Bonham, the attorney assigned to this matter at (202) 523-4166.

Sincerely,

Enclosures

General Counsel's Factual and Legal Analysis
Procedures

62040334192

FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

DATE _____

MUR NO. 1315

STAFF MEMBER(S) & TEL. NO.

Robert Bonham
(202) 523-4166

RESPONDENT: Association of State Democratic Chairpersons
(Dollars for Democrats)

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

SUMMARY OF ALLEGATIONS

On July 2, 1980 the Audit Division referred to the Office of the General Counsel the final audit report for the Association of State Democratic Chairpersons (Dollars for Democrats) (the "Committee"). The report, which was based on an audit conducted pursuant to former 2 U.S.C. § 438(a)(8), covering the period January 4, 1977 through September 30, 1979, noted two areas where Committee records were insufficient to properly conduct an audit verifying that the Committee had completely reported all their activity and such activity was accurately disclosed. Specifically, due to the incompleteness of Committee records and the lack of Committee personnel knowledgeable of the Committee's recording and reporting methods, the Audit Division was forced to suspend fieldwork without fully examining both the Committee's receipts and expenditures.

FACTUAL AND LEGAL ANALYSIS

A. Relevant Law

1. Inadequate recordkeeping for receipts.

Former 2 U.S.C. § 432(c)(1) and (2), and former 11 C.F.R. §102.9(a) required political committee treasurers to keep detailed records of all contributions made to or for the committee, including the date, amount and the identification of the donor if greater than \$50, and the persons's occupation and principal place of business, if any, when his or her aggregate contributions exceeded \$100.

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2. Inadequate recordkeeping for expenditures.

Former 2 U.S.C. § 432(c)(3) and (4), and former 11 C.F.R. § 102.9(b) required political committee treasurers to keep detailed and exact records of all expenditures made by or on behalf of the committee, including the date, amount and the identification of every person to whom any expenditure is made, and the name, address and office sought by each candidate on whose behalf such expenditure was made.

Former 2 U.S.C. § 432(d) and former 11 C.F.R. § 102.9(c) required committee treasurers to obtain and keep a receipted bill from the person to whom the expenditure is made stating the particulars for every expenditure in excess of \$100 made by or on behalf of a political committee, and for any expenditure in a lesser amount if the aggregate expenditures to that person exceeded \$100 during the calendar year. Such receipted bills must be preserved for periods of time established by the Commission. Former 11 C.F.R. § 102.9(c)(4) allowed the treasurer to keep a canceled check evidencing payment of the bill, an invoice or other contemporaneous memorandum of the transaction supplied to the committee by the payee showing the amount, date and particulars of the expenditure when a receipted bill was unavailable.

Former 11 C.F.R. § 102.9(e) required campaign treasurers to use his or her best efforts to obtain required information and to keep complete records of efforts to do so. The reporting committee was to be deemed in compliance with this requirement if a showing of best efforts was made.

Former 11 C.F.R. § 104.12(b)(1) and (3) required political committees to maintain records which provided sufficient detail to verify, explain, clarify, and check for accuracy and completeness the necessary particulars of both receipts and expenditures required to be disclosed, including vouchers, worksheets, receipts, bills and accounts. Those records and reports were required to be kept available for audit, inspection, or examination by the Commission or its authorized representatives for not less than three years from the end of the year in which the report or statement was filed.

B. Analysis

In a March 16, 1979 audit notification letter, the Audit Division specified that all Committee financial records for the period January 1, 1976 to "the present" be made available, including bank statements, together with deposit slips and cancelled checks, contribution records, invoices or receipted bills, and journals and ledgers maintained by the Committee. Audit also requested that the Committee's by-laws or charter and minutes of meetings, if any, and solicitation material, brochures and other publications be available for inspection. The undated final audit report submitted to the Office of the General

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Counsel, which was unanimously approved by the Commission August 25, 1980, indicates that the Audit Division attempted to scrutinize these documents and working papers to verify total reported receipts, expenditures and individual transactions; review required supporting documentation; and analyze Committee debts and obligations.

The report reveals that the Audit staff was unable to determine the source of \$206,592.11 in 1977 and 1978 deposits because of a lack of deposit tickets and the inadequacy of other types of receipt records, such as journals and ledgers, which hindered the Division's review of the committee's bank records. An examination of contributor records maintained by the Committee's exclusive individual fundraiser was also frustrated because pledge invoices and contributor file cards were not arranged in a fashion which facilitated verification of sources and reported totals.

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1. Main account (Riggs #26-07-239-575) and State accounts.

Missing records include cancelled checks, deposit tickets, credit memoranda, and debit memoranda (e.g., for returned items, bank charges, etc.);

2. ASDC-Services Corporation (Riggs #26-07-239-962)

Missing records include cancelled checks, deposit tickets, debit memoranda, and check register (stubs);

3. ASDC (Riggs #26-07-238-724)

Missing records include deposit tickets only.

* * *

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Some of the problems encountered during the expenditure trace included:

- 1) the Committee did not retain several worksheets for expenditures which show how expenditures were reported.
- 2) several cancelled checks and their corresponding check stubs from the check register were missing, or the check stub was unclear as to the necessary information (e.g., name of vendor, date and amount of payment); and
- 3) for expenditures to [exclusive fundraiser], many of the "pink slips" (request for payment) did not contain the information necessary to associate the pink slip to a particular expenditure, making it impossible to determine which expenditures were adequately supported by this documentation.

On July 22, 1980, the Committee treasurer responded:

. . . I feel the committee was more than cooperative with your audit staff and made a good faith effort to comply with all of your requests. All existing records were submitted to the auditors for their inspection.

(emphasis in original). The Committee treasurer claimed that rapid turnover in staff and repeated office relocation caused imprecise recordkeeping during the period prior to her assumption of office in November, 1979. Acknowledging present uncertainty regarding how to proceed so that Audit might complete its investigation, she asked the Commission to "(p)lease advise." The Audit Division does not believe the treasurer's letter is responsive to the May 14, 1980 letter's request for records, and has not responded to its request for guidance.

While Audit was conducting its examination, the Reports Analysis Division independently sent the Committee several Requests for Additional Information for omissions and mathematical errors on its second and third quarter 1979 disclosure reports. In a January 18, 1980 RFAI, RAD noted that the Committee's April 10, 1979 Report of Receipts and Expenditures listed cash on hand on March 31, 1979 in the amount of \$8,848.29, while the July 10, 1979 quarterly report listed cash on hand on April 1, 1979 as \$99,446.40. RAD asked the Committee to provide the circumstances for the discrepancy between the April and July reports within fifteen days. When no explanation was received, a second RFAI was sent on March 4, 1980.

Writing in response to RAD's second inquiry, the Committee treasurer explained on March 26, 1980, that she had been unable to locate the previous treasurer and bookkeeper who were responsible for filing the particular reports in question. While still attempting to secure the information requested, she continued "I have furthermore hoped that the current FEC audit of DFD could help explain the discrepancy in the cash-on-hand figure when it is completed."

62040334196

The final audit report indicated that the Committee reported an opening cash balance on January 1, 1977 of \$-0-, total receipts for the audited period of \$3,100,984.61, total expenditures for the same period of \$3,088,653.46, and a closing cash balance on September 31, 1979, the final coverage day of the most recent quarterly report filed by the Committee at the time of the audit, of \$95,009.53. The auditors attributed \$32,678.46 of the \$82,678.38 discrepancy in the reported totals of cash on hand to (a) an unexplained adjustment on the committee's first quarter 1978 report of \$3,895; (b) another such adjustment on the second quarter 1979 report of \$67,642.61; and (c) the overstatement of 1979 expenditures by \$6,140.85.

The final audit report, the RFAs and the Committee's responses show the materiality of the Committee's recordkeeping inadequacies. During the thirty-three month period audited, quarterly reports filed with the Commission contained gross unexplained adjustments or inaccuracies exceeding \$100,000. When questioned regarding the discrepancies, the Committee treasurer was unable to provide satisfactory explanations or provide necessary supporting documents. While acknowledging imprecise recordkeeping during the audit period, she also implicitly admitted that inadequate records and working papers were retained.

The Committee has failed to meet its statutory duty to maintain and make available for audit detailed records for receipt and expenditure matters required to be disclosed. While the Committee claims to have made a "good faith effort" to comply with the Audit Division's requests, it has not been shown to have used its "best efforts" to initially obtain and later retain the required information. To the contrary, the Committee's inability to account for large amounts of cash seemingly would negate any claim of "best efforts."

The Office of the General Counsel therefore recommends that the Commission find reason to believe that the Association of State Democratic Chairpersons (Dollars for Democrats) violated former 2 U.S.C. §§ 432(c)(3) and (4), and (d), 434(c)(1) and (2), and former 11 C.F.R. §§ 102.9(a), (b), (c), and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979; and approve and send the attached letter and notification of a reason to believe finding.

Recommendations

That the Commission find reason to believe that the Association of State Democratic Chairpersons (Dollars for Democrats) violated former 2 U.S.C. §§ 432(c)(3) and (4), and (d), 434(c)(1) and (2), and former 11 C.F.R. §§ 102.9(a), (b), (c), and (e), and 104.12(b)(1) and (3) by keeping inadequate records for receipts and expenditures during the period January 1, 1977 through September 30, 1979.

82040334197



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 14, 1980

Ms. Ann Fishman, Treasurer
Association of State Democratic
Chairpersons/Dollars for Democrats
1625 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Ms. Fishman:

This letter is to advise you of the reasons for the suspension of the audit fieldwork on the Association of State Democratic Chairpersons/Dollars for Democrats ("the Committee"). The Audit staff concluded that the records presented by the Committee were insufficient to properly conduct a complete audit. In most cases, the records were so incomplete that instead of listing all missing records in this letter, the categories of the missing records will be brought to your attention by specific reference (e.g., for missing bank records, the account number and a description of missing record(s)).

The letter notifying you of the audit dated March 16, 1979, specified that certain records of the Committee must be made available for the conduct of the audit. Further, for the period of the audit, Section 104.12(b)(1) of Title 11, Code of Federal Regulations, required that each political committee shall maintain records which shall provide in sufficient detail the necessary information from which the disclosure reports may be verified, explained, clarified, and checked for accuracy and completeness. During the audit, the Audit staff was unable to verify the accuracy and completeness of the disclosure reports with the records presented.

A general description of the missing records for each bank account is as follows:

1. Main account (Riggs #26-07-239-575) and State accounts.

Missing records include cancelled checks, deposit tickets, credit memoranda*, and debit memoranda* (e.g., for returned items, bank charges, etc);

2. ASDC - Services Corporation (Riggs #26-07-239-962)

82040334198

Missing records include cancelled checks, deposit tickets, debit memoranda*, and check register (stubs);

3. ASDC (Riggs #26-07-238-724)

Missing records include deposit tickets only.

As for expenditures, the Audit staff attempted to conduct a review of Committee expenditures to determine compliance with the Act. This review indicated to the Audit staff that a significant portion of the Committee's expenditure records were maintained in such a manner that the Audit staff was not able to determine if the Committee complied with the disclosure requirements of Section 434 of the Act, or the recordkeeping requirements of Section 432 of the Act.

Some of the problems encountered during the expenditure trace included:

- 1) the Committee did not retain several worksheets for expenditures which show how expenditures were reported.
- 2) several cancelled checks and their corresponding check stubs from the check register were missing, or the check stub was unclear as to the necessary information (e.g., name of vendor, date and amount of payment); and
- 3) for expenditures to Meyer and Associates, Inc., many of the "pink slips" (request for payment) did not contain the information necessary to associate the pink slip to a particular expenditure, making it impossible to determine which expenditures were adequately supported by this documentation.

Another matter which hindered the Audit staff in the successful completion of the audit was the absence of Committee personnel who were knowledgeable of the Committee records and reporting methods.

Under these circumstances, the Audit staff conducted the fieldwork to the fullest possible extent, and suspended the fieldwork upon the determination that the records provided by the Committee were insufficient for successful completion of the audit.

* The records requested for both debit and credit memoranda are bank prepared documents explaining the nature of the charge or the credit.

02040334199

Recommendation

It is the recommendation of the Audit staff that the current Treasurer of the Committee obtain all missing records for the Committee bank accounts and expenditures and provide the Audit staff with all financial records of the Committee in an auditable condition within 30 days of receipt of this letter.

Failure to comply with this recommendation will result in the referral of this matter to the Office of General Counsel.

Should you have any questions regarding the matters discussed in this letter, please contact Russ Bruner or Dan Boyle of the Audit Division at (202) 523-4155.

Sincerely,



Robert J. Costa
Assistant Staff Director
for the Audit Division

CERTIFIED MAIL:
RETURN RECEIPT REQUESTED

02040334200



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 15, 1980

MEMORANDUM

TO: Robert J. Costa
THROUGH: Staff Director's Office
FROM: Charles N. Steele
General Counsel
SUBJECT: Final Audit Report for the Association of State
Democratic Chairpersons - A-789

The Office of the General Counsel has reviewed the final audit report of the Association of State Democratic Chairpersons ("Committee"), such audit having been undertaken pursuant to 2 U.S.C. § 438(a)(8).

In light of this review, we concur with the recommendation of the Audit Division and are in the process of instituting a compliance action to investigate the Committee's recordkeeping and reporting failures.

82040334201



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 30, 1980

MEMORANDUM

TO: CHARLES STEELE
GENERAL COUNSEL

THROUGH: BILL LOUGHREY *AL*
DEPUTY STAFF DIRECTOR

FROM: BOB COSTA *BC*

SUBJECT: ASSOCIATION OF STATE DEMOCRATIC
CHAIRPERSONS ("ASDC")

Attached please find a copy of a letter from the Treasurer of ASDC which was submitted to the Audit Division in response to a letter of audit findings sent to ASDC on May 14, 1980 (see Attachment A). The May 14, 1980 letter was an attachment to the final audit report on ASDC forwarded to your office on 7/2/80. The Audit staff is of the opinion that the letter from the treasurer is not responsive to our requests for records set forth in the letter of audit findings. However, you may wish to review the response in conjunction with the final audit report.

Should you have any questions regarding any of the matters, please contact Russ Bruner or Dan Boyle at extension 3-4155.

Attachment as stated

cc: Conley Edwards, OGC

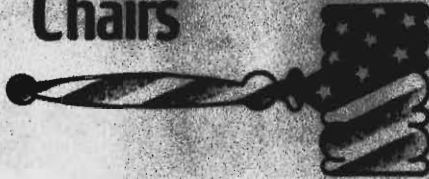
82040334202

Association of
State Democratic
Chairs

ATTACHMENT A

RECEIVED

'80 JUL 24 AM 9:23



1625 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036
TEL. (202) 797-5900

July 22, 1980

President

Morley Winograd, Michigan

Mr. Robert J. Costa
Assistant Staff Director for
the Audit Division
Federal Election Commission
Washington, DC 20463

Dear Mr. Costa:

In response to your letter which concluded that the records submitted by Dollars for Democrats were insufficient to complete the audit, I feel the committee was more than cooperative with your audit staff and made a good faith effort to comply with all of your requests. All existing records were submitted to the auditors for their inspection.

As previously stated, I have been Treasurer of Dollars for Democrats since November 1979. Prior to this time, a rapid turnover in staff plus several changes in location, contributed to the difficulty of precise record keeping.

At this time, I am unclear how to proceed in order that you may complete your investigation. Please advise.

Sincerely,

Ann Fishman

Ann Fishman
Treasurer
Dollars for Democrats

AF/gek



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A-729

July 2, 1980

MEMORANDUM

TO: CHARLES STEELE
GENERAL COUNSEL

THROUGH: ORLANDO B. POTTER *A.L. for O.A.A.*
STAFF DIRECTOR

FROM: BOB COSTA *RPC*

SUBJECT: FINAL AUDIT REPORT FOR THE ASSOCIATION
OF STATE DEMOCRATIC CHAIRPERSONS

Attached please find a copy of the final audit report for the Association of State Democratic Chairpersons ("the Committee"), for your review and analysis. For your information, the letter requesting the missing records is attached at Exhibit A.

Should you have any questions regarding any matter presented in this report, please contact either Russ Bruner or Dan Boyle at extension 3-4155.

Attachments as stated

02040334204



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE ASSOCIATION OF STATE DEMOCRATIC CHAIRPERSONS

I. Background

A. Overview

This report is based upon an audit of the Association of State Democratic Chairpersons ("the Committee") undertaken by the Audit Division in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which, at the time of the audit, directed the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Federal Election Commission on December 3, 1976 in support of Democratic nominees for Federal elections, and maintains its headquarters in Washington, D.C.

The audit covered the period January 1, 1977 through September 30, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported an opening cash balance on January 1, 1977 of \$-0-, total receipts for the period of \$3,100,984.61, total expenditures for the period of \$3,088,653.46, and a closing cash balance on September 30, 1979 of \$95,009.53. 1/

1/ The reported totals contain a discrepancy in closing cash on hand of \$82,678.46 resulting from: a) an unexplained Committee adjustment to cash on hand on its first quarter 1978 report of \$8,895.00; b) an unexplained Committee adjustment to cash on hand on its second quarter 1979 report of \$67,642.61; and c) the Committee's overstatement of its 1979 expenditures by \$6,140.85.

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This audit report is based on 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 addressed in the report and were available to the Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period audited were:

<u>President</u>	<u>Dates</u>
Donald Fowler	12/3/76 - 5/11/78
Anne D. Campbell	5/11/78 - 3/16/79
Morley Winograd	3/16/79 - end of audit period
<u>Executive Director/Treasurer</u>	
Jessie Rattley	12/3/76 - 5/11/78
Barbara J. Daly	5/11/78 - 3/16/79
Mario Cooper	3/16/79 - end of audit period

C. Scope

Except as set forth in Findings A and B, the audit included such tests as verification of total reported receipts, expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Recordkeeping for Receipts

During the period audited, Section 432(c)(1) and (2) of Title 2, United States Code, stated that the treasurer of a political committee shall keep a detailed and exact account of all contributions made to or for such committee, to include identification of every person making a contribution in excess of \$50 with the date and amount thereof and, if a person's contributions aggregate more than \$100, the account shall include occupation, and the principal place of business (if any).

02040334206

Further, Section 104.12(b)(1) and (3) of Title 11, Code of Federal Regulations, required, in part, that each political committee required to file reports under the act shall: maintain records with respect to the matters required to be reported, including vouchers, worksheets, receipts, bills and accounts, which shall provide in sufficient detail the necessary information and data from which the filed reports may be verified; and keep those records available for audit, inspection, or examination by the Commission or its authorized representative for a period not less than three (3) years from the end of the year in which the report was filed.

The review of the Committee's bank records was hindered by the lack of deposit tickets and the inadequacy of other types of receipt records (such as journals, ledgers, etc.). Due to the lack of records, the Audit staff was unable to determine the source of \$207,592.11 in deposits in 1977 and 1978.

A review of the Committee's contributor records was performed at Meyer Associates, Inc. ("MAI") in St. Cloud, Minnesota. MAI is solely responsible for raising funds for the Committee through individual contributions. The records reviewed at MAI consisted of pledge invoices and contributor file cards, however, these records were not arranged in a fashion to facilitate the verification of the sources and the reported totals.

Due to the incompleteness of the Committee's records and the lack of knowledgeable Committee personnel, the Audit staff was unable to complete such tests as were necessary to verify that the Committee had reported all their activity and whether the activity was properly reported.

These missing documents were requested by the Audit staff by telephone on January 2, 1980, as well as by letter on May 14, 1980. The May 14 letter gave the Committee 30 days to obtain all missing records and present them in an auditable condition. The Committee, however, failed to provide any additional documents to the Audit staff within the prescribed period.

B. Recordkeeping for Expenditures

During the period audited, Section 432(c)(3), (4) and (d) of Title 2, United States Code, stated that a treasurer of a political committee shall keep a detailed and exact account of all expenditures made by or on behalf of such committee, to include the identification of every person to whom any expenditure is made, the date and amount thereof. Further, the treasurer shall obtain and keep a receipted bill, stating the particulars, for every expenditure made in excess of, or in the aggregate in excess of, \$100 in a calendar year. Section 102.9(c)(4) of Title 11, Code of Federal Regulations stated that when a receipted bill is not available, the treasurer may keep the cancelled check(s) showing payment of the bill; and the bill, invoice or other contemporaneous memorandum of the transaction.

02040334207

Further, Section 104.12(b)(1) and (3) of Title 11, Code of Federal Regulations required in part, that each political committee required to file reports under the Act shall: maintain records with respect to the matters required to be reported, including vouchers, worksheets, receipts, bills and accounts, which shall provide in sufficient detail the necessary information and data from which the filed reports may be verified; and keep those records available for audit, inspection or examination by the Commission or its authorized representatives for a period not less than three (3) years from the end of the year in which the report was filed.

The review of Committee expenditures included examination of cancelled checks, check stubs, and Committee generated expense allocation schedules made available, in addition to the disclosure reports filed with the Commission.

Due to the incompleteness of the Committee's records and the lack of knowledgeable Committee personnel, the Audit staff was unable to complete such tests as were necessary to verify that the Committee had reported all their activity and whether the activity was properly reported.

These missing documents were requested by the Audit staff by telephone on January 2, 1980, as well as by letter on May 14, 1980. The May 14 letter gave the Committee 30 days to obtain all missing records and present them in an auditable condition. The Committee, however, failed to provide any additional documents to the Audit staff within the prescribed period.

Recommendation (for both Findings A and B)

It is the recommendation of the Audit staff that these matters be referred to the Commission's Office of General Counsel for consideration.

02040334208



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1315

Date Filmed 7-24-82 Camera No. --- 2

Cameraman SPC



FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 1315 ^{Additional Material}

Date Filmed 5/3/84 Camera No. --- 3

Cameraman JRL



April 23, 1984

muk1315

APR 30 10:14

Mr. Robert W. Bonham, III
Federal Elections Commission
1325 K Street Northwest
Washington, DC 20463

Dear Mr. Bonham,

Enclosed are copies of telephone pitches, screen responses and the billing form used by the Dollars for Democrats program in conjunction with the Association of State Democratic Chairs (ASDC). We do phoning in approximately 45 states throughout the country on a year round basis.

If you have any questions about the enclosed material, please contact Ann Fishman, Executive Director at the ASDC Office in Washington (797-6550).

Sincerely,

MEYER ASSOCIATES, INC.

A handwritten signature in cursive script, reading 'Sally Jo Baumgartner'.

Sally Jo Baumgartner
Director of Fundraising

Enclosures

cc: Kathleen Vick, ASDC President
Ann Fishman, ASDC Executive Director

15 Sixth Avenue North
St. Cloud, MN 56301

St. Cloud (612) 253-5575
Twin Cities (612) 333-9092

jm

Advertising • Telephone Marketing
Fund Raising • Public Relations

PLEASE MAKE
 CHECK PAYABLE TO
 (Do Not Enclose Cash)

Date	Code	ID#
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dear Friend,
 Thank you for your recent telephone pledge to help out the State Democratic Party. Your contribution will be put to work immediately, bringing our Democratic message of compassion and fairness to the people of our state. When you are enclosing your donation in the envelope we have provided, also feel free to express your viewpoint on current issues on the back of this form. Your prompt response to this pledge will be appreciated.

THANK YOU!

Your Pledge Is:

\$

I am Enclosing

\$

Phone Number

DETACH HERE

PLEASE RETURN THIS
 PORTION WITH YOUR
 DONATION TO AVOID
 ADDITIONAL BILLING.

NO

02687

84040453670

THE INFORMATION CONTAINED HEREIN IS
THE PROPERTY OF MEYER ASSOCIATES, INC.
ST. CLOUD, MN. USE OF THIS MATERIAL IN
ANY FORM IS NOT PERMITTED WITHOUT
WRITTEN AUTHORIZATION.

"DOLLARS FOR DEMOCRATS"

SCREEN RESPONSES

or

"What do I say when the prospect
says?"

84040453679

"Well, (name), if you make a pledge, you wouldn't need to send any money right now. We'll send you a pledge statement and a reply envelope to send your donation in a month or two. Could you do that?"

NOT NOW: "Maybe at a later date I could send some
money in. PROGRESSION #1

84040453680

"Well, (name), maybe you could save us the time of making another long distance phone call. **If you feel you are definitely going to give something, I could put you down for (\$___). We'll send you a pledge statement and a reply envelope to send your donation in a month or two. Could you do that?"

CALL ME BACK LATER

**PROGRESSION #2

84040453681

"I'm calling on a WATS line from the Dollars for Democrats phone center located in Minnesota. The (state) Democratic Party, along with 45 other state parties, are sharing costs by conducting the 8th annual phone-a-thon from a central location. Your contribution will be sent directly to (city), for the (state) Democratic Party. Could I put you down for (\$) to help the (state) Democratic Party?"

PHONING FROM OUT OF STATE. "Where are you calling from?"

84040453682

"Well, (name), we'd like to mail out information to everyone, but in order to keep our costs down, we can only afford to send pledge forms out to people who make a definite pledge. I can tell you a little bit about the program. The Dollars for Democrats phone-a-thon is an annual event in (state), sponsored by State Chair (name of State Chair) and the State Committee. This year we're planning to raise several thousand dollars through the program and we sure hope we can have your support for a strong State Party. Can I put you down for (\$) or (\$) to help out the (state) Democratic Party?"

SEND INFORMATION

84040453683

"Well, (name), we'd like to mail out pledge forms to everyone, but in order to keep our costs down, we can only afford to send pledge forms out to people who make a definite pledge. I could put you down for (\$____) and if you decide to increase it, there's a spot on the form for you to do that. Could we put you down for (\$____)?"

SEND PLEDGE FORM

84040453684

"Your donation will go directly to the State Democratic Party. Some money goes for research and publicity to bring the Democratic message to the people and a part of each person's contribution will go to support the party headquarters. Could I put you down for (\$) to help out the (state) Democratic Party?"

(Example research): *Voter Identification
*Polling

WHERE DOES THE MONEY GO?

84040453685

"I understand, (name). Times can be pretty tight when you're on a fixed income. We did want to thank you for your past support and we were hoping you might be able to make a small donation like \$5. Could you do that?"

SOCIAL SECURITY: "I'm on a fixed income."

84040453686

"Well, (name), the party is contacting every good Democrat in the state by phone to personally thank you for your past support. We'd like to ask you once again to join with all the other good Democrats to make 1984 our best effort for a strong state party. Could we put you down for a minimum donation like (\$___) or (\$___)?"

ACTIVE DEMOCRATS or "I don't make telephone pledges."

84040453687

"I understand, (name), times are pretty tight right now. But this is an important election year for all of us, and we're really hoping to get at least a small donation from every good Democrat.

Do you think you could help out with a smaller donation like \$5 or evey \$10? We really need your help!"

NO MONEY: "I can't afford it."

84040453688

"Is that Dollars for Democrats?"

IF YES: "I'm very sorry (Sir/Ma'am), we did try to eliminate duplicates but your household must be on several different Democratic Party lists."

IF NO: "Well, (name), this is a special drive being conducted throughout the state and every Democratic supporter is being asked to make at least a small pledge. Can we count on you for a pledge of (\$___) or (\$___) to this drive?"

ALREADY CONTRIBUTED TO OTHER DEMOCRATIC FUNCTIONS:
Duplicate

84040453689

"That's great! We certainly encourage people to support our (local parties/candidates/the national party), but at the same time it is essential that Democrats support our State Party. (Local parties/candidates/The national party) depend on the State Party for the necessary research and services to run a successful campaign. Could we get you to make at least a small donation to help out the (name of state) State Democratic Party?"

(Example research & services): *Voter identification
*Polling
*Get-Out-The-Vote
*Coordination of
statewide political
activities

NOT TO THE PARTY? "I prefer to give to my own favorite (local parties/candidates/national party)."

84040453690

"The Dollars for Democrats phone-a-thon has been an annual event in (state) for the past several years and is sponsored by State Chair (name of State Chair) and the State Committee. Every year we raise several thousand dollars through this program and we sure hope we can have your support for a strong State Party. Can I put you down for (\$) or (\$) to help out the (name of state) Democratic Party?"

ARE YOU, LEGITIMATE?

84040453691

"That's great! That means you'll probably be pretty busy this year! (Name), the party is contacting every good Democrat in the state, including candidates, to personally thank you for your past support. We're going to need everyone's help to have a successful campaign in 1984. Could we put you down for a minimum donation like (\$____) or (\$____) to help out the state party?"

I'M A CANDIDATE

84040453692

"We certainly don't expect all Democrats to agree
(with name) / (with the party), but we are conducting
this drive for the State Party and we hope you agree
it's generally better to have Democrats in office
rather than Republicans. Could we count on you for
a small donation of (\$___) or (\$___) for this special
drive for the State Party?"

UPSET WITH THE PARTY OR POLITICIAN: "I don't agree
with (name)/(the party) on (issue)."

84040453693

"Well, (name), maybe you could save us the time of making another long distance call. Your (husband/wife) did pledge (\$___) last time. Can we at least put you down for that amount and if you feel you want to increase it this year, there is a spot on the form for you to do that. Could we put you down for (\$___) again this year?"

IF HESITANT: Use only for Past Donor lists.
"I need to talk to my spouse."

84040453694

"Well, (name), we did contact every good Democrat in (state) in 1983 and we're now continuing with our 1984 Dollars for Democrats drive. Once again, we need your support since 1984 is such an important election year for the Democratic Party. Would you be willing to help out this year's campaign with a pledge of (\$___) or (\$___)?"

RECENTLY CALLED: "I was just called a few months ago."
"I sent my pledge in."

84040453695

"Well, (name), if you feel you are definitely going to give something, it would help if I could take your pledge now while I have you on the phone. I could put you down for \$____ now and if you decide to increase it, there's a box right on the form to do that. We could really use your help, (name)!

Could you commit to \$____?"

UNSURE: "I don't know" or "I'll think about it."

84040453696

List Building

"I'm sorry to hear that (Sir/Ma'am). My name is (first and last) and I'm calling for the (state) Democratic Party. This month we're holding our 1984 Dollars for Democrats drive. We wanted to thank (name) for (his/her) past support and we're hoping you'd be interested in continuing that support by making a modest donation like \$10 or \$15 because it's such an important election year in (state). We have a big job ahead of us and we really need your help! Can we put you down for (+\$5) this time?"

IF YES: "Thank you, (name), the (state) Democratic Party will be counting on your pledge of \$ _____. Is your address still (street, city, zip)? Well, thanks again, and we'll be mailing you a statement and an envelope for you to mail your contribution back to (city). Have a good evening."

Past Donor

"I'm sorry to hear that (Sir/Ma'am). (Mr./Mrs.) was a good supporter of our (state) Democratic Party. My name is (first and last) and this month we're holding our 1984 Dollars for Democrats drive. We wanted to thank (name) for (his/her) kind (\$ _____) donation from last time, and we're hoping you'd be interested in continuing that support by making a similar donation or even (+\$5) because it's such an important election year in (state). We have a big job ahead of us and we really need your help! Can we put you down for (+\$5) this time?"

IF YES: "Thank you, (name), the (state) Democratic Party will be counting on your pledge of \$ _____. Is your address still (street, city, zip)? Well, thanks again, and we'll be mailing you a statement and an envelope for you to mail your contribution back to (city). Have a good evening."

DECEASED

January 3, 1984
NEW NAMES

List Building Pitch

Hello, (name of prospect). My name is (first and last) and I'm calling for the (state) Democratic Party. This month we're starting our 1984 Dollars for Democrats Drive, and I'm calling our good supporters in the area, (name), to ask for a contribution to help in the coming campaign against the Republicans.

We wanted to thank you for your past support and we're hoping that you'd be able to help us out by making a modest donation like \$10 or even \$15 because it's such an important election year in (state). Would you be willing to make a pledge? We have a big job ahead of us and we really need your help! Can we put you down for (\$15) (name)?

IF YES -- Thank you, (name), the (state) Democratic Party will be counting on your pledge of \$ _____. Is your address still (street, city, zip)? Well, thanks again, and we'll be mailing you a statement and an envelope for you to mail your contribution back to (city). Have a good evening.

ARE YOU LEGITIMATE -- The Dollars for Democrats phone-a-thon has been an annual event in (state) for the past few years and is supported wholeheartedly by the State Committee and State Chair (name of State Chair). Each year we raise several thousands of dollars through Dollars for Democrats and we hope we can also have your support for a strong State Party. Can I put you down for \$10 or \$15 to help out the (name of state) Democratic Party?

ARIZONA, ARKANSAS, NORTH CAROLINA, NEW JERSEY, & OKLAHOMA

ARE YOU LEGITIMATE -- The Dollars for Democrats phone-a-thon is an annual event in (state) and is supported wholeheartedly by the State Committee and State Chair (name of State Chair). This year we plan to raise several thousands of dollars through Dollars for Democrats and we hope we can also have your support for a strong State Party. Can I put you down for \$10 or \$15 to help out the (name of state) Democratic Party?

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March 16, 1984

March 16, 1984

PITCH FOR SPOUSE -- PAST DONORS

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Is this Mr/Mrs. (Spouse)? IF YES: My name is _____
calling for the (state) Democratic Party. This month we're holding
our 1984 Dollars for Democrats drive, and I'm calling our good
supporters in the area to ask for a contribution to help out the
Democrats.

We want to thank you and your (Husband/Wife) for your kind \$ _____
donation from last time and we're hoping that you'd be willing to help
out the Democrats again this year by making a similar donation or
even (+\$5)? We have a big job ahead of us in the coming campaign
against the Republicans. Can we put you down for (+\$5) this time.
We really need your help!

IF HESITANT: Well maybe you could save us the time of making another
long distance call. Your (Husband/Wife) did pledge (\$ _____) last time.
Can we at least put you down for that amount and if you feel you want
to increase it this year, you could just mark it on the form. Could
we put you down for (\$ _____) again this year?

IF YES: Thank you, (name), the (State) Democratic Party will counting
on your pledge of \$ _____. Let me read the name to you (Spell if
necessary). Is your address still (Street, City, Zip)? Well, thanks
again, and we'll be mailing you a statement and an envelope for you to
mail your check back to (City). Have a good evening.

NOTE: ON ALL MAILERS: ASK WHAT NAME TO PUT THE PLEDGE IN.

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March 16, 1984

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PAST DONOR PITCH

Hello, (name of prospect). This is (first and last), and I'm calling
for the (state) Democratic Party. This month we're holding our 1984
Dollars for Democrats drive and I'm calling our good supporters in
the area to ask for a contribution to help in the coming campaign
against the Republicans.

We wanted to thank you for your kind (\$) donation from last time,
(name), and we're hoping that you'd be willing to help out the Democrats
again this year by making a similar donation or even (+\$5) because it's
such an important election year in (state). We have a big job ahead
of us and we really need your help! Can we put you down for (+\$5) this
time?

IF YES: Thank you, (name), the (state) Democratic Party will be counting
on your pledge of \$. Is your address still (street, City, Zip)?
Well, thanks again, and we'll be mailing you a statement and an envelope
for you to mail your contribution back to (city). Have a good evening.

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FEDERAL ELECTION COMMISSION

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

THIS IS THE BEGINNING OF MUR # 1315 ^{Additional material}

Date Filmed 5/3/84 Camera No. --- 3

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