



Final Audit Report of the Commission on Dr. Raul Ruiz for Congress (January 1, 2017 - December 31, 2018)

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

About the Campaign (p. 2)

Dr. Raul Ruiz for Congress is the principal campaign committee for Dr. Raul Ruiz, Democratic candidate for the United States House of Representatives from the state of California, 36th Congressional District, and is headquartered in Palm Desert, California. For more information, see the Campaign Organization chart, p.2.

Financial Activity (p. 2)

• Receipts

○ Contributions from Individuals	\$ 1,917,208
○ Contributions from Political Committees	1,235,207
○ Transfers from Other Authorized Committees	17,829
○ Offsets to Operating Expenditures	7,810
Total Receipts	\$ 3,178,054

• Disbursements

○ Operating Expenditures	\$ 2,502,591
○ Contribution Refunds	29,857
○ Other Disbursements	5,868
Total Disbursements	\$ 2,538,316

No Commission Findings (p. 3)

Based upon an examination of the statements and reports filed, and the records presented by Dr. Raul Ruiz for Congress, in its Audit Division Recommendation Memorandum to the Commission, the Audit staff recommended that the Commission approve two findings: Misstatement of Financial Activity and Personal Use of Campaign Funds. On March 25, 2021, the Commission considered the Audit staff's recommendations and voted to not adopt the recommendations, resulting in no findings in the audit of Dr. Raul Ruiz for Congress.

¹ 52 U.S.C. §30111(b).



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Part I

Background

Authority for Audit

This report is based on an audit of Dr. Raul Ruiz for Congress (RRFC), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 52 U.S.C. §30111(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 52 U.S.C. §30104. Prior to conducting any audit under this subsection, the Commission must perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act. 52 U.S.C. §30111(b).

Scope of Audit

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. the receipt of excessive contributions and loans;
2. the receipt of contributions from prohibited sources;
3. the disclosure of contributions received;
4. the disclosure of individual contributors' occupation and name of employer;
5. the disclosure of disbursements, debts and obligations;
6. the consistency between reported figures and bank records;
7. the completeness of records;
8. other committee operations necessary to the review.

Audit Hearing

RRFC declined the opportunity for a hearing before the Commission on the matters presented in the Draft Final Audit Report.

Part II

Overview of Campaign

Campaign Organization

Important Dates	
• Date of Registration	September 23, 2011
• Audit Coverage	January 1, 2017 - December 31, 2018
Headquarters	Palm Desert, California
Bank Information	
• Bank Depositories	Two
• Bank Accounts	One checking and one savings account
Treasurer	
• Treasurer When Audit Was Conducted	John Pinkney
• Treasurer During Period Covered by Audit	John Pinkney (January 8, 2013 – Present)
Management Information²	
• Attended FEC Campaign Finance Seminar	Not Available
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2017	\$ 1,003,930
Receipts	
○ Contributions from Individuals	1,917,208
○ Contributions from Political Committees	1,235,207
○ Transfers from Other Authorized Committees	17,829
○ Offsets to Operating Expenditures	7,810
Total Receipts	\$ 3,178,054
Disbursements	
○ Operating Expenditures	2,502,591
○ Contribution Refunds	29,857
○ Other Disbursements	5,868
Total Disbursements	\$ 2,538,316
Cash on hand @ December 31, 2018	\$ 1,643,668

² During pre-audit, the Audit staff provided RRFC the Internal Control Questionnaire to complete, which included these questions. Additionally, RRFC was asked these questions in follow-up correspondence. To date, the questionnaire has not been returned by RRFC.

Part III

No Commission Findings

Based upon an examination of the statements and reports filed, and the records presented by RRFC, the Audit staff proposed two findings in the Interim Audit Report and the Draft Final Audit Report: Misstatement of Financial Activity and the Personal Use of Campaign Funds. In its Audit Division Recommendation Memorandum to the Commission, the Audit staff recommended that the Commission approve the two findings. On March 25, 2021, the Commission considered the Audit staff's recommendations and voted to not adopt the recommendations, resulting in no findings in the audit of Dr. Raul Ruiz for Congress.

Regarding the proposed Misstatement of Financial Activity finding, while considering the Audit staff's recommendation, some Commissioners stated that RRFC demonstrated that it did not materially misstate its disclosure reports. As such, the Commission voted not to adopt a finding for Misstatement of Financial Activity.

Regarding the proposed Personal Use of Campaign Funds finding, while considering the Audit staff's recommendation, some Commissioners stated that the regulated community has not been given appropriate notice for requiring campaign staff to keep logs to document use of personal vehicles for expenditures such as parking, gasoline, and insurance payments, and that these costs are de minimis in relation to total campaign expenditures. Some Commissioners also determined that RRFC provided sufficient documentation to support that the expenditures were campaign related. As such, the Commission voted not to adopt a finding for Personal Use of Campaign Funds.