



Interim Audit Report of the Audit Division on Madison Project Inc.

(January 1, 2019 - December 31, 2020)

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.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Committee (p. 2)

Madison Project Inc. is a non-connected Political Action Committee with a non-contribution account and is headquartered in Merrifield, Virginia. For more information, see the chart on the Committee Organization, p. 2.

Financial Activity (p. 2)

• Receipts	
○ Contributions from Individuals	\$ 1,349,514
○ Other Federal Receipts	585
Total Receipts	\$ 1,350,099
• Disbursements	
○ Operating Expenditures	\$ 1,033,548
○ Contributions to Federal Candidates and Committees	50,000
○ Contribution Refunds	6,770
○ Other Disbursements	7,297
Total Disbursements	\$ 1,097,615

Finding and Recommendation (p. 3)

- Disclosure of Occupation and Name of Employer

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 Madison Project Inc. (MPI), 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 shall 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 disclosure of individual contributors' occupation and name of employer;
2. the consistency between reported figures and bank records;
3. the completeness of records;
4. the disclosure of independent expenditures; and
5. other committee operations necessary to the review.

Part II

Overview of Committee

Committee Organization

Important Dates	
• Date of Registration	September 12, 1994
• Audit Coverage	January 1, 2019 - December 31, 2020
Headquarters	Merrifield, Virginia
Bank Information	
• Bank Depositories	Four
• Bank Accounts	Eight Checking Accounts
Treasurer	
• Treasurer When Audit Was Conducted	Kelly Amorin
• Treasurer During Period Covered by Audit	Kelly Amorin (5/6/20 – Present) Paul Kilgore (12/30/09 – 5/5/20)
Management Information	
• Attended FEC Campaign Finance Seminar	No
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2019	\$ 29,054
Receipts	
○ Contributions from Individuals	1,349,514
○ Other Federal Receipts	585
Total Receipts	\$ 1,350,099
Disbursements	
○ Operating Expenditures	1,033,548
○ Contributions to Federal Candidates and Committees	50,000
○ Contribution Refunds	6,770
○ Other Disbursements	7,297
Total Disbursements	\$ 1,097,615
Cash on hand @ December 31, 2020	\$ 281,538

Part III

Summary

Finding and Recommendation

Disclosure of Occupation and Name of Employer

During audit fieldwork, a review of all contributions from individuals requiring itemization indicated that 558 contributions, totaling \$188,852, lacked or inadequately disclosed the required occupation and/or name of employer information. MPI did not sufficiently demonstrate “best efforts” to obtain, maintain and submit the required information. MPI provided documentation of “best efforts” for 194 contributions, totaling \$74,639, however, the effort was made untimely, after audit notification. For 142 contributions, totaling \$54,372, MPI had occupation and/or employer information within its records, however, MPI did not update the public record with this information. Lastly, for 222 contributions, totaling \$59,841, MPI did not provide the Audit staff evidence of “best efforts” to obtain, maintain and submit the required information.

The Audit staff recommends that, for the contributions in which MPI demonstrated “best efforts”, albeit untimely, MPI provide any additional comments it deems relevant to these contributions. For the contributions with occupation and/or name of employer information within MPI’s records, the Audit staff recommends that MPI disclose the required information by amending its 2019-2020 disclosure reports; filing a Form 99 (Miscellaneous Electronic Submission); or filing an amended memo Schedule A (Itemized Receipts) on its next regularly scheduled disclosure report listing all the contributions for which it received additional information. The Audit staff further recommends that, for the contributions that lacked any evidence of “best efforts” to obtain, maintain and submit the required information, MPI provide its “best efforts” documentation or disclose the adequate occupation and/or name of employer information for these contributions. (For more detail see p. 4.)

Part IV

Finding and Recommendation

Disclosure of Occupation and Name of Employer

Summary

During audit fieldwork, a review of all contributions from individuals requiring itemization indicated that 558 contributions, totaling \$188,852, lacked or inadequately disclosed the required occupation and/or name of employer information. MPI did not sufficiently demonstrate “best efforts” to obtain, maintain and submit the required information. MPI provided documentation of “best efforts” for 194 contributions, totaling \$74,639, however, the effort was made untimely, after audit notification. For 142 contributions, totaling \$54,372, MPI had occupation and/or employer information within its records, however, MPI did not update the public record with this information. Lastly, for 222 contributions, totaling \$59,841, MPI did not provide the Audit staff evidence of “best efforts” to obtain, maintain and submit the required information.

The Audit staff recommends that, for the contributions in which MPI demonstrated “best efforts” albeit untimely, MPI provide any additional comments it deems relevant to these contributions. For the contributions with occupation and/or name of employer information within MPI’s records, the Audit staff recommends that MPI disclose the required information by amending its 2019-2020 disclosure reports; filing a Form 99 (Miscellaneous Electronic Submission); or filing an amended memo Schedule A (Itemized Receipts) on its next regularly scheduled disclosure report listing all the contributions for which it received additional information. The Audit staff further recommends that, for the contributions that lacked any evidence of “best efforts” to obtain, maintain and submit the required information, MPI provide its “best efforts” documentation or disclose the adequate occupation and/or name of employer information for these contributions.

Legal Standard

- A. Itemization Required for Contributions from Individuals.** A political committee other than an authorized committee must itemize any contribution from an individual if it exceeds \$200 per calendar year, either by itself or when combined with other contributions from the same contributor. 52 U.S.C. §30104(b)(3)(A).
- B. Required Information for Contributions from Individuals.** For each itemized contribution from an individual, the committee must provide the following information:
- the contributor’s full name and address (including zip code);
 - the contributor’s occupation and the name of his or her employer;
 - the date of receipt (the date the committee received the contribution);
 - the amount of the contribution; and
 - the calendar year-to-date total of all contributions from the same individual. 52 U.S.C. §30104(b)(3)(A) and 11 CFR §§100.12 and 104.3(a)(4)(i).

- C. Best Efforts Ensures Compliance.** When the treasurer of a political committee shows that the committee used best efforts (see below) to obtain, maintain, and submit the information required by the Act, the committee’s reports and records will be considered in compliance with the Act. 52 U.S.C. §30102(i) and 11 CFR §104.7(a).
- D. Definition of Best Efforts.** The treasurer and the committee will be considered to have used “best efforts” if the committee satisfied all of the following criteria:
- All written solicitations for contributions included:
 - A clear request for the contributor's full name, mailing address, occupation, and name of employer; and
 - The statement that such reporting is required by Federal law.
 - Within 30 days after the receipt of the contribution, the treasurer made at least one effort to obtain the missing information, in either a written request or a documented oral request.
 - The treasurer reported any contributor information that, although not initially provided by the contributor, was obtained in a follow-up communication or was contained in the committee’s records or in prior reports that the committee filed during the same two-year election cycle. 11 CFR §104.7(b).
- E. Reporting Missing Information.** If any of the contributor information is received after the contribution has been disclosed on a regularly scheduled report, the political committee shall either:
- File with its next regularly scheduled report, an amended memo Schedule A listing all contributions for which contributor identifications have been received and an indication of the previous report(s) to which the memo Schedule A relates; or
 - File amendments which include the contributor identifications together with the dates and amounts of the contributions. 11 CFR §104.7(b)(4)(i).

Facts and Analysis

A. Facts

MPI did not disclose or inadequately disclosed the required occupation and/or name of employer information for contributions requiring itemization on its FEC reports, as of the date of the audit notification letter.

Contributions Requiring Itemization - Missing or Inadequate Occupation and/or Name of Employer Disclosure	
Number of Contributions	558
Dollar Value of Contributions	\$188,852
Percent of Contributions	52% ²

1. Best Efforts Demonstrated, but Untimely

MPI provided the Audit staff listings of contributors that were sent “best efforts” letters during 2019 and 2020. The listings did not include the dates as to when the letters were sent to contributors. As such, the Audit staff asked the Treasurer if the letters were sent within 30 days of receipt of the contributions. The Treasurer indicated that the letters “were generally not mailed within 30 days during the audit period.” The Audit staff’s comparison of the errors and the listings resulted in the following:

Untimely Efforts Made	
Best Efforts Letters Sent to Contributors <i>Untimely</i>	194
Dollar Value of Contributions	\$74,639

2. Contributor Information Obtained but Not Disclosed:

During audit fieldwork, MPI provided the Audit staff with the required occupation and/or name of employer information for some of its contributors; however, MPI did not disclose the information on its reports for the following:

Contributor Information Obtained but Not Disclosed	
Contributor Information in MPI’s Records (no record of when the information was obtained)	142 ³
Dollar Value of Contributions	\$54,372

3. Best Efforts Documentation Not Provided:

MPI did not provide the Audit staff records to demonstrate timely “best efforts” for the following:

Best Efforts Documentation Not Provided by MPI	
Best Efforts Documentation Not Provided by MPI	222
Dollar Value of Contributions	\$59,841

² This represents the percentage of itemized contributions from individuals with errors for missing or inadequately disclosed occupation and/or name of employer information ($\$188,852/\$360,617 = 52\%$).

³ MPI’s receipt database for the audit period contained the occupation and name of employer information for these contributors.

4. Additional Information:

The inadequate occupation and/or name of employer information entries on Schedule A (Itemized Receipts) were primarily disclosed by MPI as “Information Requested Per Best Efforts.” This represented 551 contributions, totaling \$181,232, (approximately 96% of the contributions which lacked or inadequately disclosed the required occupation and/or name of employer information).

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with MPI representatives during audit fieldwork and at the exit conference and provided the schedule detailing these disclosure errors. In response to the exit conference, MPI’s Counsel (Counsel) stated MPI “will file amendments with the information at the appropriate time” for the 142 contributions, totaling \$54,372. The Audit staff notes that, as of this report, MPI has not yet filed the amendments to disclose the missing or inadequate occupation and/or name of employer information that was in its contributor records, as required by 11 CFR §104.7(b)(4)(i).

Regarding the untimely efforts for the 194 contributions, totaling \$74,639, Counsel noted that the current treasurer became treasurer in May 2020 and stated, “...the treasurer did send follow-up letters within thirty days of being aware of the particular contribution with outstanding information.” Counsel further stated, “[t]he company that the Madison Project hired to create the solicitations, mail them, and receive any resulting contributions, only provided the Madison Project with contributor information every thirty days. As soon as the treasurer received notice of omitted contributor information, she would send the requisite letter to the contributor within thirty days.”

The Audit staff concludes that MPI did not satisfy the requirements of “best efforts” because no evidence was provided to demonstrate that the treasurer sent follow-up requests within 30 days of “receiving” the contributions, in accordance with 11 CFR §104.7(b)(2). Counsel’s statement appears to support the untimely nature of the follow-up requests, given that the company provided contributor information to MPI “every thirty days” and “[a]s soon as the treasurer received notice..., she would send the requisite letter...within thirty days.” As such, the treasurer sent follow-up requests as soon as she was given notice that there was missing contributor information; however, this does not appear to be within 30 days of “receiving” the contributions.

Regarding the 222 contributions, totaling \$59,841, Counsel stated MPI “confirmed, to the best of the treasurer’s knowledge and belief, that (1) all Madison Project solicitations included the requisite best efforts language seeking the relevant information, and (2) in the event a contributor did not provide occupation and employer information..., the treasurer sent a follow-up letter seeking the omitted information.” Counsel further stated, “committees are not obligated to obtain such information; all that is required is that a treasurer use her ‘best efforts’ to obtain and submit it...Here, the treasurer made the separate follow-up request required by regulation.” Counsel added, “[a]lthough the treasurer did not log the sending of the follow-up letters, maintain copies or the like, such additional efforts are not required. In sum, the treasurer’s recollection confirms that the Commission’s ‘best efforts’ requirements were satisfied.”

The Audit staff notes Counsel's response does not appear to include a critical component of 52 U.S.C. §30102(i) and 11 CFR §104.7(a). Specifically, a committee's reports and records will be considered in compliance with the Act, when the treasurer of a political committee *shows* that the committee used best efforts to obtain, maintain, and submit the information required by the Act. While the Act does not specify how a committee may *show* that it satisfied best efforts, something must be preserved which demonstrates a committee's attempts to satisfy the requirements. In this case, Counsel stated "...the treasurer made the separate follow-up request required by regulation." However, no evidence of such follow-up requests or any other "best efforts" attempts have been provided to the Audit staff. The Audit staff further notes that MPI did provide some evidence of best efforts, albeit untimely, in the form of lists disclosing contributors to whom "best efforts" letters were sent, as explained below; however, the lists did not include the contributors which gave the 222 contributions totaling \$59,841.

The Audit staff recommends that, within 30 calendar days of service of this report, MPI provide any additional comments it deems relevant for the 194 contributions, totaling \$74,639, which MPI demonstrated "best efforts" albeit untimely. In addition, MPI should disclose the required information for the 142 contributions, totaling \$54,372, by either amending its 2019-2020 disclosure reports; filing a Form 99 (Miscellaneous Electronic Submission)⁴; or by filing an amended memo Schedule A (Itemized Receipts) on its next regularly scheduled disclosure report. The Audit staff further recommends that MPI provide "best efforts" documentation for the 222 contributions, totaling \$59,841, or disclose the adequate occupation and/or name of employer information for the contributions.

⁴ If MPI chooses to file a Form 99 instead of amending its disclosure reports, the form must contain all pertinent information that is required on each schedule.