



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 10, 1980

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

THROUGH: BOB COSTA *AK*

FROM: JUDY HAWKINS *JH*

SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -
NATIONAL CONSERVATIVE POLITICAL
ACTION COMMITTEE

Attached please find a copy of the final audit report of the National Conservative Political Action Committee, which was approved by the Commission on March 3, 1980.

Informational copies of the report have been received by all parties involved and this report may be released to the public.

Attachment as stated

cc: FEC Library
RAD
Public Records

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REPORT OF THE AUDIT DIVISION
ON THE
NATIONAL CONSERVATIVE POLITICAL ACTION COMMITTEE

I. Background

A. Overview

This report is based on an audit of the National Conservative Political Action Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election 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 directs 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 Office of the Secretary of the Senate and the Office of the Clerk, U.S. House of Representatives on March 27, 1975. The Committee maintains its headquarters in Arlington, Virginia.

The audit covered the period from March 27, 1975 through August 31, 1977, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance of \$-0-, total receipts for the period of \$4,021,112.34, total expenditures for the period of \$4,010,618.27 and a closing cash balance on August 31, 1977 of \$10,638.74. ^{1/}

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 in the report and were available to Commissioners and appropriate staff for review.

^{1/} Ending cash-on-hand is misstated by \$144.67 due to an arithmetical error.

B. Key Personnel

The principal officers of the Committee during the period audited were Mr. Charles R. Black, Jr., Chairman and Mr. Roger J. Stone, Jr., Treasurer.

C. Scope

The audit included such tests as verification of total reported receipts and expenditures and individual transactions; review of required supporting documentation and analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Findings and Recommendations

A. Reporting Individual Contributor Information

Section 434(b) (2) of Title 2, United States Code requires that the occupation and principal place of business, if any, of each person who has made one or more contributions within the calendar year in an aggregate amount or value in excess of \$100 be disclosed on reports filed with the Commission.

Section 102.9(e) of the Commission's regulations states in relevant part, that when Committee treasurers and candidates show that best efforts have been used to obtain and submit the information required, they shall be deemed to be in compliance.

Our review of contributor records and FEC disclosure reports revealed that the occupation and/or principal place of business was not reported as follows:

<u>Period</u>	<u>Number of Itemized Contributions</u>	<u>Number of Itemized Contributions Without Required Information</u>	<u>% of Itemized Contributions Without Required Information</u>
3/27/75-12/31/75	169	134	79.3%
1/1/76-12/31/76	1747	809	46.3%
1/1/77-8/31/77	720	415	57.6%
Total for Period Audited: 3/27/76-8/31/77	<u>2636</u>	<u>1358</u>	<u>51.52%</u>

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NCPAC made an attempt to obtain the required contributor information for the period 3/27/75-8/31/77. These efforts culminated with the filing of amendments. The first amendment, filed in July, 1977, contained the occupation and principal place of business for 72 contributions received from 1/1/77 thru 6/30/77. The second amendment, filed in May, 1978, contained the occupation and principal place of business of 731 contributions received from July 1, 1977 thru January 31, 1978.

Recommendation

In our opinion, NCPAC has made best efforts to obtain and submit the information required, and therefore, the Audit staff recommends no further action.

B. Reporting of Loans and Guarantors

Section 434(b)(5) of Title 2, United States Code requires the disclosure of each loan to or from any person within the calendar year in an aggregate amount or value in excess of \$100.00, together with the full names and addresses (occupations and the principal places of business, if any) of the lender, endorser, and guarantors, if any, and the date and amount of such loans.

Our review of NCPAC records revealed two (2) loans which were reported inaccurately with respect to guarantors. In the first case, five (5) guarantors of \$2,000.00 each (\$10,000) were identified by NCPAC. Our examination disclosed that eleven guarantors for \$910.00 each (\$10,010.00) should have been reported. It was noted that the principal amount of the loan was \$10,000, and the date of the loan was August 6, 1975. The second loan, reported as being received on June 9, 1977, in the amount of \$20,000.00 was guaranteed by four (4) individuals. These four (4) individuals were not disclosed on reports filed by NCPAC.

These matters were brought to the attention of Committee personnel at the conclusion of the audit fieldwork. They agreed to file the necessary amendments to correct these irregularities.

On November 5, 1979, an amendment substantially correcting the public record was filed by the Committee.

Recommendation

The Audit staff recommends that no further action be taken since the appropriate amendments were filed with the Commission.

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C. Reporting of Debts and Obligations

Section 104.8(a) and (b) of Title 11, Code of Federal Regulations states, in part, that debts and obligations which remain outstanding after the election shall be continuously reported until extinguished. A debt, obligation, or other promise to make an expenditure of \$500.00 or less, shall be reported as of the time payment is made, or no later than 60 days after occurrence, whichever comes first. A loan of money in the ordinary course of business and any debt or obligation over \$500.00 shall be reported as of the time of the transaction.

Our examination of NCPAC documents and disclosure reports, and a comparison thereof revealed that NCPAC had been improperly reporting debts and obligations during the period April 1, 1975 through March 31, 1977.

Our tests indicated that the liquidation of debts and obligations was not properly disclosed on Schedule C. However, it was noted that the reported debts and obligations were reported as having been paid as evidenced by entries in expenditure schedules on subsequent reports.

Since testing has given assurance that all reported debts and obligations were liquidated, no amending action is believed to be necessary on an item by item basis. However, we recommended that NCPAC submit a statement for the public record, signed by the Treasurer, indicating that all reported debts and obligations have been liquidated as of a given reporting date and that commencing with the May 10, 1977 report, debts and obligations will be reported as required by the Act. This statement was received on November 5, 1979.

Recommendation

The Audit staff recommends no further action on this matter.

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

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FILE RELEASED BY THE COMMISSION AND MADE PUBLIC IN
THE PUBLIC RECORDS OFFICE. FOR THIS PARTICULAR
ORGANIZATION'S COMPLETED COMPLIANCE ACTION FILE
SIMPLY ASK FOR THE PRESS SUMMARY OF MUR # 732.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.





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1325 K STREET NW
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THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



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