



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20541

October 2, 1979

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

THROUGH: BOB COSTA *AC*

FROM: JUDY HAWKINS

SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -
STATE DEMOCRATIC COMMITTEE OF MISSOURI-
VOTER REGISTRATION DRIVE

Attached please find a copy of the final audit report of the State Democratic Committee of Missouri-Voter Registration Drive which was approved by the Commission on September 21, 1979.

All informational copies of this 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 Record



FEDERAL ELECTION COMMISSION

1100 K STREET, N.W.
WASHINGTON, D.C. 20543

REPORT OF THE AUDIT DIVISION ON THE STATE DEMOCRATIC COMMITTEE OF MISSOURI- VOTER REGISTRATION DRIVE

I. Background

A. Overview

This report is based on an audit of the State Democratic Committee of Missouri-Voter Registration Drive ("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)(2) 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 State Democratic Committee of Missouri-Voter Registration Drive filed its initial report with the Federal Election Commission on November 1, 1976. 1/ The Committee maintained its headquarters in Jefferson City, Missouri.

The audit covered the period July 11, 1976, the beginning coverage date of the initial report filed, through November 22, 1976, the termination date of the Committee. The Committee reported a beginning cash balance of \$-0-, total receipts for the period of \$26,637.63, total expenditures for the period of \$24,421.84, and a closing cash balance of \$2,215.79. 2/

1/ At the time of the audit the Committee had not filed a statement of organization, however, one was subsequently filed on September 29, 1978. In addition, the Committee inadvertently filed reports under the name of the Missouri State Democratic Committee.

2/ See Finding C.



This report is based on documents and working papers supporting each of its 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.

B. Key Personnel

The principal officers of the Committee were James I. Spainhower, Chairman, and Georgia Schulte, 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. Auditor's Statement and Description of Findings

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented, that, except for the deficiencies noted below, the reports and statements of the State Democratic Committee of Missouri-Voter Registration Drive fairly present the financial activities of the Committee for the period covered by the audit. Further, except as noted below, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

A. Disclosure of In-Kind Contributions

Section 104.3(a) of Title 11, Code of Federal Regulations states that each in-kind contribution shall be valued at the usual and normal charge on the date received and reported if in excess of \$100 on the appropriate schedules of receipts and expenditures, identified as to its nature and listed as an "in-kind contribution."

During the course of the audit, it was determined that the Committee received an in-kind contribution from the Democratic National Committee Services Corporation, an affiliated committee of the Democratic National Committee, consisting of voter registration materials valued at \$1,630.81 which was not itemized in its disclosure report. Instead, the value of this in-kind contribution was included in unitemized receipts and expenditures.

In addition, the campaign committee of the Treasurer of the State of Missouri ("the Campaign Committee") provided the Committee with office space during the period August 25, 1976 through October 14, 1976. The value of this office space was estimated at \$112.00, however, the value of the in-kind contribution was not included in either the itemized or unitemized receipt and expenditure figures in the Committee's disclosure report.

The Audit staff requested that the Committee file a comprehensive amendment disclosing the two (2) in-kind contributions.

Recommendation

Since the Commission received an amended report on February 13, 1979, itemizing the two (2) in-kind contributions, the Audit staff recommends that no further action be taken on this matter.

B. Documentation for Voter Registration Expenditures

Section 432(c)(3) and (4) of Title 2 of the United States Code states that it shall be the duty of the treasurer of a political committee to keep a detailed and exact account of all expenditures made by or on behalf of such committee; and the identification of every person to whom any expenditure is made, the date and amount thereof and the name and address of and office sought by, each candidate on whose behalf such expenditure was made.

Section 432(d) states, in part, that it shall be the duty of the treasurer to keep a receipted bill, stating the particulars, for every expenditure made by a political committee in excess of \$100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

In addition, Section 102.9(c)(4) of the Commission's Regulations states that when a receipted bill is not available, the treasurer may keep the cancelled check showing payment(s) of the bill, and the bill, invoice, or other contemporaneous memorandum of the transaction supplied to the committee by the payee containing the same information as a receipted bill.

During the course of the audit it was determined that the Committee received \$25,000 from the Democratic National Committee Services Corporation to conduct voter registration activities in the State of Missouri.

The Committee subsequently made 10 transfers, amounting to \$11,902.15, to eight (8) individuals and unregistered political organizations to enable them to engage in voter registration activities in various parts of the state. These figures represent 44.97% of the total dollar value and 25.64% of the total number of itemizable expenditures.

Committee officials indicated that these activities were specifically intended to benefit Carter-Mondale, but documentation to the effect was not included in Committee records presented at the time of the audit.

The Committee records contained expenditure reports prepared by several organizations, but these reports, in most instances, were only broken down into general categories such as salary, printing, and advertising, and did not identify specific payees.

The Audit staff requested on January 8, 1979, that the Committee obtain documentation detailing the particulars of the expenditures made by the individuals and organizations which received money from the Committee and present copies to the Audit staff for review or provide documentation of the Committee's efforts to obtain the required documentation.

Subsequent to our request, the Committee provided supporting documentation for five (5) of the transfers totaling \$4,796.55 and supplied documentation of its efforts to obtain documentation for four (4) of the transfers totaling \$6,765.60. In addition, the Committee did not provide any documentation or evidence of its efforts to obtain the documentation for one (1) transfer totaling \$340.00, however, the Committee did provide a listing of the ultimate payees, amounts of payment, and purpose of payments. The documentation submitted provided no evidence that the groups and individuals conducted voter registration activities on behalf of Carter-Mondale or any other specifically identified Federal candidates.

Recommendation

Based on the above information, the Audit staff recommends no further action on this matter.

C. Disposition of Residual Funds

Section 434(b)(4) of Title 2 of the United States Code states, in part, that a committee's disclosure reports shall include the name and address of each political committee to which that committee made any transfer of funds, together with the amounts and dates of all transfers.

Section 102.4(a) of Title 11, Code of Federal Regulations states, in part, that a political committee seeking to disband shall file a notice of termination which includes a statement as to the disposition of residual funds.

The Committee filed a termination report on December 1, 1976 indicating residual cash on hand at November 22, 1976 of \$2,215.79. A statement as to the disposition of this amount was not included.

During the course of the audit it was determined that the Committee transferred the entire amount (\$2,215.79) to the Democratic National Committee Services Corporation on November 22, 1976. This transfer out was not itemized in the termination report.

The Audit staff requested that the Committee file an amended report for 1976 disclosing the transfer of the residual cash balance to the Democratic National Committee Services Corporation.

Recommendation

It is the recommendation of the Audit staff that no further action be taken on this matter, since the Commission received an amended report on February 13, 1979 disclosing the transfer.

D. Statement of Organization

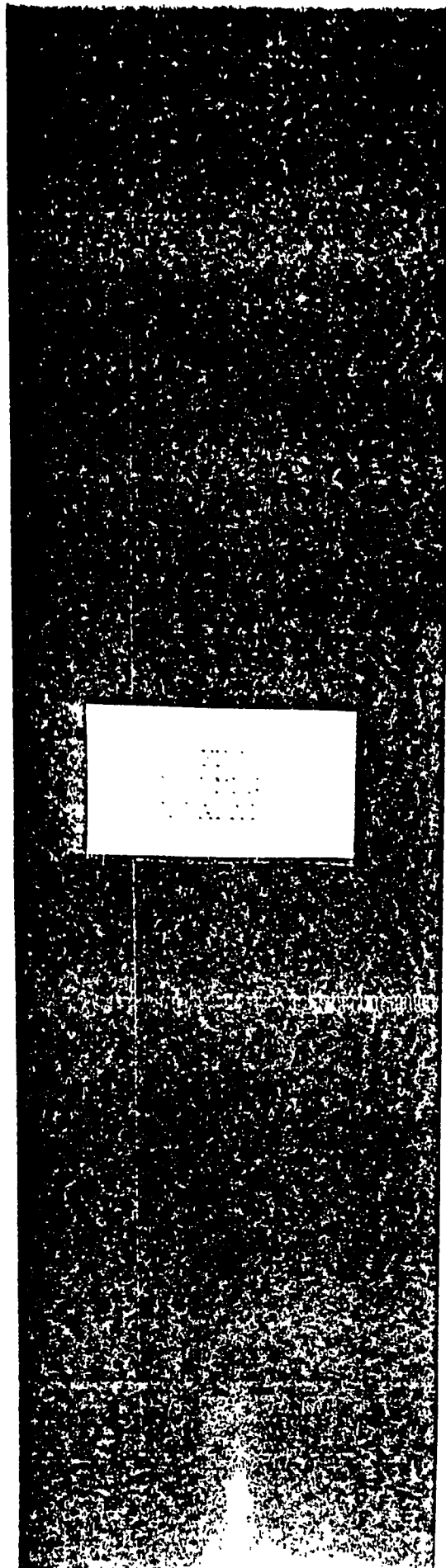
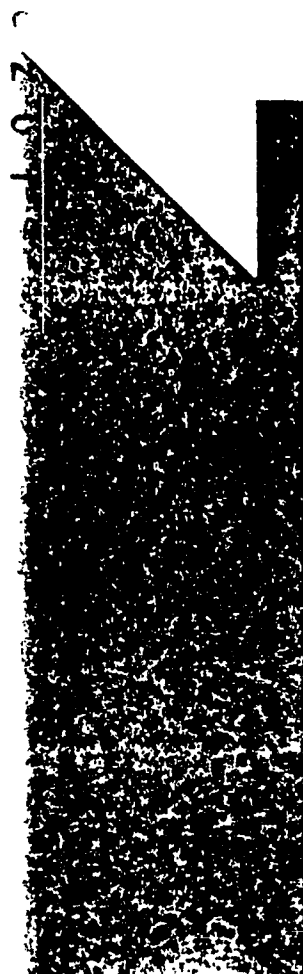
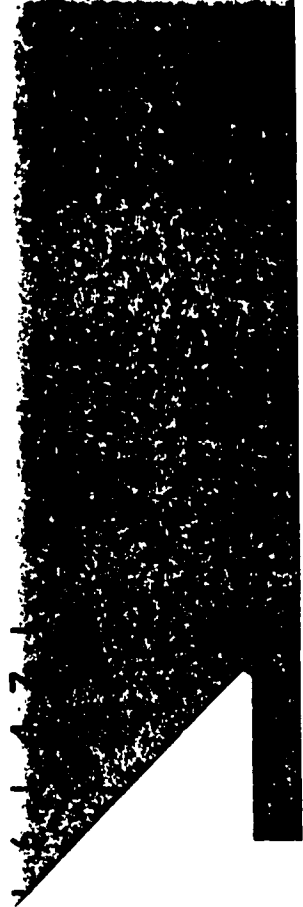
Section 433(a) of Title 2 of the United States Code requires each political committee which anticipates receiving contributions or making expenditures during the calendar year in an aggregate amount exceeding \$1,000 to file with the Commission a statement of organization, within 10 days after its organization or, if later, 10 days after the date on which it has information which causes the committee to anticipate it will receive contributions or make expenditures in excess of \$1,000.

During the course of the audit it was determined that the Committee had never filed a statement of organization.

Recommendation

Since the Committee has filed a statement of organization on September 29, 1978, it is the recommendation of the Audit staff that no action be taken on this matter.

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