



FEDERAL ELECTION COMMISSION

05 OCT 1976

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WASHINGTON, D.C. 20463

REPORT OF THE COMPLIANCE REVIEW SECTION
OFFICE OF DISCLOSURE AND COMPLIANCE
FEDERAL ELECTION COMMISSION
ON
VOICE OF TEACHERS FOR EDUCATION
COMMITTEE ON POLITICAL EDUCATION (VOTE/COPE)

I. Background

This report covers an audit of the New York State United Teachers COPE undertaken by the Compliance Review staff of the Federal Election Commission to determine whether there has been compliance with the provisions of the Federal Election Campaign Act, as amended ("the Act"). The audit was conducted pursuant to Section 438(a) of the Act which directs the Commission to conduct audits and field investigations with respect to reports and statements filed under the Act.

VOTE/COPE was established as the political arm of the New York State United Teachers (NYSUT). The Committee began operations on January 25, 1974, with its headquarters in Albany, New York.

VOTE/COPE, managed by the Officers of NYSUT and three other individuals appointed by the President of NYSUT, is financed by voluntary contributions solicited in an annual drive. Funds are disbursed only upon majority approval of the managing committee and all finances are audited annually by an independent agent.

During the period audited, January 1, 1975, through February 16, 1976, VOTE/COPE reported total receipts of \$295,848.05 and total expenditures of \$149,558.85. Based on the report of their independent auditor, \$563.66 of the total 1975 expenditures was paid out to Federal campaigns during 1975. However, an additional \$79,010.00 was transferred to other qualified multicandidate committees registered with the Commission.

II. Findings and Conclusions

(a) Section 432(c)(2) of Title 2, United States Code, requires a political committee to maintain the identification, occupation, and principal place of business, if any, of each person

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contributing in excess of \$100 during a calendar year. Furthermore, Section 434(b)(2) requires the committee to disclose such information.

Our review disclosed that the Committee apparently had not been maintaining records of the aggregate amount of contributions received from an individual during a calendar year. A Committee representative explained that no such records had been maintained since the Committee normally receives only one contribution averaging \$10 or less from each contributor during a given calendar year. However, the representative was advised that in the future, a record of the aggregate contributions received from each contributor should be maintained to ensure compliance with 2 U.S.C. 432(c)(2) and 434(b)(2).

(b) Section 432(b) of Title 2, United States Code [2 U.S.C. 432(b)] requires that all funds of a political committee must be segregated from, and not commingled with, personal funds of officers, members, or associates of the committee.

Committee solicitation material provided to the Commission staff advised individuals collecting contributions on behalf of the Committee to deposit all cash collected in their personal accounts. In turn, such individuals were to forward such funds to the Committee by check drawn on these accounts.

The Committee representative was informed that such procedures may constitute commingling of Committee funds with personal funds of associates of the Committee. Accordingly, we advised their representative to avoid the inclusion of such instructions on future solicitation material.

(c) Section 434(b)(9) of Title 2, United States Code [2 U.S.C. 434(b)(9)] requires a political committee to disclose the identification of each payment to persons to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100.

In several instances, Committee records showed expenditures of \$100 or less which were not itemized on public reports, even though the aggregate expenditures to such payees exceeded \$100 during 1975. Their representative was advised that in the future such expenditures should be disclosed as required by 2 U.S.C. 434(b)(9). No amendment was requested to disclose these 1975 expenditures.

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(d) Sections 434(b)(8) and (b)(11) of Title 2, United States Code [2 U.S.C. 434(b)(8) and (b)(11)] require disclosure of the total sum of all receipts and expenditures made by the committee.

A review of Committee records and reports showed that all refunds of contributions and all contributions resulting in "non-sufficient funds" were treated as reductions of unitemized contributions during the reporting period in which they were returned or determined to represent "non-sufficient funds," regardless of when they were originally reported as receipts.

Their representative was advised that the Committee should have reported the return of contributions or "non-sufficient funds" contributions as expenditures when the period of original receipt preceded the period in which they were returned or determined as not receivable. Since the value of such items in 1975 was minimal, no amended report was requested.

III. Committee Response

The Committee advised the Commission in a letter dated September 30, 1976, that it has revised its procedures to comply with the Compliance Review staff's recommendations regarding each matter noted above.

IV. Recommendation

The Compliance Review staff recommends that the Commission accept the findings and conclusions of this report. It is further recommended that the Commission advise the Committee that it has accepted the staff's recommendations regarding each matter noted in the report, including the Commission's determination that the collection procedures employed by the Committee constitute commingling of Committee funds with personal funds of associates in that the union members collecting such funds are associates of the Committee.

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