



FEDERAL ELECTION COMMISSION
WASHINGTON, D. C. 20463

A85-50

May 1, 1986

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

FROM: ROBERT J. COSTA *RJC*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
GARDEN STATE POLITICAL ACTION COMMITTEE

Attached please find a copy of the final report of the Garden State Political Action Committee which was approved by the Commission on April 14, 1986.

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

Attachment as stated

cc: FEC Library
RAD
✓ Public Record
Office of General Counsel

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REPORT OF THE AUDIT DIVISION
ON
GARDEN STATE POLITICAL ACTION COMMITTEE

I. Background

A. Overview

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This report is based on an audit of the Garden State 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(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under section 434 of this title. 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.

The Committee registered with the Federal Election Commission on August 5, 1983, and maintains its headquarters in Roseland, New Jersey.

The audit covered the period January 1, 1983 through December 31, 1984. The Committee reported a beginning cash balance on January 1, 1983 of \$-0-; total receipts for the period of \$50,741.00; total disbursements for the period of \$46,966.00 and an ending cash balance on December 31, 1984 of \$3,775.00.

This report is based on documents and workpapers supporting each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in this report and were available to the Commissioners and appropriate staff for review.

B. Key Personnel

The Treasurer of the Committee during the period covered by the audit was Mr. Howard J. Menaker.

C. Scope

The audit included such tests as verification of total reported receipts and disbursements and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances. However, the receipt records made available for the Audit staff's review were not maintained in a manner which allowed testing for correct aggregate contribution totals, proper itemization and contribution limitations.

II. Findings and Recommendations**A. Contribution Records**

Sections 432(c)(1)(2)(3) and (d) of Title 2 of the United States Code state, in part, that the treasurer of a political committee shall keep an account of all contributions received by or on behalf of such political committee; the name and address of any person who makes any contribution in excess of \$50, together with the date and amount of such contribution by any person; the identification of any person who makes a contribution or contributions aggregating more than \$200 during a calendar year, together with the date and amount of any such contribution; and shall preserve all records required to be kept by this section and copies of all reports required to be filed by this subchapter for 3 years after the report is filed.

Section 431(13)(A) of Title 2 of the United States Code states that the term identification means, in the case of an individual, the name, the mailing address, and the occupation of such individual, as well as the name of his or her employer.

The Committee's contribution records consisted of the following: (1) contributor cards containing a deposit date, contributor's name, address and amount of contribution, along with an occupation and name of employer where necessary; (2) a receipts ledger containing the contributor's name, amount, deposit date and city where contributor resides; and (3) deposit tickets for each deposit made.

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When the activity per the receipts ledger and the contribution cards was compared to the adjusted bank activity for receipts, it was determined that the receipt records were incomplete.

A review of the available records revealed that adequate contributor information was not maintained for \$19,489.00, or 39% of the total amount of contributions received. The Treasurer stated that he was aware that records were not maintained for several contributions.

In the interim report the Audit staff recommended that the Committee obtain for review copies of all missing and/or incomplete contribution records.

In response to the audit report, the Committee provided adequate documentation supporting the majority of the \$19,489.00 in receipts.

Recommendation

The Audit staff recommends no further action on this matter.

B. Limitation on Contributions

Sections 441a(a)(1)(A) and (2)(A) of Title 2 of the United States Code, state that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate exceed \$1,000; and no multicandidate political committee shall make contributions to any candidate and his authorized political committee with respect to any election for Federal office which, in the aggregate, exceed \$5,000.

Section 441(a)(4) of Title 2 of the United States Code states, in part, that the term "multicandidate political committee" means a political committee which has been registered under section 433 of this title for a period of not less than 6 months, which has received contributions from more than 50 persons, and, except for any State political party organization, has made contributions to 5 or more candidates for Federal office.

According to records on file at the Commission, the Committee met all of the requirements for multicandidate political committee status on February 29, 1984. Therefore, the Committee was limited to contributions not to exceed \$1,000 per election to authorized candidate committees under 2 U.S.C. § 441a(a)(1) for the period from the Committee's inception to February 28, 1984.

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A review of the Committee's disbursements disclosed a \$5,000 contribution to a Federal candidate on May 1, 1983, which was 9 months prior to the Committee attaining multicandidate political committee status. On March 28, 1984, the Commission's Reports Analysis Division notified the Committee that the contribution was \$4,000 in excess of the limit. The Committee responded on April 19, 1984, that it had received a refund from the candidate. The Committee bank records indicated the \$4,000 refund was received on February 20, 1984 and the Committee reported the receipt of the refund on its 1984 April 15 Quarterly report.

The Committee's Treasurer stated that he was not aware of the limitation on contributions at the time the contribution was made.

In the interim report the Audit staff recommended that the Committee explain the circumstances surrounding the \$5,000 contribution.

On January 27, 1986, the Treasurer responded in a letter that he was not aware that the contribution had exceeded the limitation. Upon notification of the excessive amount, the Committee was immediately refunded the excessive portion.

Recommendation

Since the excessive portion of the contribution has been refunded, the Audit staff recommends no further action on this matter.

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