



# Final Audit Report of the Commission on The Jefferson Committee

January 1, 2005 – December 31, 2006

## 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.<sup>1</sup> 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 Campaign (p. 2)

The Jefferson Committee (TJC) is the principal campaign committee for William J. Jefferson, Democratic candidate for the U.S. House of Representatives from the state of Louisiana, 2<sup>nd</sup> District. TJC is headquartered in New Orleans, Louisiana. For more information, see the chart on the Campaign Organization, p.2.

## Financial Activity (p. 2)

• Receipts	
○ From Individuals	\$ 436,895
○ From Other Political Committees	578,524
○ Candidate Loans	283,500
○ Other Receipts	4,415
<b>Total Receipts</b>	<b>\$ 1,303,334</b>
• Disbursements	
○ Operating Expenditures	\$ 1,309,889
○ Other Disbursements	65,163
<b>Total Disbursements</b>	<b>\$ 1,375,052</b>

## Commission Findings (p. 3)

- Receipt of Loans (Finding 1)
- Receipt of Apparent Prohibited Contributions (Finding 2)
- Receipt of Contributions from Individuals (Finding 3)
- Reporting of Non-Campaign Related Transactions (Finding 4)
- Misstatement of Financial Activity (Finding 5)
- Disclosure of Occupation/Name of Employer (Finding 6)
- Disclosure of Disbursements (Finding 7)
- Filing of 48-Hour Notifications (Finding 8)
- Deposit of Contributions (Finding 9)

<sup>1</sup> 2 U.S.C. §438(b).

# **Final Audit Report of the Commission on The Jefferson Committee**

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# **Part I**

## **Background**

### **Authority for Audit**

This report is based on an audit of The Jefferson Committee (TJC), 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 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must 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. 2 U.S.C. §438(b).

### **Scope of Audit**

This audit examined:

1. The receipt of excessive contributions and loans.
2. The receipt of contributions from prohibited sources.
3. The disclosure of contributions received.
4. The disclosure of individual contributors' occupation and name of employer.
5. The disclosure of disbursements, debts and obligations.
6. The consistency between reported figures and bank records.
7. The completeness of records.
8. Other committee operations necessary to the review.

### **Audit Hearing**

TJC requested a hearing on three of the matters presented in this report. The Commission granted the hearing and scheduled it for March 4, 2010. However, on February 25, 2010, TJC withdrew its request and the Commission cancelled the hearing. In lieu of the hearing, TJC submitted its objections to Finding 4 in writing. This report acknowledges TJC's objection and discusses the matter in Finding 4.

## Part II

### Overview of Campaign

#### Campaign Organization

<b>Important Dates</b>	
• Date of Registration	March 29, 1991
• Audit Coverage	January 1, 2005 – December 31, 2006
<b>Headquarters</b>	
	New Orleans, Louisiana
<b>Bank Information</b>	
• Bank Depositories	One
• Bank Accounts	Three checking accounts
<b>Treasurer</b>	
• Treasurer When Audit Was Conducted	Angela Colemar
• Treasurer During Period Covered by Audit	Jack Swetland (01/01/05 – 07/28/05) Angela Coleman (11/18/05 – 07/14/08) <sup>2</sup> Tawanda Coleman (07/14/08 – Present)
<b>Management Information</b>	
• Attended FEC Campaign Finance Seminar	No
• Who Handled Accounting and Recordkeeping Tasks	Treasurer

#### Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2005	\$ 78,099
<b>Receipts</b>	
○ Contributions from Individuals	436,895
○ Contributions from Other Political Committees	578,524
○ Candidate Loans	283,500
○ All Other Receipts	4,415
<b>Total Receipts</b>	<b>\$1,303,334</b>
<b>Disbursements</b>	
○ Operating Expenditures	1,309,889
○ All Other Disbursements	65,163
<b>Total Disbursements</b>	<b>\$ 1,375,052</b>
Cash on hand @ December 31, 2006	\$6,381

<sup>2</sup> On October 18, 2005, the FEC received notification that Jack Swetland had resigned as Treasurer effective July 28, 2005. An amended Statement of Organization naming Angela Coleman as Treasurer was filed on November 18, 2005.

## **Part III Summaries**

### **Commission Findings**

#### **Finding 1. Receipt of Loans**

The Candidate used the proceeds of a \$320,000 loan from his sister to loan \$150,500 to TJC during the audit period. As a result of these transactions, TJC received excessive contributions from the Candidate's sister totaling \$150,500. A portion of this amount was transferred directly from the Candidate's sister's business to TJC. The majority of the loans were not reported (See Finding 5).

In response to the Interim Audit Report, the Candidate acknowledged that the funds were from his sister's company and her personal resources, but contends that the loan was not in connection with his candidacy. TJC provided a statement from the Candidate's sister indicating that her company is not taxed as a corporation. TJC filed amended reports disclosing \$120,000 of the amount loaned, however, the Candidate was the reported source.

The Commission approved this finding. (For more detail, see p. 6)

#### **Finding 2. Receipt of Apparent Prohibited Contributions**

The Audit staff identified contributions totaling \$25,385 from 43 corporations and contributions totaling \$15,000 from a Native American tribe.

TJC has not demonstrated that these contributions were permissible or refunded the contributions as recommended in the Interim Audit Report.

The Commission approved this finding. (For more detail, see p. 10)

#### **Finding 3. Receipt of Contributions from Individuals**

The Audit staff identified \$17,530 in excessive contributions from 14 individuals. Most of the excessive contributions identified were eligible for resolution by sending presumptive election redesignation and/or contributor reattribution letters. Contributions totaling \$2,430 required a refund.

TJC did not provide copies of presumptive redesignation and/or reattribution letters or evidence of contribution refunds as recommended in the Interim Audit Report.

The Commission approved this finding. (For more detail, see p. 12)

#### **Finding 4. Reporting of Non-Campaign Related Transactions**

On June 24, 2005, TJC's treasurer deposited a check in the amount of \$25,015 from a business account into the TJC account and subsequently wired \$25,000 to another company. These transactions were not reported by TJC and the Audit staff initially questioned whether the activity resulted in the commingling of funds under 11 CFR §102.15.

TJC argued that the regulation at 11 CFR §102.15 is inapplicable in this situation as it only addresses the commingling of individual personal funds as opposed to business funds. TJC is correct with respect to the application of 11 CFR §102.15 to these funds. However, the Audit staff maintains that TJC was required to report the transactions.

The Commission approved this finding. (For more detail, see p. 15)

#### **Finding 5. Misstatement of Financial Activity**

A comparison of TJC's reported financial activity to its bank records revealed a misstatement of activity in 2006. Reported receipts and disbursements were understated by \$136,836 and \$142,230, respectively, in that year. TJC's reported cash balance was misstated throughout the period with the ending cash being understated by \$3,404. TJC filed some amended reports for 2006 after notification of the audit; however, a misstatement of activity remained.

In response to the Interim Audit Report, TJC filed amended reports that included some but not all of the necessary report adjustments.

The Commission approved this finding. (For more detail, see p. 17)

#### **Finding 6. Disclosure of Occupation/Name of Employer**

A review of contributions from individuals disclosed on Schedule A (Itemized Receipts) revealed the entries for 149 contributions totaling \$181,550 lacked or did not adequately disclose the contributors' occupation and/or name of employer.

In response to the Interim Audit Report, TJC filed amended reports to disclose the required occupation and employer information related to contributions totaling \$55,700. After the filing of these amended reports, entries for 101 contributions totaling \$125,850 still lack or do not adequately disclose the contributors' occupation and/or name of employer. TJC provided a list of individuals to whom letters would be sent requesting the missing or inadequate information as well as a copy of the letter to be sent.

The Commission approved this finding. (For more detail, see p. 20)

#### **Finding 7. Disclosure of Disbursements**

A sample review of expenditures revealed that certain disbursements itemized on the disclosure reports lacked or inadequately disclosed the required information. The projected dollar value of these transactions was \$209,588. These disclosure discrepancies consisted of incorrect names, addresses, dates, missing or inadequate

purposes, or missing memo entries associated with credit card transactions. TJC filed amended reports after notification of the audit, however, the disclosure issue remained.

In response to the Interim Audit Report, TJC filed additional amended reports and provided a statement claiming it exercised its best efforts to correct the disclosure of its disbursements. These amended reports corrected some but not all of the disclosure errors on Schedule B (Itemized Disbursements).

The Commission approved this finding. (For more detail, see p. 22)

### **Finding 8. Filing of 48-Hour Notifications**

TJC failed to file 48-hour notices for contributions totaling \$227,600. Most relate to contributions made prior to the run-off election and to loans reported as being from the Candidate.

In response to the Interim Audit Report, TJC provided no additional comments regarding this issue.

The Commission approved this finding. (For more detail, see p. 23)

### **Finding 9. Deposit of Contributions**

TJC appeared to have deposited in an untimely manner contributions totaling \$315,500 from political committees. The Audit staff recommended that TJC demonstrate the deposits were made timely. Absent such demonstration, TJC was to implement changes to its procedures to achieve future compliance and provide a description of such action.

In response to the Interim Audit Report, TJC provided additional documentation that indicated many of the contributions initially were received by a fundraising representative who forwarded them. TJC then deposited the funds in a timely manner. No further corrective action is required.

The Commission approved this finding. (For more detail, see p. 24)



## Part IV

# Commission Findings

### Finding 1. Receipt of Loans

#### Summary

The Candidate used the proceeds of a \$320,000 loan from his sister to loan \$150,500 to TJC during the audit period. As a result of these transactions, TJC received excessive contributions from the Candidate's sister totaling \$150,500. A portion of this amount was transferred directly from the Candidate's sister's business to TJC. The majority of the loans were not reported (See Finding 5).

In response to the Interim Audit Report, the Candidate acknowledged that the funds were from his sister's company and her personal resources, but contends that the loan was not in connection with his candidacy. TJC provided a statement from the Candidate's sister indicating that her company is not taxed as a corporation. TJC filed amended reports disclosing \$120,000 of the amount loaned, however, the Candidate was the reported source.

The Commission approved this finding.

#### Legal Standard

**A. Formal Requirements Regarding Reports and Statements:** An authorized committee shall maintain all records, including bank records, with respect to the matters required to be reported, which shall provide in sufficient detail the necessary information and data from which the filed reports and statements may be verified, explained, clarified and checked for accuracy and completeness. 11 CFR §104.14(b)(1).

**B. Expenditures by Candidates.** Candidates for Federal office may make unlimited expenditures from personal funds as defined in 11 CFR §100.33 and 110.10.

**C. Personal Funds.** Personal funds of a candidate are the sum of all of the following:

(a) *Assets.* Amounts derived from any asset that, under applicable State law, at the time the individual became a candidate, the candidate could legally access or control, and with respect to which the candidate had legal and rightful title or an equitable interest;

(b) *Income.* Income received during the current election cycle, as defined in 11 CFR §400.2, by the candidate, including:

- (1) A salary and other earned income that the candidate earns from bona fide employment;
- (2) Income from the candidate's stocks or other investments;
- (3) Bequests to the candidate;
- (4) Income from trusts established before the beginning of the election cycle as defined in 11 CFR §400.2;

- (5) Income from trusts established by bequest after the beginning of the election cycle of which the candidate is the beneficiary;
- (6) Gifts of a personal nature that customarily had been received by the candidate prior to the beginning of the election cycle, as defined in 11 CFR §400.2; and
- (7) Proceeds from lotteries and similar legal games of chance. 11 CFR §100.33

**D. Candidate as an Agent.** Any candidate who receives a contribution and obtains a loan or makes any disbursement, in connection with his or her campaign, shall be considered as having received such contribution, obtained such loan or made such disbursement as an agent of his or authorized committee(s). 11 CFR §101.2

**E. Receipt of Prohibited Contributions – General Prohibition.** Candidates and committees may not accept contributions (in the form of money, in-kind contributions or loans):

1. In the name of another; or
2. From the treasury funds of the following prohibited sources:
  - Corporations (this means any incorporated organization, including a non-stock corporation, an incorporated membership organization, and an incorporated cooperative);
  - Labor Organizations;
  - National Banks.
 2 U.S.C. §441b and 441f.

**F. Authorized Committee Limits.** An authorized committee may not receive more than a total of \$2,000 per election from any one person. The Bipartisan Campaign Reform Act of 2002 (BCRA) includes provisions that index the individual contribution limit for inflation. The limit for individuals' contributions to candidates for the 2006 election cycle was \$2,100. 2 U.S.C. §441a(a)(1)(A), 11 CFR §110.1(a) and (b)

**G. Contribution Defined.** A gift, subscription, loan (except when made in accordance with 11 CFR §100.72 and 100.73), advance or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office is a contribution. The term *loan* includes a guarantee, endorsement and any other form of security. A loan is a contribution at the time it is made and is a contribution to the extent that it remains unpaid. The aggregate amount loaned to a candidate or committee by a contributor, when added to other contributions from that individual to that candidate or committee, shall not exceed the contribution limitations set forth at 11 CFR Part 110. A loan, to the extent it is repaid, is no longer a contribution. 11 CFR §100.52(a).

**H. Personal Gifts and Loans.** If any person, including a relative or friend of the candidate, gives or loans the candidate money in connection with his or her campaign, the funds are not considered personal funds of the candidate. Instead, the gift or loan is considered a contribution from the donor to the campaign, subject to the limitation and prohibitions of the Act. See Advisory Opinions 1985-33, 1982-64, and 1987-1.

**I. Personal Use.** A payment made to a candidate, even if used for personal expenditures, is a contribution unless the payment would have been made irrespective of the candidacy. Likewise, the payment of a particular expense by any person other than

the candidate or campaign committee shall be a contribution unless payment would have been made irrespective of the candidacy. 11 CFR §113.1(g)(6)

## **Facts and Analysis**

### **A. Facts**

During audit fieldwork, the Audit staff questioned whether TJC receipts totaling \$150,500 were from the Candidate's *personal funds*. The sources of these receipts were either unknown due to a lack of records or were identified as coming from a company owned by the Candidate's sister. The majority of these receipts were not reported by TJC (See Finding 5). Included in the \$150,500 received by TJC is a \$100,000 wire transfer and \$30,500 in checks drawn on accounts of the company owned by the Candidate's sister. Also included is a \$20,000 cashier's check payable to the Candidate and deposited into a TJC account.

According to TJC's treasurer and the Candidate, all of these funds were covered by a promissory note in the amount of \$320,000 between the Candidate and his sister. The promissory note dated February 1, 2007, after the election and after the transactions had occurred, outlines the repayment schedule, interest rate and security for a loan to the Candidate from his sister. According to the Candidate, he is obligated and has made payments to his sister on this promissory note.

### **B. Interim Audit Report & Audit Division Recommendation**

The Interim Audit Report stated that the promissory note does not establish that the funds borrowed from his sister were the *personal funds* of the Candidate. Rather, it appears that the Candidate borrowed the funds as an agent of TJC. As a result, the Audit staff concluded that TJC accepted either excessive contributions from the Candidate's sister or prohibited contributions from the company owned by his sister. The Audit staff reasoned that the timing of the promissory note, coupled with the fact that some of the funds were transferred directly from the Candidate's sister or her company to TJC, indicated the Candidate received the funds in connection with his campaign. Furthermore, the Interim Audit Report concluded that payments made on the promissory note may also constitute contributions to TJC and that the source of loans, as well as any loan payments, were not accurately disclosed.

The Interim Audit Report recommended that TJC:

- provide documentation to verify the source of the funds and demonstrate that the funds from the Candidate's sister did not result in the receipt of an excessive or prohibited contribution;
- provide documentation that indicates whether the company owned by the Candidate's sister is taxed as a corporation;
- provide evidence that any payments to the Candidate or to a third party for the Candidate's personal expenses were made irrespective of his candidacy;
- provide documentation for any payments made on the promissory note by the Candidate or a third party; and
- file amended Schedules C (Loans) to accurately disclose the source of the loans and to report any payments on these loans as contributions from the Candidate or other persons making those payments.

### **C. Committee Response to the Interim Audit Report**

In response to the Interim Audit Report, TJC provided the following statement from the Candidate's sister:

“During the years 2006 and 2007, I made personal loans of \$320,000.00 to my brother, William Jefferson, from funds derived from my company, Jeffco Services, LLC., of which I am the sole owner.”

According to the Candidate's sister, these funds were provided to

“..the Candidate for whatever he desired to make of them, including using them in his campaign, were that his decision.”

The Candidate's sister clarified that her company is not taxed as a corporation. She further stated that \$150,500 was loaned to the Candidate during 2006 and \$169,500 during 2007. She stated that the \$169,500 was loaned strictly to support the Candidate's personal and family obligations and could not be construed to be connected to his candidacy since his campaign ended in 2006.<sup>3</sup> Further, the \$169,500 was extended beyond the period covered by the audit and could not reasonably be considered a prohibited contribution for the 2005-2006 audit period. The Candidate himself also provided a statement indicating that \$169,000 [sic \$169,500] was loaned by his sister using her personal funds and funds from Jeffco in 2007.

As for payments on the loan, the Candidate's sister also provided documentation for payments made in 2007 from the Candidate to her totaling \$5,000. Her statement indicates that these payments were for the Candidate's personal obligation with her.

### **D. Draft Final Audit Report**

The Draft Final Audit Report concluded that TJC received excessive contributions totaling \$150,500 for the 2005-2006 election cycle from the Candidate's sister. The report also acknowledges that TJC filed amended reports. However, the amended reports failed to itemize \$30,500 of the \$150,500 in loans and failed to disclose the Candidate's sister as the original source for some of the loan amount.

### **Commission Conclusion**

The Commission approved this finding.

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<sup>3</sup> It is noted, however, that the Candidate filed a Statement of Candidacy for the 2008 election on May 21, 2007.

## **Finding 2. Receipt of Apparent Prohibited Contributions**

### **Summary**

The Audit staff identified contributions totaling \$25,385 from 43 corporations and contributions totaling \$15,000 from a Native American tribe.

TJC has not demonstrated that these contributions were permissible or refunded the contributions as recommended in the Interim Audit Report.

The Commission approved this finding.

### **Legal Standard**

**A. Receipt of Prohibited Contributions – General Prohibition.** Candidates and committees may not accept contributions (in the form of money, in-kind contributions or loans):

1. In the name of another; or
2. From the treasury funds of the following prohibited sources:
  - Corporations (this means any incorporated organization, including a non-stock corporation, an incorporated membership organization, and an incorporated cooperative);
  - Labor Organizations;
  - National Banks.

2 U.S.C. §441b and 441f.

**B. Definition of Limited Liability Company.** A limited liability company (LLC) is a business entity recognized as an LLC under the laws of the State in which it was established. 11 CFR §110.1(g)(1).

**C. Application of Limits and Prohibitions to LLC Contributions.** A contribution from an LLC is subject to contribution limits and prohibitions, depending on several factors, as explained below:

1. LLC as Partnership. The contribution is considered a contribution from a partnership if the LLC chooses to be treated as a partnership under Internal Revenue Service (IRS) tax rules, or if it makes no choice at all about its tax status. A partnership contribution may not exceed \$2,100 per candidate, per election, and it must be attributed to each lawful partner. 11 CFR §110.1(a), (b), (e) and (g)(2).
2. LLC as Corporation. The contribution is considered a corporate contribution—and is barred under the Act—if the LLC chooses to be treated as a corporation under IRS rules, or if its shares are traded publicly. 11 CFR §110.1(g)(3).
3. LLC with Single Member. The contribution is considered a contribution from a single individual if the LLC is a single-member LLC that has not chosen to be treated as a corporation under IRS rules. 11 CFR §110.1(g)(4).
4. At the time it makes the contribution, an LLC shall provide to the recipient committee information on how the contribution is to be attributed and affirm that it is eligible to make the contribution. 11 CFR §110.1(g)(5).

**D. Questionable Contributions.** If a contribution that presents genuine questions about its permissibility is received and deposited, the treasurer shall make his or her best efforts to determine whether it is from a prohibited source. If the legality of the contribution cannot be verified within 30 days of the treasurer's receipt, it shall be refunded to the contributor. 11 CFR §103.3(b)(1).

**E. Application of Limits and Prohibitions to Native American Tribe Contributions.** A contribution from a Native American tribe is subject to the contribution limitations and prohibitions. 2 U.S.C. §431(11) and 441a(1)(A).

**F. Authorized Committee Limits:** An authorized committee may not receive more than a total of \$2,000 per election from any one person as adjusted by the Consumer Price Index. 2 U.S.C. §441a(1)(A) and 11 CFR §110.1(a) and (b). Based on the respective CPIs, the contribution limit for any one person for the 2006 election cycle was \$2,100 and \$2,300 for the 2008 election cycle.

## **Facts and Analysis**

### **A. Facts**

During audit fieldwork, the Audit staff identified apparent prohibited contributions totaling \$58,585. This amount included contributions from 24 corporations totaling \$18,710, 22 LLCs totaling \$24,875 and one Native American tribe in the amount of \$15,000.

Regarding the receipts from the Native American tribe, TJC accepted three \$5,000 contributions from the Tunica-Biloxi Tribe of Louisiana between March 14, 2006 and December 11, 2006. Based on available documentation and disclosure reports filed with the Commission, it does not appear that these contributions were from the federally registered political action committee (TBIPAC) associated with this tribe. Further, these contributions do not appear on non-federal reports filed with the State of Louisiana. The contribution checks were all imprinted with Tunica-Biloxi Tribe of Louisiana as the account holder and "consolidated account" as the account name. According to the Secretary of State of Louisiana, the Tunica-Biloxie Indians of Louisiana, Inc. is a non-profit corporation. Absent evidence that these contributions were not drawn on corporate accounts, it appears that the \$15,000 may be prohibited.<sup>4</sup> If it is established that the funds are not corporate or from the federally registered political action committee, the contributions exceed the individual contribution limitations by \$8,500 (\$5,800 for 2006 election cycle and \$2,700 for 2008 election cycle).

### **B. Interim Audit Report & Audit Division Recommendation**

At the end of audit fieldwork, the Audit staff provided TJC a schedule of the apparent prohibited contributions. The Interim Audit Report recommended that TJC demonstrate that the contributions were made with permissible funds. Absent such a demonstration, Audit staff recommended that TJC refund or disgorge the contributions.

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<sup>4</sup> Should TJC demonstrate that these contributions are from TBIPAC, an excessive contribution of \$2,500 to the primary election would result since TBIPAC has already made a \$2,500 primary election contribution to TJC.

### **C. Committee Response to the Interim Audit Report**

In response to the Interim Audit Report, TJC provided evidence that reduced the amount of contributions the Audit staff considered as prohibited from \$58,585 to \$25,385. However, TJC's response indicates that contributions in the amount of \$8,800 are excessive contributions rather than prohibited contributions.

The remaining amount considered prohibited included contributions from corporations totaling \$9,810, contributions from LLCs totaling \$15,575 and contributions from a Native American tribe totaling \$15,000.

With regard to the contributions from a Native American tribe totaling \$15,000, TJC provided the following statement:

“The tribe may own a corporation, but it, itself, is not a corporation, but a nationally recognized Native American Tribe, permitted to contribute under 2 U.S.C. Section 431(11) and 441(a)(1)(A).”

TJC provided no additional information to determine whether the contributions were from a corporate account. TJC acknowledged the receipt of an excessive contribution and stated that \$6,900 of this amount was applied to the 2007-2008 election cycle and the remaining portion would be reported as a debt to the tribe.

### **D. Draft Final Audit Report**

The Draft Final Audit Report concluded that TJC received prohibited contributions totaling \$25,385 and excessive contributions totaling \$8,800. The prohibited contributions include the \$15,000 from the Native American tribe for which TJC provided no additional information to verify the permissibility of these funds.

### **Commission Conclusion**

The Commission approved this finding.

## **Finding 3. Receipt of Contributions from Individuals**

### **Summary**

The Audit staff identified \$17,530 in excessive contributions from 14 individuals. Most of the excessive contributions identified were eligible for resolution by sending presumptive election redesignation and/or contributor reattribution letters. Contributions totaling \$2,430 required a refund.

TJC did not provide copies of presumptive redesignation and/or reattribution letters or evidence of contribution refunds as recommended in the Interim Audit Report.

The Commission approved this finding.

## **Legal Standard**

**A. Authorized Committee Limits:** An authorized committee may not receive more than a total of \$2,000 per election from any one person as adjusted by the Consumer Price Index. 2 U.S.C. §441a(a)(1)(A) and 11 CFR §110.1(a) and (b).

Based on the respective CPIs, the contribution limit for any one person for the 2006 election cycle was \$2,100 and \$2,300 for the 2008 election cycle.

**B. Handling Contributions That Appear Excessive.** If a committee receives a contribution that appears to be excessive, the committee must either:

- Return the questionable contribution to the donor; or
- Deposit the contribution into its federal account and keep enough money on account to cover all potential refunds until the legality of the contribution is established.  
11 CFR §103.3(b)(3) and (4).
- The excessive portion may also be redesignated to another election or reattributed to another contributor as explained below.

**C. Redesignation of Excessive Contributions.** The committee may ask the contributor to redesignate the excess portion of the contribution for use in another election. The committee must, within 60 days of receipt of the contribution:

- Obtain and retain a signed redesignation letter that informs the contributor that a refund of the excessive portion may be requested; or
- Refund the excessive amount.  
11 CFR §§110.1(b)(5), 110.1(l)(2) and 103.3(b)(3).

Notwithstanding the above, when an authorized political committee receives an excessive contribution from an individual or a non-multi-candidate committee, the committee may presumptively redesignate the excessive portion to the next election if the contribution:

- Is made before that candidate's primary or general election;
- Is not designated in writing for a particular election;
- Would be excessive if treated as a primary or general election contribution; and
- As redesignated, does not cause the contributor to exceed any other contribution limit.

Also, the committee may presumptively redesignate the excessive portion of a general election contribution back to the primary election and runoff election contribution back to the general election if the amount redesignated does not exceed the committee's primary or general net debt position.

The committee is required to notify the contributor in writing of the redesignation within 60 days of the treasurer's receipt of the contribution and must offer the contributor the option to receive a refund instead. For this action to be valid, the committee must retain copies of the notices sent. Presumptive redesignations apply only within the same election cycle. 11 CFR §110.1(b)(5)(ii)(B) & (C) and (l)(4)(ii).



**D. Reattribution of Excessive Contributions.** When an authorized committee receives an excessive contribution, the committee may ask the contributor if the contribution was intended to be a joint contribution from more than one person.

- The committee must, within 60 days of receipt of the contribution, obtain and retain a reattribution letter signed by each contributor; or
- Refund the excessive contribution. 11 CFR §110.1(k)(3), 110.1(l)(3) and 103.3(b)(3).

Notwithstanding the above, any excessive contribution that was made on a written instrument that is imprinted with the names of more than one individual may be attributed among the individuals listed unless instructed otherwise by the contributor(s). The committee must inform each contributor:

- How the contribution was attributed; and
- That the contributor may instead request a refund of the excessive amount. 11 CFR §110.1(k)(3)(ii)(B).

## **Facts and Analysis**

### **A. Facts**

During audit fieldwork, the Audit staff identified 15 excessive contributions totaling \$17,530 from 13 individuals. Of these excessive contributions, eight totaling \$13,400 were excessive for the primary election, four totaling \$2,930 were excessive for the general election and one in the amount of \$300 was excessive for the runoff election. TJC also received two undesignated contributions after the runoff election that exceeded the 2008 primary election limit (\$2,300) by a total of \$900.

Of the excessive contributions, \$15,100 (86%) would have been resolved had TJC sent contributor notifications under the presumptive redesignation and/or reattribution rules. The remaining \$2,430 was not eligible for presumptive redesignation and/or reattribution and required a refund. TJC did maintain a sufficient balance in its bank accounts to refund the excessive contributions.

### **B. Interim Audit Report & Audit Division Recommendation**

The Audit staff presented this matter to TJC's treasurer at the exit conference and provided a schedule of the excessive contributions. In response, TJC's treasurer provided a copy of a presumptive reattribution or redesignation letter that was to be sent to contributors who made excessive contributions. TJC also indicated that for certain excessive contributions, a letter was being sent to the contributor to presumptively redesignate the contribution to the 2008 primary election. However, the Audit staff did not recognize TJC's efforts with respect to the 2008 election because the presumptive redesignation procedure can be applied to contributions only within an election cycle.

The Interim Audit Report recommended that TJC provide evidence demonstrating that the contributions were not excessive. Absent such evidence, TJC was to provide a copy of each presumptive redesignation and/or reattribution letter that was sent for excessive contributions totaling \$15,100. For the remaining excessive contributions (\$2,430), TJC was to refund the excessive portion to the contributors or pay the amount to the U.S. Treasury. If funds were not available to make the necessary refunds, it was

recommended that TJC disclose the contributions requiring refunds on Schedule D (Debts and Obligations) until funds became available to make such refunds.

### **C. Committee Response to the Interim Audit Report**

In response to the Interim Audit Report, the Candidate provided the following statement:

“The IAR concluded that \$15,000 of the total \$17,550 have been satisfied by letters written by the treasurer to the contributors and other actions; the \$2,430 that remains, could be corrected by listing them on Schedule D as a campaign debt. This has been done.”

### **D. Draft Final Audit Report**

The Draft Final Audit Report reiterated that to resolve the excessive contributions totaling \$15,100, TJC was to provide copies of the presumptive redesignation or reattribution letter sent to each contributor and stated that copies of such letters had not been received by the Audit staff to date. The Draft Final Audit Report also noted that TJC had not issued refunds or filed amended reports listing debts on Schedule D (Debts and Obligations) for the \$2,430 to be returned to contributors.

### **Commission Conclusion**

The Commission approved this finding.

## **Finding 4. Reporting of Non-Campaign Related Transactions**

### **Summary**

On June 24, 2005, TJC’s treasurer deposited a check in the amount of \$25,015 from a business account into the TJC account and subsequently wired \$25,000 to another company. These transactions were not reported by TJC and the Audit staff initially questioned whether the activity resulted in the commingling of funds under 11 CFR §102.15.

TJC argued that the regulation at 11 CFR §102.15 is inapplicable in this situation as it only addresses the commingling of individual personal funds as opposed to business funds. TJC is correct with respect to the application of 11 CFR §102.15 to these funds. However, the Audit staff maintains that TJC was required to report the transactions.

The Commission approved this finding.

### **Legal Standard**

**A. Contents of Reports.** Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the calendar year; and
- The total amount of disbursements for the reporting period and for the calendar year; and

- Certain transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements).  
2 U.S.C. §434(b)(1), (2),(3),(4) and (5).

**B. Commingled funds.** All funds of a political committee shall be segregated from, and may not be commingled with, any personal funds of officers, members or associates of that committee, or with the personal funds of any other individual. 11 CFR §102.15.

## **Facts and Analysis**

### **A. Facts**

On June 24, 2005, the TJC treasurer deposited a check in the amount of \$25,015 from a business account into the TJC account and subsequently wired \$25,000 to another company. The \$25,015 deposit was from The ANJ Group, LLC and the wire transfer of \$25,000 was to iGate, Inc.<sup>5</sup> Each of the documents associated with these transactions was signed by TJC's former treasurer, who had check writing authority for The ANJ Group, LLC and TJC. TJC did not report these transactions.

### **B. Interim Audit Report & Audit Division Recommendation**

At the exit conference, the Audit staff requested that TJC provide further documentation or an explanation of the circumstances surrounding these transactions. In response, TJC provided a statement from its former treasurer, in which he explained:

“... the funds in question which were wired<sup>6</sup> from the Jefferson Committee account were not campaign funds. An amount of \$25,000 from another business account was deposited into the Jefferson Committee campaign account and simultaneously wired from the campaign account to an [i]Gate account at a bank in Kentucky. This amount was not reported as a campaign transaction since it did not involve campaign funds. As these entities have different banking institutions, this was done merely as an accommodation to me to expedite my performing these banking activities.”

The Interim Audit Report concluded that the former TJC treasurer commingled funds from a business with a TJC campaign account. The Audit staff recommended that TJC provide any further comments it may have regarding this matter.

<sup>5</sup> The Louisiana Secretary of State records the Candidate's wife, Andrea G. Jefferson, as a manager for The ANJ Group, LLC. It is also noted that Vernon L. Jackson, the former Chairman and Chief Executive Officer of iGate, Inc, has entered into a plea agreement in which he pled guilty to a charge of bribery of a public official. The plea agreement states that Vernon L. Jackson caused the transfer of \$367,500 from iGate, Inc. to The ANJ Group, LLC between 2001 and 2004 in return for official acts performed by the Congressman.

<sup>6</sup> The transaction was completed using a TJC check that included an annotation on the back that it was a wire transfer. Since the TJC check cleared the same day, it appears the TJC check was used to authorize the wire transfer.

### **C. Committee Response to the Interim Audit Report**

In response to the Interim Audit Report, the Candidate provided a statement that explained that at no time were the transactions made by the former TJC treasurer known, authorized or requested by himself or any member of his family. The Candidate also stated that no financial benefit was derived from the transactions by himself or TJC.

### **D. Draft Final Audit Report**

The Draft Final Audit Report acknowledged TJC's response to the Interim Audit Report, but maintained that the former TJC treasurer commingled funds from a business with a TJC campaign account.

### **E. Committee Response to the Draft Final Audit Report**

As previously noted, TJC withdrew its request for a hearing before the Commission. In lieu of the hearing, TJC provided a written response to the Draft Final Audit Report, stating its objection to this finding and arguing that the regulation at 11 CFR §102.15 is inapplicable in this situation as it addresses only the commingling of individual personal funds as opposed to business funds.

After reviewing TJC's response, the Audit staff revised its conclusion with respect to this matter. It agreed that since ANJ Group, LLC is a multi-member LLC under Louisiana law, the funds deposited by TJC could not be considered the funds of any individual member and therefore 11 CFR §102.15 does not apply. However, the Audit staff maintains that TJC was required to report the transactions in accordance with 2 U.S.C. §434(a)(1).

### **Commission Conclusion**

The Commission approved this finding.

## **Finding 5. Misstatement of Financial Activity**

### **Summary**

A comparison of TJC's reported financial activity to its bank records revealed a misstatement of activity in 2006. Reported receipts and disbursements were understated by \$136,836 and \$142,230, respectively, in that year. TJC misstated its cash balance throughout the period, with the ending cash being understated by \$3,404. TJC filed some amended reports for 2006 after notification of the audit, however, a misstatement of activity remained.

In response to the Interim Audit Report, TJC filed amended reports that included some but not all of the necessary report adjustments.

The Commission approved this finding.

### **Legal Standard**

**Contents of Reports.** Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the calendar year; and

- The total amount of disbursements for the reporting period and for the calendar year;
- Certain transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements). 2 U.S.C. §434(b)(1), (2),(3),(4) and (5).

## Facts and Analysis

### A. Facts

The Audit staff reconciled TJC's reports to its bank records and identified misstatements of activity for 2006<sup>7</sup>. The following chart outlines the discrepancies and explains the misstatements identified during the audit.

2006 Activity			
	Reported	Bank Records	Discrepancy
Opening Cash Balance @ January 1, 2006	\$305,461	\$314,260	\$8,799 Understated
Receipts	\$618,015	\$754,851	\$136,836 Understated
Disbursements	\$920,485	\$1,062,715	\$142,230 Understated
Ending Cash Balance @ December 31, 2006	\$2,992	\$6,396	\$3,404 Understated

### Receipts – 2006

The understatement of receipts was the net result of the following:

• <b>Loans Not Reported</b>	+ \$135,500
In 2006, TJC reported \$148,000 in loans from the Candidate. However, TJC received \$283,500 it considered Candidate loans. See Finding 1.	
• <b>Receipts Overstated</b>	- 28,400
TJC reported several contributions that could not be associated with any bank deposit. TJC also reported the receipt of an inter-account transfer of \$8,100 that should not have been reported.	
• <b>Receipts Not Reported</b>	+ 21,330
TJC did not report contributions received from several individuals, LLCs and corporations.	
• <b>Receipts Reported with the Incorrect Amount</b>	+ 3,750
TJC reported contributions with amounts that were different from the amount on the checks.	
• <b>Unitemized Receipts Not Reported</b>	+ 2,940
TJC reported \$14,625 in unitemized contributions; the correct total of unitemized contributions, however, was \$17,565.	
• <b>Other Receipts Not Reported</b>	+ 2,350
• <b>Bank Interest Not Reported</b>	+ 806
• <b>Unexplained Difference.</b>	+ 560
<b>Total Net Understatement of Receipts</b>	<b>\$136,836</b>

<sup>7</sup> The reconciliation was based on reports filed prior to notification of the audit on May 1, 2007.

### Disbursements – 2006

The understatement of disbursements was the net result of the following:

• <b>Disbursements Not Reported</b>	+ 168,462
TJC did not report disbursements including \$28,500 for payroll, \$24,100 to a consultant, \$21,619 for printing and \$11,522 in credit card payments. Most of the unreported disbursements were made between October and December.	
• <b>Disbursements Overstated</b>	- 91,589
This amount includes a \$25,360 disbursement that TJC reported twice. Of the amount overstated, the Audit staff identified only one disbursement of \$3,248 that could be associated with a check number. The remaining \$88,341 in reported disbursements was not supported by any available accounting records.	
• <b>Canvassing Expenses Not Reported (Net)</b>	+ 48,836
TJC made more than 2,600 payments (mostly under \$200) for canvassing expenses totaling \$234,714. However, TJC's disclosure reports include only \$185,878 of such expenses.	
• <b>Disbursements Reported with Incorrect Amounts</b>	+ 2,176
TJC reported expenditures with amounts that differed from the amounts that cleared the bank.	
• <b>Unexplained Difference</b>	+ 14,346
<b>Total Net Understatement of Disbursements</b>	<u>\$142,230</u>

### Cash Balance

On December 31, 2006, the cash balance was understated by \$3,404 as a result of the misstatements detailed above.

After notification of the audit, TJC filed amendments to the 12 Day Pre-General and 12 Day Pre-Runoff reports that corrected some but not all of the misstatements noted above.

### B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with TJC's treasurer at the exit conference. The treasurer stated that any remaining misstated activity would be corrected in amended reports. The Interim Audit Report recommended that TJC amend its disclosure reports for 2006 to correct the misstatements.

### C. Committee Response to the Interim Audit Report

In response to the Interim Audit Report, TJC filed amended reports that included some but not all of the necessary report adjustments.

### D. Draft Final Audit Report

The Draft Final Audit Report acknowledged that the amended reports corrected some but not all of the errors.

### Commission Conclusion

The Commission approved this finding.

## **Finding 6. Disclosure of Occupation/Name of Employer**

### **Summary**

A review of contributions from individuals disclosed on Schedule A (Itemized Receipts) revealed the entries for 149 contributions totaling \$181,550 lacked or did not adequately disclose the contributors' occupation and/or name of employer.

In response to the Interim Audit Report, TJC filed amended reports to disclose the required occupation and employer information related to contributions totaling \$55,700. After the filing of these amended reports, entries for 101 contributions totaling \$125,850 still lack or do not adequately disclose the contributors' occupation and/or name of employer. TJC provided a list of individuals to whom letters would be sent requesting the missing or inadequate information as well as a copy of the letter to be sent.

The Commission approved this finding.

### **Legal Standard**

**A. 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 election cycle-to-date total of all contributions from the same individual. 11 CFR §100.12 and 104.3(a)(4) and 2 U.S.C. §434(b)(3)(A).

**B. Preserving Documents.** Committees must preserve these records for three years after a report is filed. 2 U.S.C. §432(d).

**C. Best Efforts Ensure 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. 2 U.S.C. §432(h)(2)(i).

**D. Definition of Best Efforts.** The treasurer and the committee will be considered to have used "best efforts" with respect to contributions 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).

## **Facts and Analysis**

### **A. Facts**

A review of contributions from individuals disclosed on Schedule A (Itemized Receipts) revealed that 149 contributions totaling \$181,550 lacked or did not adequately disclose the contributors' occupations and/or names of employers. In most cases, the required information was either missing or disclosed as "Information Requested." The records provided to the Audit staff did not contain any follow-up requests for the information. Also, amended reports filed after notification of the audit did not correct the disclosure of contributor information.

### **B. Interim Audit Report & Audit Division Recommendation**

The Audit staff discussed this matter at the exit conference. In response, TJC's treasurer stated a review would be completed for the required information, letters would be sent to contributors, and information received would be in amended reports. She also commented that TJC has always endeavored to get the proper disclosure information from contributors, but it has not always been forwarded by the contributor.

The Audit staff recommended that TJC take the following action:

- Provide documentation that it exercised best efforts to obtain, maintain and submit the required contributor information; or
- Make an effort to contact each contributor for whom the required information was not in TJC files and submit evidence of such contact (such as copies of letters to the contributors and/or phone logs); and
- Submit amended reports to disclose any information TJC obtains in response to this recommendation.

### **C. Committee Response to the Interim Audit Report**

In response to the Interim Audit Report, TJC filed amended reports to disclose the required occupation and employer information related to contributions totaling \$55,700. According to TJC, this information was received from best efforts letters mailed in September 2007 and April 2008. After the filing of these amendments, entries for 101 contributions totaling \$125,850 still lack or do not adequately disclose the contributors' occupations and/or names of employers. For the remaining contributions, TJC provided a copy of letter and a list of those individuals for whom letters would be sent requesting the missing or inadequate information. TJC stated that it will update its database and inform the Commission as contributor information is received.

### **D. Draft Final Audit Report**

The Draft Final Audit Report acknowledged TJC's response.

### **Commission Conclusion**

The Commission approved this finding.



## **Finding 7. Disclosure of Disbursements**

### **Summary**

A sample review of expenditures revealed that certain disbursements itemized on the disclosure reports lacked or inadequately disclosed the required information. The projected dollar value of these transactions was \$209,588. These disclosure discrepancies consisted of incorrect names, addresses, dates, missing or inadequate purposes or missing memo entries associated with credit card transactions. TJC filed amended reports after notification of the audit, however, the disclosure issue remained.

In response to the Interim Audit Report, TJC filed more amended reports and provided a statement claiming to have exercised its best efforts to correct the disclosure of its disbursements. These amended reports corrected some but not all of the disclosure errors on Schedule B (Itemized Disbursements).

The Commission approved this finding.

### **Legal Standard**

**A. Reporting Operating Expenditures.** When operating expenditures to the same person exceed \$200 in an election cycle, the committee must report:

- the amount;
- the date when the expenditures were made;
- the name and address of the payee; and
- the purpose (a brief description of why the disbursement was made—see below).  
11 CFR §104.3(b)(4)(i).

### **B. Examples of Purpose.**

- **Adequate Descriptions.** Examples of adequate descriptions of purpose include the following: dinner expenses, media, salary, polling, travel, party fees, phone banks, travel expenses, travel expense reimbursement, catering costs, loan repayment or contribution refund.
- **Inadequate Descriptions.** The following descriptions do not meet the requirement for reporting purpose: advance, election-day expenses, other expenses, expense reimbursement, miscellaneous, outside services, get-out-the-vote and voter registration.  
11 CFR §104.3(b)(4)(i)(A).

### **Facts and Analysis**

#### **A. Facts**

A sample review of disbursements itemized on Schedules B (Itemized Disbursements) revealed that a material amount of disbursements lacked or inadequately disclosed the required information. The projected dollar value of these transactions was \$209,588.<sup>8</sup> These disclosure discrepancies consisted of incorrect names, addresses, dates, missing or

<sup>8</sup> The Audit staff used a monetary unit sample with a 95% confidence level. The projected dollar value of the sample exceptions was \$209,588 (midpoint of range) and the dollar value of the sampling error was \$61,063. The range was \$148,525 (\$209,588 - \$61,063) to \$270,651 (\$209,588 + \$61,063).

inadequate purposes (such as campaign worker or consultant) or missing memo entries to disclose the original vendor for transactions associated with payments to credit card companies. Amended reports filed after notification of the audit corrected some but not all of the errors and omissions.

#### **B. Interim Audit Report & Audit Division Recommendation**

This matter was discussed with TJC's treasurer at the exit conference. TJC's treasurer stated that the disclosure problems would be corrected in amended reports.

The Audit staff recommended that TJC amend its reports to correct the disclosure of disbursements on Schedules B (Itemized Disbursements).

#### **C. Committee Response to the Interim Audit Report**

In response to the interim audit report, TJC again filed amended reports and provided a written statement. The amended reports corrected some of the disclosure information on Schedule B (Itemized Disbursements) but did not correct any of the errors identified in the sample. TJC provided the following statement: "The Jefferson Committee has combed its itemized disbursements and has used its very best efforts to disclose any names, addresses, dates missing or adequate purposes or missing memo entries associated with credit card transactions that appear on its report."

#### **D. Draft Final Audit Report**

The Draft Final Audit Report acknowledged TJC's response.

#### **Commission Conclusion**

The Commission approved this finding.

## **Finding 8. Filing of 48-Hour Notifications**

#### **Summary**

TJC failed to file 48-hour notices for contributions totaling \$227,600. Most relate to contributions made prior to the run-off election and to loans reported as being from the Candidate.

In response to the Interim Audit Report, TJC provided no additional comments regarding this issue.

The Commission approved this finding.

#### **Legal Standard**

**Last-Minute Contributions (48-Hour Notice).** Campaign committees must file special notices regarding contributions of \$1,000 or more received less than 20 days but more than 48 hours before any election in which the candidate is running. This rule applies to all types of contributions to any authorized committee of the candidate, including:

- contributions from the candidate;
- loans from the candidate and other non-bank sources; and

- endorsements or guarantees of loans from banks.  
11 CFR §104.5(f).

## **Facts and Analysis**

### **A. Facts**

The Audit staff reviewed contributions of \$1,000 or more that were received during the 48-hour notice filing period for the primary (07/23/2006-08/08/2006), general (10/19/2006-11/04/2006 and run-off (11/20/2006-12/04/2006) elections. TJC failed to file 48-hour notices for 50 contributions totaling \$227,600 as summarized below.

	<b>Primary</b>	<b>General</b>	<b>Run-off</b>	<b>Total</b>
<b>48 Hour Notices Not Filed</b>	\$4,000 (2)	\$57,100 (14)	\$166,500 (34)	\$227,600 (50)

Loans reported as from the Candidate are among the contributions that required 48-hour notices. The other contributions for which 48-hour notices were not filed were from 29 individuals, 14 political committees and four LLCs.

### **B. Interim Audit Report & Audit Division Recommendation**

This matter was discussed with TJC's treasurer at the exit conference and the Audit staff subsequently provided schedules of the contributions for which 48-hour notices were not filed. In response, TJC's treasurer stated she misunderstood the filing requirement.

The Audit staff recommended that TJC provide evidence that these 48-hour notices were filed timely or provide any further comments it considers relevant.

### **C. Committee Response to the Interim Audit Report**

TJC provided no additional comments regarding this issue.

### **D. Draft Final Audit Report**

The Draft Final Audit Report noted the above.

### **Commission Conclusion**

The Commission approved this finding.

## **Finding 9. Deposit of Contributions**

### **Summary**

TJC appeared to have deposited in an untimely manner contributions totaling \$315,500 from political committees. The Audit staff recommended that TJC demonstrate the deposits were made timely. Absent such demonstration, TJC was to implement changes to its procedures to achieve future compliance and provide a description of such action.

In response to the Interim Audit Report, TJC provided additional documentation that indicated many of the contributions initially were received by a fundraising

representative who forwarded them. TJC then deposited the funds in a timely manner. No further corrective action is required.

The Commission approved this finding.

### **Legal Standard**

**A. Deposit of Receipts.** The treasurer of a political committee must deposit contributions (or return them to the contributors without being deposited) within 10 days of the treasurer's receipt. 11 CFR §103.3(a).

**B. Receipt of Contributions.** Every person who receives a contribution for an authorized political committee shall, no later than 10 days after receipt, forward such contribution to the treasurer. 11 CFR §102.8(a).

### **Facts and Analysis**

#### **A. Facts**

TJC deposited in an untimely way contributions totaling \$315,500 from political committees. This amount represents approximately 24% of deposits made during the period covered by the audit. The Audit staff identified contributions from political committees that were deposited an average of 18 days late and in one instance, 184 days late. TJC did not record the receipt date for contributions. Therefore, in calculating the number of days late, the Audit staff used the check date plus an allowance for delivery and compared that to the deposit date<sup>9</sup>. In accordance with 11 CFR §102.8(a), the Audit staff allowed 10 days for deposit of the contribution.

#### **B. Interim Audit Report & Audit Division Recommendation**

This matter was discussed with TJC's treasurer at the exit conference. In response, TJC's treasurer noted that although there were gaps in the receipt and deposit of some checks, it is likely that no checks were held because all receipts were spent quickly. It is her belief that the donors wrote checks on a certain date and then had them delivered to TJC at a "much later date."

The Interim Audit Report recommended that TJC demonstrate that the deposits were made in a timely manner. Absent such demonstration, TJC was to implement changes to its procedures to achieve future compliance and provide a description of such changes.

#### **C. Committee Response to the Interim Audit Report**

In response to the Interim Audit Report, TJC complied with the Audit staff's recommendation by providing additional documentation that indicated many of the contributions were initially received by a fundraising representative who forwarded the contributions to TJC and then TJC deposited the funds in a timely manner.

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<sup>9</sup> The Audit staff calculated the date of receipt as three days from the date on the contributors check to allow for delivery of the contribution.

**D. Draft Final Audit Report**

The Draft Final Audit Report acknowledged TJC's response. No further corrective action is required.

**Commission Conclusion**

The Commission approved this finding.