



# Final Audit Report of the Commission on Obama for America (January 16, 2007 - December 31, 2008)

## 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 the matter discussed in this report.

## About the Campaign (p. 2)

Obama for America (OFA) is the principal campaign committee for Barack Obama, a candidate for the Democratic Party's nomination for the office of President of the United States. OFA is headquartered in Chicago, Illinois. For more information, see the chart on the Campaign Organization, p. 2.

## Financial Activity (p. 2)

• Receipts	
○ Contributions from Individuals	\$ 664,642,527
○ Contributions from Other Political Committees	14,075
○ Transfers from Authorized Committees	86,950,000
○ Offsets to Operating Expenditures	25,131,132
○ Other Receipts	1,675,373
<b>Total Receipts</b>	<b>\$ 778,413,107</b>
• Disbursements	
○ Operating Expenditures	\$ 706,559,330
○ Contribution Refunds	5,756,081
○ Other Disbursements	47,944,663
<b>Total Disbursements</b>	<b>\$ 760,260,074</b>

## Commission Finding (p. 3)

- Failure to File 48-Hour Notices

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<sup>1</sup> 2 U.S.C. §438(b).

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# **Part I**

## **Background**

### **Authority for Audit**

This report is based on an audit of Obama for America (OFA), 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**

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. the receipt of excessive contributions;
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 consistency between reported figures and bank records;
6. the completeness of records; and
7. other committee operations necessary to the review.

### **Audit Hearing**

Obama for America declined the opportunity for an audit hearing before the Commission on the matter presented in this report.

## Part II

### Overview of Campaign

#### Campaign Organization

<b>Important Dates</b>	
• Date of Registration	January 16, 2007
• Audit Coverage	January 16, 2007 - December 31, 2008
<b>Headquarters</b>	Chicago, Illinois <sup>2</sup>
<b>Bank Information</b>	
• Bank Depositories	Four
• Bank Accounts	16
<b>Treasurer</b>	
• Treasurer When Audit Was Conducted	Martin H. Nesbitt May 10, 2007 - Present
• Treasurer During Period Covered by Audit	Robert R. Bauer January 16, 2007 - May 9, 2007, Martin H. Nesbitt May 10, 2007 - Present
<b>Management Information</b>	
• Attended FEC Campaign Finance Seminar	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

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

<b>Cash-on-hand @ January 16, 2007</b>	<b>\$ 0</b>
<b>Receipts</b>	
○ Contributions from Individuals	664,642,527
○ Contributions from Other Political Committees	14,075
○ Transfers from Authorized Committees	86,950,000
○ Offsets to Operating Expenditures	25,131,132
○ Other Receipts	1,675,373
<b>Total Receipts</b>	<b>\$ 778,413,107</b>
<b>Disbursements</b>	
○ Operating Expenditures	706,559,330
○ Contribution Refunds	5,756,081
○ Other Disbursements	47,944,663
<b>Total Disbursements</b>	<b>\$ 760,260,074</b>
<b>Cash-on-hand @ December 31, 2008</b>	<b>\$ 18,153,033</b>

<sup>2</sup> Originally registered as the Obama Exploratory Committee, headquartered in Washington, D.C.; the committee's name was changed to Obama for America and the headquarters was relocated to Chicago, Illinois, according to an amended Statement of Organization filed on February 12, 2007.

## **Part III**

### **Summary**

#### **Commission Finding**

##### **Failure to File 48-Hour Notices**

Based on audit fieldwork, OFA did not file required 48-hour notices for 1,312 contributions, totaling \$1,972,266, that were received prior to the general election. OFA provided no further information regarding this matter in response to the Interim Audit Report recommendation.

The Commission approved a finding that OFA failed to file required 48-hour notices in 2008. (For more detail, see page 4)

## Part IV

# Commission Finding

### Failure to File 48-Hour Notices

#### Summary

Based on audit fieldwork, OFA did not file required 48-hour notices for 1,312 contributions totaling \$ 1,972,266 that were received prior to the general election. OFA provided no further information regarding this matter in response to the Interim Audit Report recommendation.

The Commission approved a finding that OFA failed to file required 48-hour notices in 2008.

#### 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. 11 CFR §104.5(f).

#### Facts and Analysis

##### A. Facts

During fieldwork, Audit staff compared OFA's 48-hour notices with contributions of \$1,000 or more that had been reported as received during the 48-hour notice filing period.<sup>3</sup> This review identified 1,312 contributions, totaling \$1,972,266, for which OFA failed to file the required notices. A majority of the missing 48-hour notices arose from a transfer reported on October 24, 2008 from the Obama Victory Fund (OVF), a joint fundraising committee composed of OFA and the Democratic National Committee (DNC). In order to verify whether the contributions in question had been received between October 16 and October 23, Audit staff traced contributions attributed to the October 24 transfer to the disclosure reports filed by OVF.

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

Prior to the end of audit fieldwork, and again at the exit conference, Audit staff provided OFA with schedules of contributions for which OFA had not filed 48-hour notices. At the exit conference, the OFA representative stated that OFA was reviewing the schedule and that comments or corrections would follow.

Subsequent to the exit conference, OFA provided printouts of contributions that it believed had been reported on its 48-hour notice submissions. There were numerous contributions on the printouts that were not found on the public record. The difference

<sup>3</sup> The 48-hour report period was from October 16 through November 1, 2008.

between the sum of the printout totals and the total for all 48-hour notices appearing on the public record was approximately \$1,020,000. However, Commission records regarding these submissions indicate that the Commission actually placed all the data transmitted by OFA on the public record. The Audit staff informed OFA of this and inquired whether an inadvertent filing problem may have occurred with OFA's data-processing vendor. The Audit staff has received no response to this inquiry.

The Interim Audit Report recommended that OFA provide:

- documentation to demonstrate that the 48-hour notices were filed for the contributions in question; or
- documentation establishing that the contributions were not subject to 48-hour notification; and/or,
- any written comments it considers relevant.

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

OFA provided no further information regarding this matter in response to the Interim Audit Report.

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

In the Draft Final Audit Report, the Audit staff acknowledged that OFA had offered no further information. OFA's response to the Draft Final Audit Report did not offer any additional comments.

#### **Commission Conclusion**

On March 8, 2012, the Commission considered the Audit Division Recommendation Memorandum, in which the Audit Division recommended that the Commission adopt a finding that OFA failed to file required 48-hour notices in 2008.

The Commission approved the Audit staff's recommendation.