



## FEDERAL ELECTION COMMISSION

1325 K STREET N.W.  
WASHINGTON, D.C. 20463

### REPORT OF THE AUDIT DIVISION ON POTTS FOR CONGRESS COMMITTEE

#### I. Background

##### A. Overview

This report is based on an audit of the Potts for Congress 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(a)(8) 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 Committee registered with the Federal Election Commission on March 22, 1976, in support of Robert L. Potts, a candidate for election to the office of Representative from the Fifth (5th) Congressional District of Alabama. The Committee maintains its headquarters in Florence, Alabama.

The audit covered the period from March 17, 1976, the inception date of the Committee through June 30, 1977, the final coverage date of the latest report filed by the Committee at the close of the audit. During that period, the Committee reported a beginning cash balance of \$-0-, total receipts of \$79,462.06, total expenditures of \$79,037.02, and a closing cash balance on December 31, 1976 of \$425.04. 1/

This audit report is based on documents and working papers which support each of the 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.

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1/ The Committee was exempt from filing disclosure reports for the first two quarters of 1977. The FEC Forms 3a were filed on April 7, 1977, and July 12, 1977.



B. Key Personnel

The principal officers of the Committee were Mr. Robert E. Jones, III, Chairman, and Mr. Donald H. Patterson, Treasurer, during the period of the audit.

C. Scope

The audit included such tests as verification of reported receipts and expenditures 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.

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 Potts for Congress Committee 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. Excessive Cash Contributions

Section 441g of Title 2, United States Code, prohibits any person from making contributions of currency to or for the benefit of any candidate which, in the aggregate, exceed \$100, with respect to any campaign for nomination for election, or for election, to Federal office.

Section 110.4(c)(2) of the Commission's Regulations requires a candidate or committee receiving a cash contribution in excess of \$100 to promptly return the amount over \$100 to the contributor.

Our review of the contribution records disclosed four (4) contributors who gave currency in excess of \$100. One (1) contributor gave cash of \$500, two (2) contributors gave cash of \$250 each, and one (1) contributor gave \$200 in cash. The Committee officials stated that they were not aware of the prohibition in the Act or the requirement of the Commission's Regulations regarding excessive contributions of cash. Per the Audit staff's request, the Committee refunded the contributions of currency in excess of \$100 and on February 9, 1978, submitted to the Audit staff information disclosing that the contributions had been refunded.

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Recommendation

We recommend that no further action be taken by the Commission on this matter.

B. Corporate Contributions

Section 441b(a) of Title 2, United States Code, prohibits any corporation from making a contribution in connection with any Federal election.

Our review of the contribution records disclosed that the Committee inadvertently accepted a corporate contribution for \$25.00 on March 25, 1976. Per our request, the Committee refunded the contribution and on November 18, 1977, submitted to the Audit staff information disclosing that the contribution had been refunded.

Recommendation

We recommend that no further action be taken by the Commission on this matter.

C. Itemization of Expenditures

Section 434(b)(9) of Title 2, United States Code, requires a political committee to disclose the name and address of each person to whom expenditures have been made by or on behalf of the committee which in the aggregate exceed \$100, together with the amount, date, and purpose of each such expenditure.

Our examination of the Committee expenditure records revealed that 15 expenditures (26.32%) from a total of 57 itemizable expenditures were not itemized on the disclosure reports. The 15 expenditures totalled \$648.18 (.84%) of the \$76,885.32 in itemizable expenditures. This was a result of the Committee not maintaining an aggregation system to identify multiple expenditures of less than \$100, but aggregating in excess of \$100 to the same person. Per our request, the Committee filed an amended report properly disclosing this information on October 26, 1977.

Recommendation

We recommend no further action be taken by the Commission on this matter.

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D. Supporting Documentation

Section 432(d) of Title 2, United States Code, requires the treasurer to obtain and to keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee in excess of \$100, and for any such expenditures in a lesser amount if the aggregate amount of such expenditures to the same person during the calendar year exceeds \$100.

Our examination revealed that the Committee had no vouchers to support 35 (61.4%) of the 57 itemizable expenditures. The 35 expenditures totalled \$40,131.82 (52.20% of itemizable expenditures). The Committee thought that they had substantially complied with the law and that their recordkeeping procedures were adequate to support the expenditures. Per our request, the Committee contacted the vendors and obtained additional documentation for the 35 expenditures.

Recommendation

We recommend no further action be taken by the Commission on this matter.

E. Authorization of Principal Campaign Committee by a Candidate

Section 432(e)(1) of Title 2, United States Code, requires each individual who is a candidate for Federal office to designate a political committee to serve as his principal campaign committee.

Our examination revealed there was no record of the filing of FEC Form 2 by the Candidate authorizing a principal campaign committee. The Candidate thought this form had been filed. On October 26, 1977, the Candidate filed FEC Form 2 designating the Potts for Congress Committee as his principal campaign committee.

Recommendation

We will recommend that no further action be taken by the Commission on this matter.

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CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Robert Potts / Potts for Congress Committee

State: Alabama

District: 5

Location: Huntsville - Northern Alabama

Political Party Affiliation: Democrat

Major Opponent(s): John Eyster (D), Ronnie Flipppo (D), Lynn Greer (D),  
Jyles Machen (D), Gene McLain (D)

Other Candidates Audited: Eyster, Flipppo, Greer, Machen, McLain

Votes Cast: General Election - Ronald Flipppo - Unopposed

Primary Election -	Flipppo	25,343	Eyster	22,456
	Machen	17,059	McLain	11,679
	Potts	14,553	Greer	5,283

Total Receipts for Period: \$79,462.06

Total Expenditures for Period: \$79,037.02

First Elected (if applicable): N/A

\* Flipppo won run-off.

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FEC  
DOCUMENT  
SEPARATOR