



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

February 1, 1982

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

FROM: BOB COSTA *RC*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
TENNESSEE CARTER/MONDALE VICTORY FUND
COMMITTEE

Attached please find a copy of the final audit report on the Tennessee Carter/Mondale Victory Fund Committee which was approved by the Commission on January 7, 1982.

Informational copies of the reports have been received by all parties involved and the report may be released to the public as of today, February 1, 1982.

Attachment as stated

cc: FEC Library
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Public Record



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE TENNESSEE CARTER/MONDALE VICTORY FUND COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Tennessee Carter/Mondale Victory Fund ("the Committee"), 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 9007(a) of Title 26 of the United States Code which states that "after each presidential election, the Commission shall conduct a thorough examination and audit of the qualified campaign expenses of the candidates of each political party for President and Vice President."

The Committee registered with the Federal Election Commission on October 16, 1980. Also on October 16, 1980, the Committee was authorized by President Jimmy Carter to conduct joint fundraising with the Tennessee Democratic State Party and the Compliance Fund of the Carter/Mondale Re-election Committee, Inc. The joint event held by the Committee was a fundraising concert in Memphis, Tennessee, on October 9, 1980, preceded by a cocktail reception and followed by a breakfast. No other joint activity was conducted. The Committee maintains its headquarters in Washington, D.C.

The audit covered the period from October 1, 1980 through May 27, 1981. The Committee reported an opening cash balance of \$-0-, total receipts of \$41,018.00, total expenditures of \$41,624.50, and a closing cash balance of \$-0- during the period. 1/

This report is based upon documents and working papers 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 Commissioners and appropriate staff for review.

1/ The Committee's reported activity did not balance due to incorrect disclosure adjustments relating to returned contributor checks, contribution refunds, and a bank error.

B. Key Personnel

The principal officers of the Committee during the period audited were Ms. Myra Stiles, Treasurer, and Mr. S. Lee Kling, Assistant Treasurer.

C. Scope

The audit included such tests as verification of the disclosure of total receipts and expenditures and individual transactions; review of required supporting documentation and analysis of debts and obligations; and such other audit procedures as deemed necessary under the circumstances. However, the Audit staff's review of receipts was limited due to the lack of records maintained for contributions resulting from ticket sales by the concert promotor.

II. Audit Finding and Recommendation

A. Advance Payments Affecting Distribution of Fundraising Proceeds

Section 104.3((a)4)(iii)(A) of Title 11 of the Code of Federal Regulations states, in part, that each report shall disclose each authorized committee which makes a transfer to the reporting committee, together with the date and amount of such transfer.

Section 100.7(a)(1) and (a)(1)(iii)(A) of Title 11 of the Code of Federal Regulations defines "contribution," in part, as a gift, subscription, loan, advance, or deposit of money or anything of value (which includes all in-kind contributions) made by any person for the purpose of influencing any election for Federal office.

Section 106.1(b) of Title 11 of the Code of Federal Regulations states, in part, that an authorized expenditure made by a candidate or political committee on behalf of another candidate shall be reported as a contribution in-kind (transfer) to the candidate on whose behalf the expenditure was made.

Contributions and expenditures relating to the joint fundraising event held by the Committee were to be allocated 70% to the Carter/Mondale Re-election Committee, Inc., and 30% to the Tennessee Democratic State Party. 2/ However, during the

2/ The agreement also specified that in order to ensure that no individual exceeded their contribution limitation (2 U.S.C. Section 441a(a)(1)(A)), previous contributions by an individual to either participating committee would be considered, thereby possibly altering the allocation percentage.

allocation of joint fundraising expenses, the Committee did not allocate three (3) expenditures totaling \$10,492.49 made in advance by the Carter/Mondale Re-election Committee, Inc., for media placement and travel expenses related to the entertainer's appearance. Based upon Advisory Opinions issued by the Commission in connection with joint fundraising 3/, any advance payments made in relation to a joint fundraising event should be allocated in the same proportion as are the proceeds of the event in order to preclude the making of an in-kind contribution. Therefore, since the Committee did not allocate these payments based on the agreed upon distribution percentages, the Carter/Mondale Re-election Committee, Inc., has effectively made an in-kind contribution of \$3,147.75 (30% of \$10,492.49) to the Tennessee Democratic State Party.

To preclude a re-calculation of the distribution, the Carter/Mondale Re-election Committee, Inc., has stated that they would agree to itemize an in-kind contribution of \$3,147.75 to the Tennessee Democratic State Party.

In the interim audit report, the Audit staff recommended that the Committee either;

1) request a refund of \$3,147.75 from Tennessee Campaign '80, 4/ transfer the refund to the Carter/Mondale Re-election Committee, Inc., and file an amended report to disclose the transaction; or

2) request that the Carter/Mondale Re-election Committee, Inc. file an amended report to disclose an in-kind contribution to the Tennessee Democratic State Party of \$3,147.75.

The Commission also determined that the Committee was required to submit copies of applicable request letters and amendments to the Audit staff for review within 30 days of receipt of the report.

On November 18, 1981, the Committee submitted to the Audit staff a copy of a letter from the Tennessee Carter/Mondale Victory Fund to the Carter/Mondale Re-election Committee requesting that the Carter/Mondale Re-election Committee amend its reports to disclose the above in-kind contribution. The amendment was filed as requested.

Recommendation

The Audit staff recommends no further action.

3/ See Advisory Opinions 1977-8, 1977-14, 1977-61, 1979-12 and 1979-35.

4/ The Tennessee Democratic State Party portion of the joint fundraising event was transferred to the Tennessee Campaign '80.

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