



FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20547

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August 2, 1995

MEMORANDUM

TO: RON M. HARRIS, PRESS OFFICER  
PRESS OFFICE

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

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON  
PARKER FOR CONGRESS

Attached please find a copy of the final audit report and related documents on Parker for Congress which was approved by the Commission on July 25, 1995.

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: Office of General Counsel  
Office of Public Disclosure  
Reports Analysis Division  
FEC Library

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**REPORT OF THE AUDIT DIVISION  
ON**

**Parker for Congress**

**Approved July 25, 1995**



**FEDERAL ELECTION COMMISSION  
999 E STREET, N.W.  
WASHINGTON, D.C.**

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

FINAL AUDIT REPORT  
ON  
PARKER FOR CONGRESS  
EXECUTIVE SUMMARY

Parker for Congress (the Committee) registered with the Clerk of the U.S. House of Representatives on November 18, 1993, as the principal campaign committee for Wayne Parker, Jr., Republican candidate for the U.S. House of Representatives from the state of Alabama.

The audit was conducted pursuant to 2 U.S.C. Section 438(b), which states, that the Commission may conduct audits of any political committee whose reports fail to meet the threshold level of compliance set by the Commission.

The findings of the audit were presented to the Committee at an exit conference held at the completion of field work on April 27, 1995, and later, in an interim audit report. The Committee's responses to those findings are included in this final audit report.

The following is an overview of the findings contained in the final audit report.

Apparent Excessive Contributions from Individuals- 2  
U.S.C. Section 441(a)(1)(A); 11 CFR Sections; 103.3(b)(3) and (4); 110.1(b); and 100.1(k). The Committee received 19 contributions from individuals which exceeded the donor's limitations by \$5,435. This problem was created by the Committee's policy of erroneously attributing contributions to the contributor check account holders, rather than to the actual check signer(s). The Committee complied with the interim audit report recommendation by refunding the excessive portions to each of the contributors and providing the Audit staff with copies of the front and back of the negotiated refund checks.

Disclosure of Contributions from Individuals - 2 U.S.C.  
Sections 434(b)(3)(A) and 431(13)(A); 11 CFR Sections 104.7(a) and (b). The Committee failed to disclose occupation and/or

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...of the Commission...  
...YESTERDAY TO TODAY AND TOMORROW...  
...DELEGATED TO KEEP THE PUBLIC INFORMED...

name of employer information for 31% of its contributions requiring such disclosure. Ninety-eight percent of the errors occurred during the 1994 Third Quarter, Pre-General, and Post General reporting periods. The Committee did not demonstrate best efforts to obtain this information. The Committee complied with the interim audit report recommendation by submitting amended Schedules A disclosing the required information. Where the information could not be obtained, the Committee submitted letters documenting its efforts to acquire it.

Itemization of Disbursements - 2 U.S.C. Section 434(b)(5)

(A). The Committee had a material, but isolated disbursement disclosure error contained in its 1994 Pre-General Schedules B. The Committee itemized \$52,000 in transfers between bank accounts rather than \$51,288 in actual payments to vendors made with the transferred funds. The Committee complied with the interim audit report recommendation by submitting complete, amended Schedules B for the 1994 Pre-General reporting period which correctly itemized the actual disbursements and omitted the erroneously reported transfers.

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REPORT OF THE AUDIT DIVISION  
ON  
PARKER FOR CONGRESS

I. Background

A. Audit Authority

This report is based on an audit of Parker for Congress (the Committee) undertaken by the Audit Division of the Federal Election Commission in accordance 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 audit covered the period from the date of the Committee's first bank transaction on October 13, 1993, through December 31, 1994.<sup>1/</sup> The Committee reported a beginning cash balance at November 10, 1993 of zero; total receipts for the period of \$433,084; total disbursements for the period of \$426,481; and an ending cash balance on December 31, 1994 of \$6,673.2/<sup>2/</sup>

<sup>1/</sup> The Committee's first filing lists the reporting period as beginning on November 10, 1993.

<sup>2/</sup> The amounts do not foot due to math errors on the Committee's summary pages. All figures in this report have been rounded to the nearest dollar.

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B. Campaign Organization

The Committee registered with the Clerk of the U.S. House of Representatives on November 18, 1993 as the principal campaign committee for Wayne Parker, Jr., Republican candidate for the U.S. House of Representatives, District 5, from the state of Alabama. The Committee maintains its headquarters in Huntsville, Alabama.

The audit indicated that 92% (\$398,157) of the Committee's receipts were contributions from individuals. The balance was from offsets to operating expenditures, interest, and contributions from political party and candidate committees.

This report is based on documents and workpapers which support each of its 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.

C. Key Personnel

The current Treasurer of the Committee and the Treasurer during the period covered by the audit is Mr. Stan McDonald.

D. Audit Scope and Procedures

The audit covered the following general categories:

1. The receipt of contributions or loans in excess of the statutory limitations (Finding II.A);
2. the receipt of contributions from prohibited sources, such as those from corporations or labor organizations;
3. proper disclosure of contributions from individuals, political committees and other entities, to include the itemization of contributions when required, as well as, the completeness and accuracy of the information disclosed (Finding II.B.);
4. proper disclosure of disbursements including the itemization of disbursements when required, as well as, the completeness and accuracy of the information disclosed (Finding II.C.);
5. proper disclosure of campaign debts and obligations;
6. the accuracy of total reported receipts, disbursements and cash balances as compared to campaign bank records;
7. adequate recordkeeping for campaign transactions; and

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8. other audit procedures that were deemed necessary in the situation.

Unless specifically discussed below, no material non-compliance was detected. It should be noted that the Commission may pursue further any of the matters discussed in this report in an enforcement action.

## II. Findings and Recommendations

### A. Apparent Excessive Contributions from Individuals

Section 441a(a)(1)(A) of Title 2 of the United States Code states 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.

Section 103.3(b)(3) of Title 11 of the Code of Federal Regulations states, in part, that contributions which exceed the contribution limitation may be deposited into a campaign depository. If any such contribution is deposited, the treasurer may request redesignation or reattribution of the contribution in accordance with 11 CFR 110.1(b) and 110.1(k), as appropriate. If a redesignation or reattribution is not obtained, the treasurer shall, within 60 days of the treasurer's receipt of the contribution, refund the contribution to the contributor.

Section 103.3(b)(4) of Title 11 of the Code of Federal Regulations states, in part, that any contribution which appears to be illegal and which is deposited into a campaign depository shall not be used for any disbursements by the political committee until the contribution has been determined to be legal. The political committee must either establish a separate account in a campaign depository for such contributions or maintain sufficient funds to make all such refunds.

Section 110.1(k) of Title 11 of the Code of Federal Regulation states, in part, that any contribution made by more than one person, except for a contribution made by a partnership, shall include the signature of each contributor on the check, money order, or other negotiable instrument or in a separate writing. A contribution made by more than one person that does not indicate the amount to be attributed to each contributor shall be attributed equally to each contributor. If a contribution to a candidate on its face or when aggregated with other contributions from the same contributor exceeds the limitations on contributions, the treasurer may ask the contributor whether the contribution was intended as a joint contribution by more than one person. A contribution shall be considered to be reattributed to another contributor if the treasurer of the recipient political committee asks the contributor whether the contribution is intended to be a joint contribution by more than one person, and informs the contributor that he or she may request the return of



the excessive portion of the contribution if it is not intended to be a joint contribution; and within sixty days from the date of the treasurer's receipt of the contribution, the contributors provide the treasurer with a written reattribution of the contribution, which is signed by each contributor, and which indicates the amount to be attributed to each contributor if equal attribution is not intended.

The Audit staff discovered that the Committee would often attribute contributions received on joint accounts to both spouses without having the required signatures. Written reattributions were not requested by the Committee for these contributions. In addition, the Audit staff noted instances where on its Schedules A the Committee itemized contributions from the contributor and his or her spouse (Mr. and Mrs.) instead of disclosing these items from the signatory of the contributor check. A Committee official explained that they erroneously attributed contributions to the contributor check account holders, as opposed to the check signers.

As a result of this Committee practice, the Audit staff identified 19 contributions totaling \$5,435, from 12 individuals, which were in excess of the contribution limitation. Eighteen of the contributions, totaling \$5,245, were not refunded. One excessive contribution in the amount of \$190 was refunded, but not in a timely manner.

With the exception of a brief period in 1995, the Committee maintained sufficient funds in its bank accounts to warrant the assertion that the apparent excessive contributions were not used for campaign activities in accordance with 11 CFR 103.3(b)(4).

At the exit conference, a schedule of apparent excessive contributions was provided to the Committee. Committee officials stated that they would refund the excessive portions of the contributions. The Audit staff suggested the Committee change its system of recording and reporting contributions drawn on joint accounts so that contributions were correctly attributed to the individual(s) who made them. Committee officials said they would make the suggested changes to their system.

In response to the exit conference, Committee officials stated that all of the excessive contributions identified during the audit had been refunded. The Committee said that evidence would be provided once the refund checks cleared the bank.

In the interim audit report the Audit staff recommended that the Committee provide evidence of the refunds, such as copies of the front and back of the negotiated checks.

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In response to the interim audit report the Committee provided copies of the negotiated refund checks pertaining to all excessive contributions identified during the audit. Thus, the Committee has complied with the Audit staff's recommendation contained in the interim audit report.

B. Disclosure of Contributions from Individuals

Section 434(b)(3)(A) of Title 2 of the United States Code requires a political committee to report the identification of each person who makes a contribution to the committee in an aggregate amount or value in excess of \$200 per calendar year together with the date and amount of such contribution.

Section 431(13)(A) of Title 2 of the United States Code defines the term "identification" to be, in the case of any individual, the name, the mailing address, and the occupation of such individual as well as the name of his or her employer.

Section 104.7(a) and (b) of Title 11 of the Code of Federal Regulations states, in part, that if best efforts have been used to obtain, maintain and submit the information required by the Act for the political committee, any report of such committee shall be considered in compliance with the Act. The treasurer and the committee will only be deemed to have exercised best efforts if all of the following are present: all written solicitations for contributions include a clear request for the contributor's full name, mailing address, occupation and name of employer, and include the statement that reporting of such information is required by Federal law; the treasurer makes at least one effort, in either a written request or a documented oral request, within thirty days of the receipt of the contribution, to obtain the information; and the treasurer reports all contributor information not provided by the contributor, but in the committee's possession, including information in contributor records, fundraising records and previously filed reports, in the same two year election cycle.

During the Audit staff's review of contributions from individuals, it was determined that the Committee failed to disclose occupation and/or name of employer information for 31% of its contributions requiring such disclosure. Ninety-eight percent of these omissions were during the 1994 Third Quarter, Pre-General, and Post General reporting periods. The Committee demonstrated no best efforts to obtain the information.

At the exit conference the Committee was advised of the material error rate and Committee officials agreed to file amended Schedule A's disclosing the data, and to maintain records of all efforts to obtain it.

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In the interim audit report the Audit staff recommended that the Committee submit amended Schedules A for the 1994 Third Quarter, Pre-General, and Post-General reporting periods, disclosing the occupation and name of employer information for each contributor. Where an effort was made to obtain the information and no response was offered, the Audit staff recommended that the Committee submit records documenting its efforts to obtain the information with their amended Schedules A.

In response to the interim audit report the Committee filed the requested amended Schedules A. Where the information could not be obtained, the Committee submitted documentation supporting its efforts to acquire it. These submissions materially corrected the disclosure reports.

C. Itemization of Disbursements

Section 434(b)(5)(A) of Title 2 of the United States Code state, in part, that each report shall disclose the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure.

During the review of disbursements, the audit staff identified an isolated disclosure error in the Committee's 1994 Pre-General disclosure report. During this reporting period the Committee erroneously itemized on Schedule B five transfers from one bank account to another totaling \$52,000. The Committee failed to itemize three disbursements, totaling \$51,288 made by the recipient bank account with the transferred funds.

This matter was discussed at the exit conference and was acknowledged by both Committee officials and the Audit staff to be an isolated, but material error. A schedule of the items requiring correction was provided to Committee officials who agreed to file amended Schedule B's for the 1994 Pre-General reporting period.

In the interim audit report the Audit staff recommended that the Committee file amended Schedules B for the 1994 Pre-General reporting period removing the transfers from reported activity and properly itemizing the actual disbursements.

In response to the interim audit report the Committee filed a complete, amended Schedule B for the Pre-General reporting period correctly itemizing the identified disbursements and omitting the erroneously reported transfers.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

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July 27, 1995

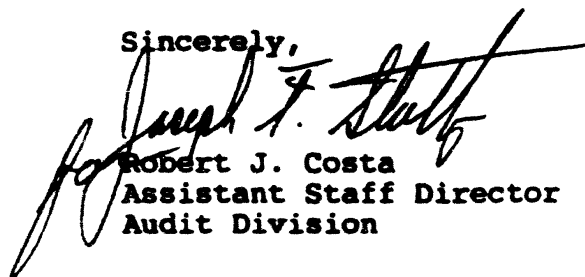
Mr. Stan McDonald, Treasurer  
Parker for Congress  
4906 Whitesburg Drive  
Huntsville, AL 35801

Dear Mr. McDonald:

Attached please find the Final Audit Report on Parker for Congress. The Commission approved the report on July 25, 1995.

The Commission approved Final Audit Report will be on the public record on July 31, 1995. Should you have any questions regarding the public release of the report, please contact the Commission's Press Office at (202) 219-4155. Any questions you have related to matters covered during the audit or in the report should be directed to Melinda Madsen or Joe Swearingen of the Audit Division at (202) 219-3720 or toll free at (800) 424-9530.

Sincerely,



Robert J. Costa  
Assistant Staff Director  
Audit Division

Attachment as stated

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**CHRONOLOGY**  
**PARKER FOR CONGRESS**

Audit Fieldwork	4/17/95 - 4/28/95
Interim Audit Report to the Committee	6/7/95
Response Received to the Interim Audit Report	7/12/95
Final Audit Report Approved	7/25/95

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