



# Final Audit Report of the Commission on Communications Workers of America - COPE PCC

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 Committee (p. 2)

Communications Workers of America - COPE Political Contributions Committee is a separate segregated fund headquartered in Washington, DC. For more information, see chart on the Committee Organization, p. 2.

## Financial Activity (p. 2)

- **Receipts**
  - From Individuals \$ 6,720,647
  - Refunds from Federal Candidates & Other Political Committees 69,225
  - Other Receipts 4,014
  - **Total Receipts** \$ 6,793,886
- **Disbursements**
  - Contributions to Federal & Non-Federal Candidates and Committees \$ 5,654,187
  - Operating Expenditures 1,029,491
  - Transfers to Affiliated Committee: 300,000
  - Other Disbursements 15,800
  - **Total Disbursements** \$ 6,999,478

## Commission Finding (p. 3)

- Transfers Made to AFL-CIO COPE PCC (Finding1)

---

<sup>1</sup> 2 U.S.C. §438(b).

# **Final Audit Report of the Commission on Communications Workers of America - COPE PCC**

---

January 1, 2005 – December 31, 2006



# Table of Contents

	<b>Page</b>
<b>Part I. Background</b>	
Authority for Audit	1
Scope of Audit	1
<b>Part II. Overview of Committee</b>	
Committee Organization	2
Overview of Financial Activity	2
<b>Part III. Summary</b>	
Commission Finding	3
<b>Part IV. Commission Finding</b>	
Finding 1. Transfers Made to AFL-CIO COPE PCC	4

# **Part I**

## **Background**

### **Authority for Audit**

This report is based on an audit of Communications Workers of America - COPE Political Contributions Committee (CWA-COPE PCC), 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, the scope of this audit was limited to the following:

1. The receipt and transfer of certain contributions.
2. The disclosure of certain disbursements, debts and obligations.
3. The consistency between reported figures and bank records.
4. The completeness of records.
5. Other committee operations necessary to the review.

## Part II

### Overview of Committee

#### Committee Organization

<b>Important Dates</b>	<b>Communications Workers of America - COPE PCC</b>
• Date of Registration	March 20, 1975
• Audit Coverage	January 1, 2005 – December 31, 2006
<b>Headquarters</b>	Washington, DC
<b>Bank Information</b>	
• Bank Depositories	One
• Bank Accounts	One Checking
<b>Treasurer</b>	
• Treasurer When Audit Was Conducted	Barbara J. Easterling
• Treasurer During Period Covered by Audit	Barbara J. Easterling
<b>Management Information</b>	
• Attended FEC Campaign Finance Seminar	Yes
• Used Commonly Available Campaign Management Software Package	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

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

<b>Cash on hand @ January 1, 2005</b>	<b>\$ 1,555,818</b>
o From Individuals	6,720,647
o Refunds from Candidates & Political Committees	69,225
o Other Receipts	4,014
<b>Total Receipts</b>	<b>\$ 6,793,886</b>
o Contributions to Federal & Non-Federal Candidates and Committees	5,654,187
o Operating Expenditures	1,029,491
o Transfers to Affiliated	300,000
o Other Disbursements	15,800
<b>Total Disbursements</b>	<b>\$ 6,999,478</b>
<b>Cash on hand @ December 31, 2006</b>	<b>\$ 1,350,226</b>

## **Part III**

### **Summary**

#### **Commission Finding**

##### **Finding 1. Transfers Made to AFL-CIO COPE PCC**

CWA-COPE PCC made transfers totaling \$300,000 to AFL-CIO COPE PCC in 2005 and 2006. The interim audit report questioned whether CWA-COPE PCC was required to meet the transmittal and recordkeeping requirements of a collecting agent for these transfers. In conjunction with a hearing before the Commission requested by AFL-CIO COPE PCC, a 1979 Report of the Audit Division on AFL-CIO COPE PCC was submitted that included recommendations that were consistent with the longstanding reporting practices for the transfers. Because CWA-COPE PCC and AFL-CIO COPE PCC are both reporting committees in their own right, contributions received under this practice are reported to the Commission, and the Commission has a means of assuring itself that the contributions do not exceed the limits prescribed by the Act. Moreover, due consideration must be given to the approval of this arrangement in the 1979 audit report and CWA-COPE PCC's longstanding history of this practice. Under these circumstances, the Commission accepts CWA-COPE PCC's current reporting practice. (For more detail, see p. 4)

## Part IV

# Commission Finding

### Finding 1. Transfers Made to AFL-CIO COPE PCC

#### Summary

CWA-COPE PCC made transfers totaling \$300,000 to AFL-CIO COPE PCC in 2005 and 2006. The interim audit report questioned whether CWA-COPE PCC was required to meet the transmittal and recordkeeping requirements of a collecting agent for these transfers. In conjunction with a hearing before the Commission requested by AFL-CIO COPE PCC, a 1979 Report of the Audit Division on AFL-CIO COPE PCC was submitted that included recommendations that were consistent with the longstanding reporting practices for the transfers. Because CWA-COPE PCC and AFL-CIO COPE PCC are both reporting committees in their own right, contributions received under this practice are reported to the Commission, and the Commission has a means of assuring itself that the contributions do not exceed the limits prescribed by the Act. Moreover, due consideration must be given to the approval of this arrangement in the 1979 audit report and CWA-COPE PCC's longstanding history of this practice. Under these circumstances, the Commission accepts CWA-COPE PCC's current reporting practice.

#### Legal Standard

**A. Affiliated Definition.** Established, financed, maintained or controlled by the same organization. Affiliated political committees are considered one political committee for purposes of contribution limits. Committees presumed to be affiliated include those established, financed, maintained or controlled by a single national or international union and/or its local unions or other subordinate organizations. Also committees established by an organization of national or international unions and/or all its State or local central bodies are presumed to be affiliated. Affiliation is not presumed between unions and organizations of national or international unions. 11 CFR §§100.5(g) and 110.3(a).

**B. Collecting Agent Definition.** A collecting agent is an organization or committee that collects and transmits contributions to one or more separate segregated funds to which the collecting agent is related. A collecting agent may be the separate segregated fund's connected organization, an organization or committee affiliated with the SSF, or a local, national, or international union collecting contributions on behalf of the separate segregated fund of any federation with which the local, national, or international union is affiliated. 11 CFR §102.6(b)(1).

**C. Requirements of Collecting Agent.** The separate segregated fund is responsible for ensuring that the recordkeeping, reporting, and transmittal requirements are met.

1. Collecting agent may solicit only those individuals who are eligible for solicitation under the law, and pay the expenses of soliciting.
2. Collecting agent may include a solicitation for contributions to an SSF in a bill for another payment.

3. Collecting agent may establish a separate transmittal account solely for the SSF's contributions or use its own account for the temporary deposit and transmittal of contributions to the SSF. The agent must keep separate records of all receipts and deposits that represent contributions to the SSF.
4. Collecting agent must transfer the funds within 10 days for all contributions over \$50 and within 30 days for contributions \$50 or less.
5. Collecting agent must forward the required recordkeeping information to the SSF along with the collected contributions, and maintain records of SSF contribution deposits and transmittals for three years.
6. The SSF is responsible for reporting the contributions collected through the collecting agent as contributions from the original donors rather than as a transfer from the collecting agent. 11 CFR §§102.6(c) and 102.8(b).

### **Facts and Analysis**

CWA-COPE PCC is the separate segregated fund of the international union Communications Workers of America (CWA). CWA-COPE PCC collects contributions for itself and for AFL-CIO COPE PCC, the separate segregated fund of the federation of unions AFL-CIO. CWA-COPE PCC and AFL-CIO COPE PCC are not considered "affiliated" within the meaning of 11 CFR §110.3 and, therefore, are subject to separate contribution limitations and reporting.

CWA-COPE PCC received and deposited contributions for both organizations via contributor checks and payroll deduction. Based on available solicitation material, contributors were informed that an unspecified portion of their contribution would go to AFL-CIO COPE PCC. CWA-COPE PCC reported the receipt of the contributions primarily as unitemized contributions. CWA-COPE PCC and AFL-CIO COPE PCC periodically agreed on an amount to be transferred to AFL-CIO COPE PCC. AFL-CIO COPE PCC reported this lump sum transfer without information regarding the individuals contributing the funds.

During the period covered by the audit, CWA-COPE PCC made four transfers to AFL-CIO COPE PCC totaling \$300,000 (\$100,000 in 2005 and \$200,000 in 2006).

At the audit exit conference and in the interim audit report, the Audit staff questioned whether CWA-COPE PCC and the AFL-CIO COPE had a collecting agent relationship and was thus required to follow the reporting and recordkeeping procedures.

In response to recommendations in the interim audit report, CWA-COPE PCC amended reports for the period covered by the audit to include all amounts that have been forwarded to AFL-CIO COPE on Line 29, (Other Disbursements) instead of on Line 22 (Transfers to Affiliated/Other Party Committees). CWA-COPE PCC also argued that 11 C.F.R. §§102.6(c)(4) and 102.8(b) are not applicable to funds transferred to AFL-CIO COPE PCC. CWA-COPE PCC believed the procedures "utilized for many years in both undertaking its joint fundraising program with AFL-CIO COPE PCC and in reporting the associated transactions to the Commission" complies fully with the Federal Election Campaign Act and the Commission's regulations.



On March 4, 2010, these transfers were discussed at an Commission hearing requested by counsel for the AFL-CIO COPE PCC. In conjunction with the hearing, a 1979 Report of the Audit Division on AFL-CIO COPE PCC was submitted which included recommendations that were consistent with the longstanding reporting practices for the transfers. Because CWA-COPE PCC and AFL-CIO COPE PCC are both reporting committees in their own right, contributions received under this practice are reported to the Commission, and the Commission has a means of assuring itself that the contributions do not exceed the limits prescribed by the Act. Moreover, due consideration must be given to the approval of this arrangement in the 1979 audit report and CWA-COPE PCC's longstanding history of this practice. Under these circumstances, the Commission accepts CWA-COPE PCC's current reporting practice.