



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 10, 1980

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

THROUGH: BOB COSTA *BJC*

FROM: JUDY HAWKINS *JH*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
IDAHO REPUBLICAN CONGRESSIONAL CAMPAIGN
COMMITTEE/IDAHO REPUBLICAN STATE CENTRAL
COMMITTEE

Attached please find a copy of the final audit report of Idaho Republican Congressional Campaign Committee /Idaho Republican State Central Committee which was approved by the Commission on August 28, 1980.

Informational copies of this report have been received by all parties involved and this report may be released to the public as of today, September 10, 1980.

Attached as stated

cc: FEC Library
RAD
Public Records



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE IDAHO REPUBLICAN STATE CENTRAL COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Idaho Republican State Central 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) of Title 2 of the United States Code which, at the time of the audit, directed the Commission to make from time to time audits and field investigations with respect to reports and statements filed under provisions of the Act.

The Committee registered as the Idaho Republican Congressional Campaign Committee (IRCCC) with the Clerk of the U.S. House of Representatives on October 18, 1974. The IRCCC filed a termination report for the period ending December 31, 1976. On October 31, 1977, the Committee registered with the Federal Election Commission as the Idaho Republican State Central Committee (IRSCC). The Committee maintained its headquarters in Boise, Idaho.

The audit covered the period from January 1, 1976 through March 31, 1978, the final coverage date of the latest disclosure report filed by the Committee at the time of the audit.

The IRCCC reported a beginning cash balance on April 1, 1976 of \$46.94, total receipts of \$24,277.00, total expenditures of \$24,323.94, and a closing cash balance as of December 31, 1976 of \$-0-.

1/ The IRCCC filed FEC form 3a(postcard) for the period 1/1/ - 3/31/76.

The IRSCC reported a beginning cash balance on October 1, 1977 of \$-0-, total receipts of \$7,471.51, total expenditures of \$6,259.67, and a closing cash balance of \$1,173.67 as of March 31, 1978.

This audit report is based on documents and work papers 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.

B. Key Personnel

The principal officers of the IRCCC during the period audited were: Hope Kading, Chairman, and D. Duff McKee, Treasurer, 10/18/74 - 4/6/76; Vernon Ravenscroft, Chairman, and Charles Chehey, Treasurer, 4/6/ - 12/31/76.

The principal officers of the IRSCC were Dennis M. Olsen, Chairman, and Charles Chehey, Treasurer.

C. Scope

The audit included such tests as verification of reported receipts and expenditures and individual transactions; review of required supporting documentation; analysis of debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Receipt of Prohibited Funds

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any Federal election to a political office, and it is unlawful for any political committee knowingly to accept any such contribution from a corporation.

For the period covered by the audit, Section 434(b)(2) of Title 2 of the United States Code stated, in part, that each report shall disclose the full name and mailing address of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions.

For the period covered by the audit, Section 104.3(a) of Title 11, Code of Federal Regulations, stated, in part, that each in-kind contribution shall be valued at the usual and normal charge on the date received and reported if in excess of \$100 on the appropriate schedule of receipts and expenditures, identified as to its nature and listed as an "in-kind contribution".

Our examination revealed that the state committee (an unregistered state level party organization) paid the administrative expenses of the Committee. We also noted that the state committee paid the administrative expenses with funds whose source was derived from, in part, corporate contributions. Such corporate contributions are permissible under Idaho state election laws. Our analysis of administrative expenses yielded an estimate of \$13,071.75 as a reasonable amount that the Committee should have reimbursed the state committee. 1/ Our estimate was derived by dividing the percentage of receipts for Federal elections by the total of receipts for Federal, state and local elections. Our examination of expenditures indicated that the Committee reimbursed the state committee \$3,154.81 for administrative expenses, leaving an unreimbursed balance of \$9,916.94, which represented an in-kind contribution. Furthermore, the Committee did not report the receipt of this in-kind contribution.

During the audit, it was also determined that the Committee accepted two (2) corporate contributions and, in addition, accepted a transfer from the state committee of 20% of funds received under Idaho's tax check-off program which were commingled with prohibited funds prior to the transfer.

These matters were referred to the Commission's Office of General Counsel for further review, where on April 20, 1979, Matter Under Review 951 was initiated. As a result of a preliminary legal analysis, the Commission found reason to believe the Committee violated section 441b(a) by: 1) accepting the in-kind contribution of payment for administrative expenses by the state committee, 2) accepting the corporate contributions, and 3) by accepting the transfer of 20% of the Idaho tax check-off funds from the state account containing corporate funds.

1/ Section 106.1(e) of Title 11, Code of Federal Regulations, effective April 13, 1977, directed party committees which have established Federal campaign committees to allocate administrative expenses on a reasonable basis between their Federal and non-Federal accounts.

Upon further investigation of the matter, the Office of General Counsel recommended that the Commission take no further action against the Committee regarding the violation of Section 441b(a). The Office of General Counsel based its recommendation upon evidence that the Committee, absent any Commission guidance at the time, made an effort to reimburse administrative expenses based upon what the Committee believed was a reasonable method, and based on the Committee's attempts to use corrective measures to alleviate the possibility of accepting corporate funds. On January 8, 1980, the Commission approved the recommendation of the Office of General Counsel and closed the file.

B. Disclosure of Occupation and Principal Place of Business of Contributors

For the period covered by the audit, Section 434(b)(2) of Title 2 of the United States Code required the disclosure of the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to a political committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions.

Our examination of reports filed with the Commission and contribution records revealed that the Committee did not include either the occupation and/or principal place of business for 44 individuals, representing 70% of all itemized contributions.

Based on advice from the auditors during fieldwork, the Committee amended their reports to include the missing contributor information. The amended report was received on July 11, 1978.

Recommendation

Since the Committee has included the required information on their amended report, the Audit staff recommends no further action.



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

ADDITIONAL INFORMATION REGARDING THIS ORGANIZATION
MAY BE LOCATED IN A COMPLETED COMPLIANCE ACTION
FILE RELEASED BY THE COMMISSION AND MADE PUBLIC IN
THE PUBLIC RECORDS OFFICE. FOR THIS PARTICULAR
ORGANIZATION'S COMPLETED COMPLIANCE ACTION FILE
SIMPLY ASK FOR THE PRESS SUMMARY OF MUR # 951.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



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