



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

A85-49

July 15, 1986

MEMORANDUM

TO: FRED EILAND  
CHIEF, PRESS OFFICE

FROM: ROBERT J. COSTA *Rh For RJC, 7/15/86*  
ASSISTANT STAFF DIRECTOR  
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -  
MAINE FREEZE VOTER

Attached please find a copy of the final audit report of  
Maine Freeze Voter which was approved by the Commission on July  
2, 1986.

Informational copies of the report have been received by all  
parties involved and the report may be release to the public.

Attachment as stated

cc: FEC Library  
RAD  
Office of General Counsel  
Public Record

3307013991



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

A85-49

REPORT OF THE AUDIT DIVISION  
ON  
MAINE FREEZE VOTER

I. Background

A. Overview

This report is based on an audit of Maine Freeze Voter ("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(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 Committee registered with the Commission on March 19, 1984 and maintains its headquarters in Augusta, Maine.

The audit covered the period from the Committee's inception on March 12, 1984 through December 31, 1984. The Committee reported a beginning cash balance of \$-0-; total receipts for the period of \$50,921.40; total disbursements for the period of \$47,171.94; and an ending cash balance on December 31, 1984 of \$3,749.46. <sup>1/</sup>

This report is based on documents and workpapers supporting 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.

<sup>1/</sup> The Summary Page of the Committee's Year-End report for 1984 disclosed an ending cash balance of \$3,857.95 in the "this period" column and an ending cash balance of \$3,749.46 in the "calendar year to date" column. The Committee's cash-on-hand at December 31, 1984 is addressed in Finding II.A.

3 3 0 7 0 1 3 9 9 2

**B. Key Personnel**

The Treasurer of the Committee from inception through May 28, 1984 was Mr. Joseph Steinberger. The Treasurer from May 29, 1984 through the present is Mr. Robert Greely.

**C. Scope**

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

**II. Audit Findings and Recommendations**

**A. Misstatement of Financial Activity**

The Act, at 2 U.S.C. § 434(b)(1), (2), and (4) requires a Committee to report the amount of cash-on-hand and the total amount of receipts and disbursements for each reporting period as well as the calendar year.

The Audit staff performed a bank reconciliation for the year 1984 comparing the financial activity reflected on bank records to the reported activity. It was noted that the Committee's reports overstated total receipts by a net amount of \$2,522.05, and understated total disbursements by a net amount of \$991.14. The discrepancies resulted in net overstatement of cash-on-hand at December 31, 1984. The actual cash-on-hand at December 31, 1984 as verified by the Audit staff was \$236.27. As detailed below, the discrepancies resulted from improper reporting and mathematical errors.

The Committee did not properly report an in-kind loan of \$3,152.50 received from an affiliated committee, the purpose of which was to defray television production costs. Only \$3,000 of this in-kind loan was reported as being received and the corresponding expenditure was not disclosed. In addition, the Committee overstated unitemized contributions on their Year-End report by \$2,506.65. There were also minor discrepancies in unitemized contributions for other reporting periods causing a net overstatement of receipts totaling \$24.40. Unitemized receipts were overstated by an additional \$143.50 because the Committee did not properly adjust for NSF checks and deposit ticket errors.

9 3 7 0 1 3 9 9 3

In addition to the in-kind expenditure noted above, the Committee did not report various office expenses, telephone commissions, reimbursements, and bank charges totaling \$2,282.73. Several other expenditures were reported improperly causing an overstatement of \$1,871.75. Finally, mathematical errors on the Year-End and July Quarterly reports caused expenditures to be overstated by \$2,571.34 and \$1.00 respectively. The Committee's Treasurer responded that he agreed with the Audit staff's calculations. He said he was unfamiliar with accounting procedures and FEC reporting procedures. On December 2, 1985, a comprehensive amendment was filed for 1984 correcting the discrepancies.

#### Recommendation

Since an appropriate amendment has been filed, the Audit staff recommends no further action on this matter.

#### B. Disclosure of Independent Expenditures

The Act at 2 U.S.C. § 434(b)(6)(B)(iii) requires a political committee other than an authorized committee to report the name and address of each person who receives any disbursement during the reporting period in an aggregate amount or value in excess of \$200 within the calendar year in connection with an independent expenditure by the reporting committee, together with the date, amount, and purpose of any such independent expenditure and a statement which indicates whether such independent expenditure is in support of, or in opposition to, a candidate, as well as the name and office sought by such candidate, and a certification, under penalty of perjury, whether such independent expenditure is made in cooperation, consultation, or concert, with, or at the request or suggestion of, any candidate or any authorized committee or agent of such committee.

All Committee disbursements were reported as operating expenditures. The Audit staff reviewed documentation in support of these expenditures and discussed their purpose with Committee officials. It was learned that the Committee ran TV and radio commercials, advertised in various newspapers, and paid for the printing and distribution of brochures that supported one candidate each for the Presidency, Senate, and House. In total, the Committee made 41 expenditures totaling \$20,799.52 on behalf of these three (3) clearly identified candidates. Committee officials advised that these expenditures were made independent of any of the campaign committees of the candidates supported.

9 9 0 7 0 1 3 9 9 4

The Committee's Treasurer responded that he reported the expenditures as operating expenditures because he thought only direct contributions to federal candidates should be reported otherwise. On December 2, 1985, the Committee filed a comprehensive amendment for 1984 disclosing these payments as independent expenditures on Schedule E.

### Recommendation

Since the Committee has filed an amendment properly disclosing the independent expenditures, the Audit staff recommends no further action on this matter.

#### C. Itemization of Loan Receipts

Section 434(b)(3)(E) of Title 2 of the United States Code states, in part, that each report shall disclose the identification of each person who makes a loan to the reporting committee during the reporting period.

The Act at 2 U.S.C. § 431(13) defines identification as 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 and in the case of any other person, the full name and address of such person.

The Committee received 9 loans totaling \$9,727.50 which were not itemized as receipts on Schedule A as required. All but \$152.50 of the loans was included in the detailed summary page totals. Committee officials did not realize they were required to itemize these receipts on Schedule A when received.<sup>2/</sup> On December 2, 1985, the Committee filed a comprehensive amendment for 1984 itemizing the loan receipts as required.

### Recommendation

Since the Committee filed an amendment disclosing the loan receipts as required, the Audit staff recommends no further action on this matter.

#### D. Matter Referred to the Office of General Counsel

A matter noted during the audit was referred to the Office of General Counsel.

---

<sup>2/</sup> The Committee did itemize these loans properly on Schedule C.

8 3 0 7 0 1 3 9 9 5

FEC  
DOCUMENT  
SEPARATOR