



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

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April 15, 1996

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  
NEVADA STATE DEMOCRATIC PARTY

Attached please find a copy of the final audit report and related documents on the Nevada State Democratic Party, which was approved by the Commission on April 2, 1996.

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**

**Nevada State Democratic Party**

**Approved April 2, 1996**



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

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FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20463

FINAL AUDIT REPORT  
ON  
NEVADA STATE DEMOCRATIC PARTY  
EXECUTIVE SUMMARY

Nevada State Democratic Party (the Committee) registered with the Federal Election Commission on July 17, 1986 as the State Committee for the Democratic Party of Nevada.

The audit was conducted pursuant to 2 U.S.C. §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 after the audit fieldwork (June 16, 1994) and later in an interim audit report. The Committee's responses have been included in the findings set forth in this summary.

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

Contributions to and/or Expenditures on behalf of Federal Candidates - 2 U.S.C. §441a(c) and (d), 11 CFR §110.2(b)(1), §100.8(b)(16), (18), §106.1(d), and §106.5(e). The Committee did not report any expenditures on behalf of federal candidates. Although the Committee's records were incomplete, the auditors determined that the Committee made a total of \$63,075 [\$35,000 + \$28,075] in expenditures which were contributions on behalf of the Clinton/Gore Committee. The auditors also determined that the Committee made expenditures on behalf of the Friends of Harry Reid Committee totaling \$51,882 [\$17,289 + \$34,593]. These expenditures are in excess of the 2 U.S.C. 441a(d) limit by \$34,593. However, the Committee may designate part of the excessive campaign funds received from the Reid Committee as a refund of excessive campaign expenditures. Also, the Committee made expenditures on behalf of the Pete Sferazza for Congress Committee totaling \$38,019 [\$17,296 + \$7,501 + \$2,422 - \$1,200 - \$12,000]. That amount is in excess of the 2 U.S.C. 441a(d) limit by \$17,250. In response to the interim audit report, the Committee did not agree with the totals but failed to provide the required information requested in the interim audit report.

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Use of Funds from a Non-federal Account - 11 CFR §102.5(a)(1)(i) and (ii), and 11 CFR §106.5(g)(1). The Committee paid a total of \$66,478 in allocable expenditures from the non-federal account that should have been paid from the Committee's allocation account. Also, expenditures for federal candidates were paid out of the allocation account using the federal share to be understated by \$55,756. Based on these and other adjustments, the federal account owes the non-federal account \$70,298. In response to the interim audit report, the Committee agrees that the allocable expenditures should not have been paid from the non-federal account. However, they disagree with the allocations in the first finding and other adjustments.

Use of Petty Cash - 2 U.S.C. §432(c)(5), and 11 CFR §102.11. The Committee paid \$200,841 expenditures from its petty cash fund. There was no documentation to support \$21,093 of these expenditures. In addition, the Committee paid \$52,879 in excess of the \$100 per transaction expenditure limitation. The Committee provided no additional information in response to the interim audit report.

Misstatement of Financial Activity - 2 U.S.C. §434(b)(1),(2) and (4). The Committee understated its receipts by a net amount of \$36,385, understated disbursements by a net amount of \$40,976, and overstated ending cash by \$626. The Committee responded by filing amended reports, which materially corrected the misstatements, but did not provide missing documentation concerning a \$2,000 debit memo.

Reporting of Disbursements - 2 U.S.C. §434(b)(5)(A) and 11 CFR 104.10(b)(4). The Committee failed to disclose mailing addresses for itemized disbursements, itemized expenditures on Schedules B that should have been itemized on Schedules H-4, did not file any Schedules F and were missing Schedules H-2. The Committee materially corrected these problems by filing amended reports except for the expenditures on behalf of federal candidates which are in dispute.

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REPORT OF THE AUDIT DIVISION  
ON  
NEVADA STATE DEMOCRATIC PARTY

I. Background

A. Overview

This report is based on an audit of the Nevada State Democratic Party (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 the 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.

B. Audit Coverage

The audit covered the period from January 1, 1991 through December 31, 1992. The Committee reported a beginning cash balance at January 1, 1991 of \$9,595; total receipts for the period of \$980,693; total disbursements for the period of \$982,846; and an ending cash balance on December 31, 1992 of \$3,576.<sup>1/</sup> The Committee used three bank accounts for its federal activity during this period.

C. Committee Organization

The Committee registered with the Federal Election Commission on July 17, 1986, and maintains its headquarters in Las Vegas, Nevada. The Treasurer of the Committee during the

<sup>1/</sup> All figures in this report have been rounded to the nearest dollar. The amounts do not foot due to discrepancies within the Committee's reported figures.

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OFFICE OF THE AUDIT DIVISION

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period covered by the audit was Ms. Debbie Todd Johnson. Although Ms. Johnson was not available during the audit, Mr. Richard Segerblom, President of the Committee, assisted the Audit staff during the fieldwork.

The Committee's reports indicated that 49% of the receipts were from transfers from the non-federal bank account, 20% from the Friends of Harry Reid committee, 16% were contributions from individuals, 6% from political party committees, and the rest from political action committee contributions, loans, offsets to operating expenditures, and other receipts.

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 this report, and were available to the Commissioners and appropriate staff for review.

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;
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 (see Finding II.D.);
4. proper disclosure of disbursements including the itemization of disbursements when required, as well as, the completeness and accuracy of the information disclosed (see Findings II.A., II.D., and II.E.);
5. proper disclosure of Committee debts and obligations;
6. accuracy of total reported receipts, disbursements and cash balances as compared to Committee bank records (see Finding II.D.);
7. adequate recordkeeping for Committee transactions (Finding II.A.);

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8. proper disclosure of the allocation of costs associated with administrative expenses and activities conducted jointly on behalf of federal and non-federal elections and candidates (Findings II.A. and II.E.); and,
9. other audit procedures that were deemed necessary in the situation.

Unless specifically discussed below, no material non-compliance with statutory or regulatory requirements 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. Contributions to and/or Expenditures on behalf of Federal Candidates

Sections 441a(c) and 441a(d) of Title 2 of the United States Code state, in relevant part, that notwithstanding any other provision of law with respect to limitations on expenditures or limitations on contributions, the national committee of a political party and a State committee of a political party, including any subordinate committee of a State committee, may not make any expenditure in connection with the general election campaign of a candidate for Federal office in a State who is affiliated with such party which exceeds, in the case of a candidate for election to the office of Senator, or of Representative from a State which is entitled to only one Representative, the greater of: (i) 2 cents multiplied by the voting age population of the State; or (ii) \$20,000, as adjusted for the increases in the Consumer Price Index.

Section 110.2(b)(1) of Title 11 of the Code of Federal Regulations states that no multicandidate political committee shall make contributions to any candidate, his or her authorized political committees or agents with respect to any election for Federal office which, in the aggregate, exceed \$5,000.

Section 100.8(b)(16) of Title 11 of the Code of Federal Regulations states, in relevant part, that the payment by the state or local committee of a political party of the costs of campaign materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids or newsletters, or yard signs) used by such committee in connection with volunteer activities on behalf of any nominee(s) of such party is not an expenditure, provided that the following conditions are met:

- ° Such payment is not for the costs incurred in connection with any broadcasting, newspaper, magazine, billboard, direct mail, or similar type

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of general public communication or political advertising. For purposes of this section, the term "direct mail" means any mailing(s) by a commercial vendor or any mailing(s) made from commercial lists.

- ° The portion of the costs of such activities allocable to Federal candidates is paid from contributions subject to the limitations and prohibitions of the Act.
- ° Such payment is not made from contributions designated by the donor to be spent on behalf of a particular candidate or candidates for Federal office.
- ° Such materials are distributed by volunteers and not by commercial or for-profit operations. For purposes of this section payments by the party organization for travel and subsistence or customary token payments to volunteers do not remove such individuals from the volunteer category.
- ° Campaign materials purchased by the national committee of a political party and delivered to a State or local party committee, or materials purchased with funds donated by the national committee to such State or local committee for the purchase of such materials, shall not qualify under this exemption.

Sections 100.8(b)(18)(i), (ii), (iv), (v) and (vii) of Title 11 of the Code of Federal Regulations state, in part, that the payment by a State or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by such committee on behalf of the Presidential and Vice Presidential nominee(s) of that party is not an expenditure for the purpose of influencing the election of such candidates provided that the following conditions are met:

- ° Such payment is not for the costs incurred in connection with any broadcasting, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising. For purposes of this section, the term "direct mail" means any mailing(s) by a commercial vendor or any mailing(s) made from commercial lists.

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- ° The portion of the costs of such activities allocable to Federal candidates is paid from contributions subject to the limitations and prohibitions of the Act.
- ° If such activities include references to any candidate(s) for the House or Senate, the costs of such activities which are allocable to that candidate(s) shall be an expenditure on behalf of such candidate(s) unless the mention of such candidate(s) is merely incidental to the overall activity.
- ° Payment of the costs incurred in the use of phone banks in connection with voter registration and get-out-the-vote activities is not an expenditure when such phone banks are operated by volunteer workers. The use of paid professionals to design the phone bank system, develop calling instructions and train supervisors is permissible. The payment of the costs of such professional services is not an expenditure but shall be reported as a disbursement in accordance with 11 CFR section 104.3.
- ° Payments made from funds donated by a national committee of a political party to a state or local party committee for voter registration and get-out-the-vote activities shall not qualify under this exemption. Rather such funds shall be subject to the limitations of 2 U.S.C. 441a(d) and 11 CFR 110.7.

Section 106.1(d) of Title 11 of the Code of Federal Regulations states that, for purposes of this section, clearly identified means: the candidate's name appears; a photograph or drawing of the candidate appears; or the identity of the candidate is apparent by unambiguous reference.

Section 106.5(e) of Title 11 of the Code of Federal Regulations provides, in relevant part, that each state party committee shall allocate its expenses for activities exempt from the definition of expenditure under 11 CFR 100.8(b)(18), when conducted in conjunction with non-federal election activities, according to the proportion of time or space devoted in a communication. In the case of a publication, this ratio shall be determined by the space devoted to federal candidates or elections as compared to the total space devoted to all federal and non-federal candidates or elections. In the case of a phone bank, the ratio shall be determined by the number of questions or statements devoted to federal candidates or elections as compared to the total number of questions or statements devoted to all federal and non-federal candidates or elections.

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During the audit fieldwork the Committee's records did not contain contracts, invoices, receipts, or bills to establish the purpose of most of the Committee's disbursements as they related to its efforts on behalf of candidates in the 1992 General Election. This was especially the case for the larger disbursements the Committee made over the last six months of 1992. Documentation for many of the smaller disbursements made reference to the Clinton/Gore Committee (Clinton Committee) and Senator Reid's campaign. In some cases the invoices were made out to Friends of Harry Reid (Reid Committee). Further, personnel familiar with these disbursements were no longer with the Committee. The Committee reported no expenditures on behalf of federal candidates on Schedule F, Coordinated Expenditures, in any of their disclosure reports.

At the end of fieldwork, the Audit staff requested additional documentation and information concerning the Committee's disbursements. Based on the information submitted, it was determined that the Committee had made expenditures on behalf of federal candidates in the form of programs requiring allocation among several candidates as well as disbursements that were apparently on behalf of a particular candidate. Each group of disbursements is discussed below.

1. Expenditures Allocated Among Different Candidates

The Committee had two programs that involved more than one candidate. The first was a phone bank operated by Telemark for which the Committee paid \$100,000. After the conclusion of fieldwork, the Committee submitted a script used by the vendor. The script contained only four questions. One question asked what was the most important problem facing Nevada. The other three questions involved candidates. The first question asked who the respondent supported in the U.S. Senate race, Senator Reid or the Republican candidate. The second question involved the race for the U.S. Congress, and asked whether the person supported the Democratic candidates, Bilbray or Sferrazza, or the Republican candidates. The last question dealt with the State Assembly race. In addition to the amounts paid to Telemark, there are payments to two other vendors that appear to be related to this program, Metromail (\$2,361) and Passkey (\$1,419).

In the Audit staff's opinion, one-third of these costs should have been allocated to Senator Reid and one-sixth to each Congressional candidate.<sup>2/</sup>

2/ The portion of the payments to Telemark allocable to the Reid Committee was \$33,333. Telemark was paid in two installments on September 10, and October 26, 1992. Between September 9 and November 9, 1992, the Reid Committee transferred \$135,540 in excess campaign funds to the Committee.

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The other program involved a poll for which the Committee paid Evan McDonough, Inc. \$5,490. The Committee did not supply the script(s) used for this poll. However, they did supply additional information from the vendor. The documentation states, in part, that the polling was designed to assess the political climate in the state of Nevada with regards to the upcoming general election. Information found in the data includes responses to specific vote questions (Presidential, Senate and Congressional races). It appears that the questions in the poll focused mainly on federal election activity.

Without additional information concerning the questions asked and the distribution of the results of the poll, the Audit staff was of the opinion that the costs should be allocated, one-third Clinton/Gore, one-third Senator Reid, and one-sixth for each of the two congressional candidates.

In the interim audit report, the Audit staff recommended that the Committee submit any information or documentation to demonstrate why the disbursements detailed above should not be considered 2 U.S.C. §441a(d) expenditures and allocated among the Senate and Congressional candidates as specified in the finding. Also, why one-third of the expenditure to Evan McDonough, Inc. was not a contribution on behalf of the Clinton/Gore Committee, rather than an exempt expenditure under 11 CFR §100.8(b)(18). Further, with respect to the poll, the information was to include a copy of the script used and documentation establishing the distribution of the information obtained.

In response to the interim audit report, the Committee submitted an affidavit from the Director of Field Operations and the Director of the Coordinated Campaign for the Committee for 1992. According to the affidavit, Telemark called targeted individuals to ask four political questions. Three of the questions were about specific candidates. The results of the polls were used by the Nevada State Democratic Party "for the purposes of updating the Committee's voter files, to get a general sense of the voters' views toward the Democratic candidates and the Democratic Party, and to determine who to target for the Committee's election day Get-Out-The-Vote program."

The Committee states further that the polls were for the purpose of the long term development of the Committee's voter file as well as in connection with generic get-out-the-vote activities, and no allocation to any candidate is necessary. The Committee goes on to conclude that there is no basis for the auditors contention that the Committee's payments were used for anything other than voter identification pursuant to 11 CFR 106.5(a)(2)(iv).

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This regulation cites generic voter drives including voter identification, voter registration, and get-out-the-vote drives, or any other activities that urge the general public to register, vote or support candidates of a particular party or associated with a particular issue, without mentioning a specific candidate. As stated above, the script provided by the Committee for this activity mentioned specific candidates. Therefore, these costs should be allocated one-third to Senator Reid and one-sixth to each Congressional candidate.

Also, the Committee supplied the script used by Evan McDonough, Inc. to conduct a series of political polls. The script contained 49 questions, a number of which were general in nature and not related to a specific candidate. According to the Committee, the \$5,490 payment was a partial payment for invoices totaling approximately \$85,000. The remaining amount was paid by the Reid Committee and the Democratic Senatorial Campaign Committee. The portion paid by the Committee represented a reasonable allocation (6%) of the benefit derived by the Committee and was apportioned pursuant to 11 CFR 106.4(e).

After reviewing the additional information, the Audit staff agrees that there is no need to allocate this expenditure to any candidate committee.

2. Clinton/Gore

The Committee paid another vendor, Joyce Advertising, a total of \$35,000 from the allocation account for what appeared to be television and radio production, and possibly air time, for the Clinton Committee. The invoice from the vendor has printed on it "Re: Clinton/Gore Victory '92 Political (Northern & Southern Nevada Statewide) Television - Radio - Production". Other information submitted indicates that this may include air time for television and radio spots. According to the Committee, this was not an expenditure on behalf of the Clinton Committee, but a generic party advertisement; however, no additional documentation beyond the invoice was provided.

In addition, the Chairman of the Committee thought that two payments to Bonanza Printing for \$28,075 were expenditures on behalf of the Clinton Committee. However, no information on the nature or use of the printed material was available. Based on the information provided, the interim audit report concluded that the expenditures on behalf of the Clinton Committee totaled \$64,905 (\$1,830 from Section 1 + \$35,000 + \$28,075).

The Committee was not authorized by the Democratic National Committee to make expenditures on behalf of the Clinton Committee.

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In the interim audit report, the Audit staff recommended the Committee demonstrate that it did not make a contribution on behalf of the Clinton Committee. The Committee was to submit additional documentation, such as a script for the commercial(s) run or produced by Joyce Advertising and copies of the materials produced by Bonanza Printing. If any materials produced qualified as exempt expenses pursuant to 11 CFR \$100.8(b)(18), the material submitted should include information supporting the exemption claimed.

Contrary to earlier indications, in the response to the interim audit report, the Committee stated that they were unable to locate copies of the advertisement. The Committee submitted an affidavit from the former Chairman of the Committee. According to the affidavit submitted, the ads contained generic "Vote Democratic" message. The ads did not refer to the presidential candidate or any other specific candidate.

Since the Committee did not supply the specific information requested in the interim audit report, or submit any documentation of the attempts made to get this information, the Audit staff is of the opinion that these expenses should still be considered a contribution on behalf of the Clinton Committee.

The Committee also submitted additional information regarding the \$28,075 paid to Bonanza Printing. The Committee submitted another affidavit from the former Chairman stating that \$23,824 was for bumper stickers, signs, brochures and other campaign paraphernalia. Some specifically mentioned Bill Clinton and Al Gore. The affidavit continues, that since these materials were distributed by volunteers they are exempt expenditures on behalf of federal candidates under 11 CFR \$100.8(b)(16).

The response continues that the other payment for \$4,251 was for office supplies and administrative materials, such as Committee letterhead, business cards and voter ballot cards. The Committee sent in samples of the materials supplied by Bonanza Printing.

The Committee did not submit copies of materials produced by Bonanza Printing to support the \$23,824 payment and any documentation to support that the materials were distributed by volunteers. The Committee did not submit documentation from Bonanza Printing to support that the samples submitted could be associated with the payment for \$4,251.

The Committee has not submitted sufficient documentation to establish that the \$28,075 paid to Bonanza Printing are not contributions on behalf of the Clinton Committee.

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3. Friends of Harry Reid

The Audit staff noted many smaller expenditures with invoices made out to Friends of Harry Reid or with a notation indicating that the expenditure was for Senator Reid. These disbursements totaled \$17,289. The Committee shared several offices with the Reid Committee and some employees were on the payroll of both committees. Some of these payments were for phone banks, including phone bank workers, apparently operated from the joint offices. The Committee did not maintain records on the phone banks operated from these offices that would identify the vendors, the personnel involved, and the scripts used. The expenditures the Audit staff were able to identify, as made on behalf of the Reid Committee, totaled \$53,712 (\$36,423 from Section 1 + \$17,289).

The Audit staff noted that the Democratic Senatorial Campaign Committee (DSCC) reported a total of \$108,961 of 2 U.S.C. §441a(d) expenditures on behalf of the Reid Committee. The combined national and state party limit on behalf of a U.S. Senate candidate is \$110,480 for the state of Nevada. The DSCC reported that they had been designated to make these expenditures by the Democratic National Committee and the Committee. The Committee Chairman also stated that the DSCC was designated as the agent of the state party to make 441a(d) expenditures on behalf of the Reid Committee.

The \$5,000 contribution limit under 11 CFR §110.2(b)(1) was applied to determine if the Committee exceeded the limitations on behalf of the Reid Committee. If the expenditures made by the DSCC are combined with the Committee's expenditures on behalf of the Reid Committee, the Committee exceeded the limitation by \$47,193 (\$108,961 + \$53,712 - \$110,480 - \$5,000).

In the interim audit report, the Audit staff recommended the Committee demonstrate that it did not exceed the 2 U.S.C. §441a(d) limitation for expenditures made on behalf of the Reid Committee. The information submitted was to include documentation for any phone banks operated by Committee personnel and include scripts, associated telephone charges and payroll expenses. Evidence submitted was also to include an explanation and documentation to establish the extent of the Committee's coordination with the Reid campaign or its agents with regard to these expenditures, and any other explanation or documentation that the Committee believed was relevant to this issue.

Absent a demonstration that the Committee did not exceed the spending limitation, since the Reid Committee donated \$204,696 in excess campaign funds, the Committee could submit a statement designating part of this donation as a refund of the excessive expenditure.

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In response to the interim audit report, the Committee stated that, as they had previously explained, \$36,423 should not be allocated to the Reid Committee. The Committee agrees with the Audit staff that \$17,289 should have been allocated. The Committee attributed \$5,000 of this amount as an in kind contribution to the Reid Committee. As part of the \$204,696 excess campaign funds transferred to the Committee, \$12,289 was designated as a refund of the excessive expenditures.

Based on the Committees response to Section 1 of this finding, the Audit staff is of the opinion that an additional \$34,593 should be allocated as expenditures on behalf of the Reid Committee. Only the share of the Evans McDonough, Inc. expenditure, \$1,830 ( $\$5,490 \times 1/3$ ) should be deleted. As a result, the Committee would still have to designate an additional \$34,593 ( $\$36,423 - \$1,830$ ) as a refund of excessive expenditures.

4. Pete Sferrazza for Congress Committee

The Committee supplied invoices from Passkey, many of which refer to a mailing of brochures done on behalf of Pete Sferrazza. The amounts total \$8,501. The Committee Chairman believed that this activity may be related to a payment by the Committee to the Operating Engineers Local 3 in the amount of \$2,422 for producing the brochures mailed by Passkey. The cost of the brochures was reported by the Pete Sferrazza for Congress Committee (Sferrazza Committee) as an in-kind contribution from the Committee. From information supplied by the vendor, there was an additional payment of \$1,000 paid by someone other then the Committee. The Audit staff located a \$1,000 payment to this vendor on the Sferrazza Committee's disclosure report. This leaves a balance of \$7,501, apparently paid by the Committee. It was also noted that an additional \$4,920 was posted as a payment to the Committee's account with Passkey. The source of this payment was unknown.

The Committee also paid Vailey Print and Mail \$12,000 for three mailings on behalf of the Sferrazza Committee. The Committee did not have any examples of the materials mailed by this vendor. The expenditures on behalf of Sferrazza Committee total \$40,134 ( $\$18,211$  from Section 1 +  $\$7,501$  +  $\$2,422$  +  $\$12,000$ ).

The Audit staff noted that the Democratic Congressional Campaign Committee (DCCC) reported a total of \$34,471 of 2 U.S.C. §441a(d) expenditures on behalf of the Sferrazza Committee. The combined national and state party limit on behalf of a U.S. Congressional candidate is \$55,240 for the state of Nevada. The DCCC reported that they had been designated to make these expenditures by the Democratic National Committee and the Committee.

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The Audit staff was provided with a copy of a letter dated October 21, 1992, designating the DCCC to make 441a(d) expenditures up \$10,000 on behalf of the Sferrazza Committee as the agent of the state party. In addition, the DNC Services Corporation also reported coordinated expenditures on behalf of the Sferrazza Committee of \$3,058.

The interim audit report concluded that expenditures on behalf of the Sferrazza Committee were in excess of the limitation by \$22,423 (\$34,471 + \$3,058 + \$40,134 - \$55,240). The Committee could have contributed up to \$5,000 directly to the Sferrazza Committee, but only contributed \$3,800. This would decrease the amount in excess of the limit to \$21,223 (\$22,423 - \$1,200).

In the interim audit report, the Audit staff recommended the Committee demonstrate that it did not exceed the 2 U.S.C. §441a(d) limitation for expenditures made on behalf of the Sferrazza Committee. Evidence submitted was to include an explanation and documentation establishing the extent of the Committee's coordination with the Sferrazza campaign or its agents with regard to these expenditures, examples of the materials mailed by Valley Print and Mail, whether any of the materials produced or mailed may be considered exempt pursuant to 11 CFR §100.8(b)(16), and any other explanation or documentation that the Committee believed was relevant to this issue. Also, the Committee was requested to identify the source of the \$4,920 payment posted to the Committee's account with Passkey.

Absent a demonstration that the Committee did not exceed the spending limitation, it was recommended that the Committee seek a refund of \$21,223 from the Sferrazza Committee.

In response to the interim audit report, the Committee acknowledged that they did not allocate costs totaling \$21,923, consisting of \$7,501 payments to Passkey, \$2,422 payment to Operating Engineers Local 3, and \$12,000 payments to Valley Print and Mail. However, they did not think they should allocate the amounts from Section 1 of this finding totaling \$18,211.

The Committee also disagreed with allocating the \$34,171 the DCCC reported as a 2 U.S.C. §441a(d) expenditure. The Committee submitted a letter from the candidate stating that the funds were used for media services for October 16, 1992. His letter continues, that the DCCC sent generic video spots which were not used and returned with the understanding that the \$34,171 would be backed out of the report.

The Committee also submitted a letter from the DNC Deputy General Counsel changing the \$3,058 2 U.S.C. §441a(d) expenditure to an in-kind contribution.

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Concerning the \$34,171 expenditure made by the DCCC, the Committee did not submit anything from that organization acknowledging that they had incorrectly reported this activity as a 2 U.S.C. §441a(d) expenditure on behalf of the candidate.<sup>3/</sup>

For the reasons previously stated, \$17,296 from Section 1 should still be allocated to the candidate. The expenditures on behalf of Sferrazza Committee total \$38,019 [\$17,296 from Section 1 + \$7,501 + \$2,422 - \$1,200 + \$12,000]. Until the DCCC acknowledges that the \$34,171 was incorrectly attributed to the candidate and amends their reports, the \$34,171 should be considered an expenditure on behalf of the candidate. With the additional \$34,471 the 2 U.S.C. §441a(d) expenditures on behalf of the candidate total \$72,490. As a result, expenditures on behalf of the Sferrazza Committee are still in excess of the limitation by \$17,250 (\$72,490 - \$55,240). The Committee did not supply the source of the \$4,920 payment to Passkey.

B. Use of Funds from a Non-federal Account

Sections 102.5(a)(1)(i) and (ii) of Title 11 of the Code of Federal Regulations state, in part, that a political committee that finances activity with respect to both federal and non-federal elections shall either: establish a separate federal account in a depository, such account shall be treated as a separate federal political committee which shall comply with the requirements of the Act and all disbursements, contributions, expenditures and transfers by the committee in connection with any federal election shall be made from its federal account; or, establish a political committee which shall receive contributions subject to the prohibitions and limitations of the Act, regardless of whether such contributions are for the use in connection with federal or non-federal elections.

Section 106.5(g)(1) of Title 11 of the Code of Federal Regulations provides that committees that have established separate federal and non-federal accounts under 11 CFR 102.5 shall pay the expenses of joint federal and non-federal activities as follows: (i) pay the entire amount of an allocable expense from its federal account and transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense; or (ii) establish a separate allocation account into which funds from its federal and non-federal accounts shall be deposited solely for the purpose of paying the allocable expenses of joint federal and non-federal activities.

<sup>3/</sup> The Audit staff reviewed the indexes and could not locate an amendment by DCCC reversing the \$34,171 previously reported.

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Most of the Committee disbursements during the audit period were made from an allocation account established under 11 CFR §106.5(g)(1)(ii). Except as noted below, approximately 43% of the funds in the allocation account should have come from the federal account. Most of the disbursements were reported on the Committee's Schedules H-4, Joint Federal/Non-Federal Activity, using this percentage. However, during the audit period the federal account transferred \$34,246 more than the required 43%.

The Committee also made disbursements from the non-federal account that were, in some cases, to the same vendors or involved the same type of activity as the disbursements made from the allocation account. The Committee did not supply invoices, receipts, bills, or an explanation for most of the disbursements during fieldwork. Most of the information was obtained from the canceled checks or the Committee check register.

In reviewing the disbursements made from the non-federal account, the Audit staff attempted to eliminate disbursements that appeared to benefit only state and local candidates. During the period of 1991 and 1992, there were a total of \$227,650 in disbursements, excluding transfers to the allocation account, made from this account. Based on the information provided, the Audit staff determined that \$151,597 appeared to benefit only state and local candidates. Without additional documentation, in the Audit staff's opinion, the remaining disbursements of \$76,053 should have been made from the allocation account. Also, the federal account should reimburse the non-federal account 43%, \$32,703 of the \$76,053 that should have been paid from the allocation account.

In addition, many of the disbursements in Finding II.A. were paid from the allocation account. Therefore, only 43% of the funds used to pay the 2 U.S.C. §441a(d) expenditures were federal funds. The correct federal share should have been 50%, 67%, and 100%. Based on these adjustments, the federal account should reimburse the non-federal account an additional \$58,885.

In determining the federal account's total liability to the non-federal account, the following additional adjustments should be considered:

- ° The Committee received \$1,600 from the DNC Non-Federal Corporate Account that was deposited in the federal bank account (Finding II.D.);
- ° the Committee transferred a net amount of \$18,602 from the non-federal bank account directly to the federal bank account (Finding II.D.);

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- ° as previously stated, during the audit period the federal account transferred \$34,246 more than the required 43% to the allocation bank account.

The total adjusted amount the federal account has underpaid is \$77,544 (\$32,703 + \$58,885 + 1,600 + \$18,602 - \$34,246). The Audit staff provided the Committee with schedules of the non-federal account disbursements questioned at the close of fieldwork.

In the interim audit report, the Audit staff recommended that the Committee submit documentation to establish that the \$76,053 did not represent the allocable portion of disbursements benefiting both federal and non-federal candidates, and as such, should have been paid from the allocation account. Absent such a demonstration, the federal account should transfer \$77,544 to the non-federal account or report a debt to the non-federal account on an amended year end disclosure report for 1992.

In response to the interim audit report, the Committee did not agree that the Committee's federal account owed the non-federal account \$77,544. They do not agree that the non-federal account made \$76,053 in allocable expenditures. According to the Committee, \$9,575 was used for non-federal purposes. The Committee submitted an affidavit to explain the reasons for not including these expenditures. The Audit staff agrees with the Committee's explanation, and only \$66,478 should have been paid from the Committee's allocation account. Therefore, the federal account owes the non-federal account \$28,586 ( $\$66,478 \times 43\%$ ) for this activity.

As previously stated, the Committee did not think any of the expenses in Section A.1. of this report should be allocated to federal candidates. Based on the Committee response, the only adjustment should be for the expenditures to Evans McDonough, Inc. Therefore, the corrected amount is \$55,756.

In the response, the Committee does not think the Audit staff gave the Committee credit for a \$5,000 transfer from the federal to the non-federal account. In fact, this \$5,000 was part of the \$18,602 net amount the Committee transferred from the non-federal bank account. Therefore, the Committee received credit for the \$5,000 in the interim audit report. The Committee did not dispute the other adjustments in the interim audit report. The revised amount the federal account owes to the non-federal is \$70,298 ( $\$28,586 + \$55,756 + \$1,600 + \$18,602 - \$34,246$ ). According to the Committee response, the federal account only owes \$19,296 to the non-federal account.

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C. Use of Petty Cash

Section 102.11 of Title 11 of the Code of Federal Regulations states, in part, that a political committee may maintain a petty cash fund out of which it may make expenditures not in excess of \$100 to any person per purchase or transaction. If a petty cash fund is maintained, it shall be the duty of the treasurer of the political committee to keep and maintain a written journal of all disbursements. This written journal shall include the name and address of every person to whom any disbursement is made, as well as the date, amount, and purpose of such disbursement.

Section 432(c)(5) of Title 2 of the United States Code states the treasurer of a political committee shall keep an account of the name and address of every person to whom any disbursement is made, the date, amount, and purpose of the disbursement, and the name of the candidate and the office sought by the candidate, if any, for whom the disbursement was made, including a receipt, invoice, or canceled check for each disbursement in excess of \$200.

During the audit period the Committee made numerous cash disbursements. The Committee wrote checks totaling \$200,841 to petty cash from the allocation account and paid individuals and vendors with the funds. During fieldwork the Committee did not have the petty cash records organized to accommodate an efficient review of the records. Copies were made of these records and sent to the Commission where they could be organized by the Audit staff for review after the fieldwork.

The majority of the petty cash payments were for "Bounty". Bounty represents payments to individuals of \$2 for each new Democratic voter registered. It should be noted that the Committee made multiple payments to some individuals on a given day which were added together for a daily total. In many of these cases, the daily total was composed of 2 or 3 payments of \$100 each with the last payment less than \$100. The Committee's records contained prenumbered receipts for the majority of these payments. When multiple payments on a day occurred the supporting receipts are generally consecutively numbered.

Another project involving petty cash payments was election day "Poll Watchers". These individuals would hand out election day paraphernalia at the polls. They were paid \$60 each.

1. Supporting Documentation for Petty Cash Disbursements

The Committee maintained some type of record for most petty cash disbursements. However, not all of the documentation the Committee submitted was associated with a

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specific petty cash check. A total of \$85,704 in petty cash checks had supporting documentation attached to the checks. The Audit staff attempted to associate the remaining documentation with unsupported checks by date. Through this process, an additional \$90,644 in petty cash disbursements was supported.

Of the Committee's \$200,841 petty cash expenditures, the Audit staff was unable to locate documentation for \$21,093. In addition to the \$21,093 not documented, \$3,400 was stolen from the Committee on July 10, 1992.

2. Petty Cash Payments in Excess of \$100 Limitation

There were many disbursements that exceeded the \$100 limit under 11 CFR \$102.11. The Audit staff identified 271 petty cash payments to 72 individuals totaling \$78,031 of which \$50,931 exceeds the \$100 limitation to any person per purchase or transaction. Given the payment patterns and consecutively numbered receipts described above, for purposes of this review, all payments to an individual on a particular day were totaled as one transaction in order to apply the \$100 limitation. Also, the Committee made 11 petty cash payments to nine (9) vendors totaling \$3,048 of which \$1,948 exceeds the \$100 limitation.

In the interim audit report, the Audit staff recommended that the Committee provide records that support the \$21,093 in undocumented petty cash payments and also demonstrate that the \$52,879 (\$50,931 + \$1,948) of petty cash payments are not in excess of the \$100 expenditure limitation.

In response to the interim audit report, the Committee did not contest the \$21,093 and did not comment on the \$52,879.

D. Misstatement of Financial Activity

Sections 434(b)(1), (2) and (4) of Title 2 of the United States Code state, in part, that each report shall disclose the amount of cash on hand at the beginning of the reporting period, and the total amount of all receipts and disbursements for each reporting period and calendar year.

Section 434(b)(5) of Title 2 of the United States Code states that each report under this section 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.

The Audit staff reconciled the Committee's reported receipts, disbursements and cash balances to its bank records for the period covered by the audit. Our review revealed that the Committee's reported receipts and disbursements were materially

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misstated for 1992. The Committee's records did not contain any records that demonstrated the derivation of the report amounts. Absent such records it was not possible to explain all of the differences between the reported amounts and those indicated by the bank records.

Receipts

Reported receipts were understated by a net amount of \$36,385. The understatement was a result of the following:

- The Committee failed to report an in-kind contribution in the amount of \$2,675 received from Mr. Richard Segerblom for the purchase of a computer;
- the Committee failed to report transfers of funds from the non-federal bank account to the allocation account totaling \$15,809, and \$23,602 in transfers from the non-federal account to the federal account;
- the Committee failed to report contributions totaling \$11,600 including \$5,000 from an individual, and \$5,000 from Eldorado Hotel Associates, and \$1,600 from DNC Non-Federal Corporate Account deposited into the federal account;
- the Committee over reported transfers of excess campaign funds from Friends of Harry Reid by \$18,390; and,
- an unexplained difference of \$1,089.

Disbursements

Reported disbursements were understated by a net amount of \$40,976. The understatement was a result of the following:

- As with receipts, the Committee failed to report an in-kind disbursement of \$2,675, for the purchase of a computer by Mr. Richard Segerblom;
- the Committee failed to report petty cash disbursements totaling \$25,629;
- the Committee over reported three checks totaling \$1,653. One check was returned from the bank for non-sufficient funds (\$28), another check was reported twice (\$625), and the last check appeared to be a payment which was never made (\$1,000);
- the Committee failed to report five disbursements, totaling \$6,546;

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- the Committee failed to report a \$2,000 bank debit memo dated August 18, 1992 and charged to the allocation account. There was no information in the Committee's records to show the nature of the charge;
- the Committee failed to report a transfer of \$5,000 from the federal account to the non-federal account on November 17, 1992; and,
- an unexplained difference of \$779.

Cash on Hand

The reported ending cash balance at December 31, 1992, was overstated by \$626, resulting from the misstatements detailed above in addition to mathematical discrepancies in the reported cash balance in the 1992 Year End Report.

The Audit staff provided schedules of the adjustments mentioned above to the Committee after the completion of fieldwork.

In the interim audit report, the Audit staff recommended that the Committee file an amended disclosure report correcting the errors noted above. The Committee was also to obtain documentation from the bank to explain the \$2,000 debit memo and provide copies to the Audit staff.

In response to the interim audit report, the Committee filed amended disclosure reports for 1992 which materially corrected the misstatement of financial activity. The Committee did not submit any additional documentation concerning the \$2,000 debit memo.

E. Reporting of Disbursements

Section 434(b)(5)(A) of Title 2 of the United States Code states, 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 expenditure.

Section 104.10(b)(4) of Title 11 of the Code of Federal Regulations requires a political committee that pays allocable expenses in accordance with 11 CFR 106.5(g) to also report each disbursement from its allocation account in payment for a joint federal and non-federal expense or activity. In the report covering the period in which the disbursement occurred, the committee shall state the full name and address of each person to whom the disbursement was made, and the date, amount and purpose of each such disbursement. If the disbursement

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includes payment for allocable costs of more than one activity, the committee shall itemize the disbursement, showing the amounts designated for payment of administrative expenses and generic voter drives, and for each fundraising program or exempt activity, as described in 11 CFR 106.5(a)(2). The committee shall also report the total amount expended by the committee that year, to date, for each category of activity.

The Audit staff noted that the Committee failed to disclose mailing addresses on a number of itemized disbursements reported during the third and fourth quarters of 1992 on the Schedules H-4 and Schedules B. Also, on the Committee's fourth quarter 1992 report, eight items totaling \$4,987 were reported on Schedules B but were paid out of the federal allocation account. These items should be eliminated from Schedules B and reported on Schedules H-4.

As previously mentioned in Finding II.A. and II.B., some of the expenditures made on behalf of the four federal candidates were reported on Schedules H-4, Joint Federal/Non-Federal Activity, with an allocation for the federal share at 43%. The Committee did not report the correct amount of the federal share. In addition to the candidates specifically addressed in Finding II.A., the Committee also paid expenditures on behalf of Bilbray for Congress Committee totaling \$17,296. The Committee did not file any Schedules H-2, Allocation Ratios, and Schedules F, Coordinated Expenditures, disclosing these expenditures on behalf of federal candidates.

None of the disbursements made from the non-federal account that should have been made from the allocation account described in Finding II.B. were reported by the Committee.

In the interim audit report, the Audit staff recommended that the Committee, as part of the amended disclosure reports for the third and fourth quarter 1992, provide the missing mailing addresses on Schedules B and H-4 and correct the items paid from the federal allocation account reported on Schedules B which should have been reported on Schedules H-4.

The Committee should also file Schedules H-2 and F to disclose the expenditures made on behalf of the four candidate committees and correct the Schedules H-4 to reflect the correct federal share.

Memo Schedules H-4 for the disbursements made from the non-federal account should be included. These amounts should not be added into the disbursement totals of the other Schedules H-4.

In response to the interim audit report, the Committee filed amended Schedules B, F and H-4 which reflected the reporting of expenditures made on behalf of the four candidate

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committees for the federal share the Committee acknowledged they were responsible for reporting. Also, the Committee submitted a vendor listing of mailing addresses which materially corrected the disclosure of vendor identification. Since some of the expenditures are in dispute, the Committee did not file Schedules H-2. Therefore, the Committee did not file correct amended Schedules B, F, H-2, and H-4.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20461

March 13, 1996

**MEMORANDUM**

**TO:** Robert J. Costa  
Assistant Staff Director  
Audit Division

**THROUGH:** John C. Surina  
Staff Director

**FROM:** Lawrence M. Noble  
General Counsel

**BY:** Kim Bright-Coleman *KBC*  
Associate General Counsel

Lorenzo Holloway *LH*  
Assistant General Counsel

Andre G. Pineda *AGP*  
Attorney

**SUBJECT:** Proposed Final Audit Report on the Nevada State Democratic Party (LRA #492)

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**I. INTRODUCTION**

The Office of General Counsel has reviewed the proposed Final Audit Report on the Nevada State Democratic Party ("the Nevada Committee") submitted to this Office on January 26, 1996.<sup>1</sup> The following memorandum summarizes our comments on the proposed report. We concur with findings in the proposed report which are not discussed separately in the following memorandum. If you have any questions concerning our comments, please contact Andre Pineda, the attorney assigned to this audit.

<sup>1</sup> Because the proposed Final Audit Report does not include any matters exempt from public disclosure under 11 C.F.R. § 2.4, we recommend that the Commission's discussion of this document be conducted in open session

*Celebrating the Commission's 20th Anniversary  
YESTERDAY, TODAY AND TOMORROW  
BECAUSE WE'RE KEEPING THE PUBLIC INFORMED*

## II. EXPENDITURES ON BEHALF OF FEDERAL CANDIDATES

The Interim Audit Report found that the Nevada Committee made expenditures on behalf of several federal committees. The committees include Clinton/Gore, Friends of Harry Reid, and Pete Sferazza for Congress Committee. The Interim Audit Report notes that all of the committees received contributions as a result of two programs operated by the Nevada Committee. One program consisted of a phone bank for which the Nevada Committee paid a vendor \$100,00 to ask four questions. The Audit staff reviewed the questions contained in the script that was used for the phone bank. The Interim Audit Report notes that three of the four script questions included references to the candidates for congressional office. Therefore, the auditors allocated a portion of the cost of the phone bank to each congressional candidate. See 11 C.F.R. § 100.8(b)(18)(iv).

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The second program that was operated by the Nevada Committee was for a poll. The Nevada Committee paid a vendor \$5,490 to conduct this poll. The Audit staff reviewed the responses from the poll and found that the information showed that poll was related to federal activity (presidential and congressional). Therefore, the auditors allocated the costs of the poll to Clinton/Gore,<sup>2</sup> Friends of Harry Reid<sup>3</sup> and Pete Sferazza for Congress Committee.<sup>4</sup>

In its response to the Interim Audit Report, the Nevada Committee claims that all of the questions were political in nature, but three questions were related to specific candidates. However, the Nevada Committee argues that the information obtained from the poll was used for voter files and to determine the voters to target for its get-out-the-vote activity.

The Office of General Counsel concurs with the conclusion in the proposed Final Audit Report to allocate the expenses arising out the phone bank activity to the candidates that were referenced in the script from the phone bank operation. Although the Nevada Committee claims

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<sup>2</sup> The Interim Audit Report found that the Nevada Committee made an additional \$28,075 in expenses on behalf of the Clinton/Gore Committee. However, the Nevada Committee did not submit sufficient information in response to the Interim Audit Report to demonstrate that expenses were not on behalf of the Clinton/Gore Committee.

<sup>3</sup> The Interim Audit Report found that the Nevada Committee made an additional \$17,289 in expenses on behalf of the Friends of Harry Reid Committee. In its response to the Interim Audit Report, the Nevada Committee agreed that the expenses were made on behalf of the Friends of Harry Reid Committee.

<sup>4</sup> The Interim Audit Report found that the Nevada Committee made an additional \$21,223 in expenses on behalf of the Pete Sferazza for Congress Committee. The Democratic Congressional Campaign Committee ("DCCC") reported a total of \$34,471 in expenses on behalf of the Pete Sferazza for Congress Committee in accordance with 2 U.S.C. § 441a(d). Therefore, the Nevada Committee's expenditures exceeded the limit imposed at 2 U.S.C. § 441a(d). The Nevada Committee contends that the DCCC incorrectly attributed the expenditures to the limit. However, the proposed Final Audit Report notes that the DCCC has not acknowledged that the expenditures were incorrectly attributed to the limit. Therefore, the Office of General Counsel agrees with the Audit staff's conclusion that the DCCC expenditures should remain attributable to the limit at 2 U.S.C. § 441a(d).

that all of the questions were political in nature, the questions still referenced specific candidates. Since three of the four questions referenced the federal candidates, the references were not merely incidental to the overall activity of the phone bank. See 11 C.F.R. § 100.8(b)(18)(iv). Therefore, the activity which may have been originally intended as a questioning about political views actually resulted in a benefit to the federal candidates. *Id.*

The proposed Final Audit Report notes that the \$5,490 that the Nevada Committee paid for a poll was a portion of \$85,000 that was paid in total for the poll. The auditors found that the Friends of Harry Reid Committee paid a portion and the Democratic Senatorial Committee Campaign Committee paid the remainder. Based on a review of additional documentation, the Audit staff states that there is no need to allocate the expenses arising out of the poll to any other candidates. However, it is unclear what information has been reviewed to warrant a conclusion that the cost of the poll should not be allocated to any candidate. The Interim Audit Report noted that results of the poll show that there was federal activity. Therefore, the Office of General Counsel recommends that the Audit Division revise the proposed Final Audit Report to include a discussion of the information that was reviewed that supports the conclusion that costs of the poll should not be allocated to any federal candidate.

## II. PETTY CASH PAYMENTS IN EXCESS OF \$100 LIMITATION (II.C.2.)

Pursuant to 2 U.S.C. § 432(h)(1), political committees are required to make disbursements in the form of checks. However, political committees may maintain a petty cash fund for disbursements not in excess of \$100 to any person in connection with a single purchase or transaction. 2 U.S.C. § 432(h)(2).

The proposed Final Audit Report notes that the Nevada Committee made 271 petty cash payments totaling \$78,031 to 72 individuals. A portion of this amount, \$50,931, exceeded the \$100 limitation for payments of cash. See 11 C.F.R. § 102.11. The report notes that the method used to calculate the payments to individuals for the purpose of the \$100 limitation was to total all the payments made to an individual during the course of a day.

It is the Office of General Counsel's understanding that the Committee paid individuals for voter registration work in petty cash payment amounts of \$100 or less several times a day, rather than one payment by check for the entire day to such individuals. The Committee documented some of the payments in sequential receipt numbers in its journal of petty cash disbursements. In light of these facts, the Office of General Counsel believes that it is reasonable to consider all payments to a single individual in one day as a single transaction. This Office believes that an opposite view, e.g. to view each payment amount separately from others that were made on the same day, would defeat the general requirement that all disbursements by political committees be by check or similar draft. 2 U.S.C. § 432(h)(1) and 11 C.F.R.

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**Memorandum to Robert J. Costa  
Final Audit Report for  
Nevada State Democratic Party (LRA # 492)  
Page 4**

**§ 102.10. We recommend, however, that the Audit Division revise the report to include a discussion of the facts that supports the conclusion that all disbursements during a day were one transaction.**

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FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20542

April 3, 1996

Ms. Jan Churchill, Treasurer  
Nevada State Democratic Party  
409 Horn Street  
Las Vegas, NV 89218

Dear Ms. Churchill:

Attached please find the Final Audit Report on Nevada State Democratic Party. The Commission approved the report on April 2, 1996.

The Commission approved final audit report will be placed on the public record on April 12, 1996. 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 the matters covered during the audit or in the report should be directed to Russ Bruner or Joe Stoltz 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

cc: Joseph E. Sandler, Counsel of Record

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CHRONOLOGY

NEVADA STATE DEMOCRATIC PARTY

Audit Fieldwork	5/23/94 - 6/16/94
Interim Audit Report to the Committee	7/7/95
Response Received to the Interim Audit Report	9/29/95
Final Audit Report Approved	4/2/96

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