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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 4, 1985

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

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

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT - 1984 SAN
FRANCISCO DEMOCRATIC CONVENTION HOST COMMITTEE,
INC.

Attached please find a copy of the final audit report of the 1984 San Francisco Democratic Convention Host Committee, Inc. which was approved by the Commission on August 26, 1985.

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: FEC Library
RAD
Public Record
Office of General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

Report of the Audit Division on the 1984 San Francisco Democratic Convention Host Committee, Inc.

I. Background

A. Overview

This report is based on an audit of the 1984 San Francisco Democratic Convention Host Committee, Inc. ("the Committee") 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 11 C.F.R. § 9008.9 which states, in relevant part, that the Commission shall conduct an examination and audit of each host committee.

The Committee registered with the Federal Election Commission on October 24, 1983 as the host committee for the 1984 Democratic National Convention. The Committee maintains its headquarters in San Francisco, California.

The audit covered the period October 21, 1983 through December 31, 1984. During this period, the Committee reported a beginning cash balance of \$-0-, total receipts of \$2,513,177.83, total disbursements of \$2,407,009.23, and an ending cash balance on December 31, 1984 of \$106,168.60.

This report is based on documents and working 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 this report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

The Treasurer for the period audited was Mr. William D. Rollnick.

C. Scope

The audit included such tests as verification of total reported receipts and disbursements and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; review of contribution and

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expenditure limitations; and such other procedures as deemed necessary under the circumstances.

II. Finding and Recommendation Related to Title 2

Failure to Itemize In-Kind Contribution

Section 437 of Title 2 of the United States Code states, in relevant part, that each committee which represents a national party in making arrangements for the convention of such party shall file with the Commission a full and complete financial statement, in such form and detail as it may prescribe, of the sources from which it derived its funds and the purpose for which such funds were expended. Further, 11 C.F.R. § 9008.12(a) provides that a host committee file post-convention or quarterly reports on Commission FEC Form 4, to include disclosure of all receipts and disbursements, including in-kind contributions made with respect to a presidential nominating convention.

The Audit staff's review of the Committee's disclosure reports and records indicated that an in-kind contribution from the Pioneer Take Out Corp., consisting of take out meals valued at \$14,875, was not itemized as a receipt or as an expenditure.

In the interim audit report, the Audit staff recommended that the Committee file an amendment disclosing this in-kind contribution. On July 8, 1985, the recommended amendment was filed.

Recommendation

The Audit staff recommends no further action on this matter.

III. Finding and Recommendation Related to Title 26

Possible Prohibited Contributions

Section 9008.7(d)(2) of Title 11, Code of Federal Regulations, states, in relevant part, that local businesses may donate funds or make in-kind contributions to a host committee for the purpose of promoting the convention city and its commerce. Further, it states that any business entity within the Metropolitan Statistical Area ("MSA") shall be considered local and any business entity located outside the MSA is not local, absent a showing that the volume of business in an area lying outside the MSA would be directly affected by the presence of the convention.

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During the course of the audit, the Audit staff noted two (2) contributions, totaling \$4000 from businesses apparently located outside of the MSA.

Committee representatives indicated receipts were closely monitored for the MSA requirement and that these items would be researched.

In the interim audit report, the Audit staff recommended that the Committee either provide documentation detailing why these items should not be refunded or refund these contributions and provide evidence of such refund to the Audit staff. On July 8, 1985, the Committee provided the Audit staff with copies of letters from the two companies in question. These companies' representatives assert that they provided their goods and or services to the Committee in an effort to increase their companies' exposure and to generate additional business as a result of their participation.

Recommendation

The Audit staff recommends no further action on this matter.

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