

Public Disclosure
(Cooper)



FEDERAL ELECTION COMMISSION

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November 17, 1994

MEMORANDUM

TO: THE COMMISSIONERS

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: REPAYMENT OF \$2,907 RECEIVED FROM DR. JOHN HAGELIN FOR
PRESIDENT COMMITTEE

This informational memorandum is to advise you of a \$2,907 repayment received from Dr. John Hagelin for President Committee (the Committee). The repayment is a final repayment for non-qualified campaign expenses as recommended in the final audit report.

Attached is a copy of the check and the letter which accompanied the repayment. The check has been forwarded to Department of Treasury for deposit.

Should you have any questions regarding the repayment please contact Ray Lisi at 219-3720.

Attachments as stated

959/0193105



1341



DR. JOHN HAGELIN FOR PRESIDENT COMMITTEE
51 W. WASHINGTON PH. 515-472-2040
FAIRFIELD, IA 52556

9/29 19 94 ^{72-181/73}

PAY TO THE ORDER OF

U. S. TREASURY, FINANCIAL MANAGEMENT SERV, \$: 2 907.00

TWO THOUSAND NINE HUNDRED AND SEVENTY ONE ¹⁰⁰/₁₀₀ DOLLARS

IOWA STATE BANK
and Trust Company of FAIRFIELD
FAIRFIELD, IOWA 52556

Edward Malley
Eleanor Reding

FOR

⑆001341⑆ ⑆073901880⑆ 03 0651 4⑆

25070193106



DR. JOHN HAGELIN
for PRESIDENT COMMITTEE

Nov 10 11 25 AM '94

November 4, 1994

Robert Costa
Audit Division
Federal Elections Commission
999 E Street N.W.
Washington, D.C. 20463

Dear Mr. Costa

Please find enclosed a repayment check to the U.S. Treasury for the amount of \$2,907.⁰⁰ as per the commission's determination in its Final Audit Report on Dr. John Hagelin for President Committee.

Sincerely,



Michael Spivak
Treasurer

95970193107



FEDERAL ELECTION COMMISSION

BJ006043


September 20, 1994

MEMORANDUM

TO: RONALD M. HARRIS
CHIEF, PRESS OFFICE

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON
DR. JOHN HAGELIN FOR PRESIDENT COMMITTEE



Attached please find a copy of the final audit report and related documents on Dr. John Hagelin for President Committee which was approved by the Commission on September 14, 1994.

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

**Dr. John Hagelin for
President Committee**

Approved September 14, 1994



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

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REPORT OF THE AUDIT DIVISION
ON

**Dr. John Hagelin for
President Committee**

Approved September 14, 1994



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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C.

FINAL AUDIT REPORT
ON
DR. JOHN HAGELIN FOR PRESIDENT COMMITTEE
EXECUTIVE SUMMARY

Dr. John Hagelin for President ("the Committee") registered with the Federal Election Commission on May 15, 1992. The Committee was the principal campaign committee of Dr. John Hagelin, a candidate for the Natural Law Party. The Candidate authorized 31 other committees ("Authorized Committees") in various locations across the country.

The audit was conducted pursuant to 26 U.S.C. §9038(a), which requires the Commission to audit committees that receive matching funds. The Committee received \$353,160 in matching funds.

The findings were presented to the Committee at an exit conference held at the conclusion of audit fieldwork (January 31, 1994) and in the interim audit report approved by the Commission on June 2, 1994. The Committee was given an opportunity to respond after the exit conference and after receipt of the interim audit report. The Committee did not object to the findings of the interim audit report.

In the final audit report, the Commission made an initial determination that the Committee was required to pay the U.S. Treasury \$2,907 which represented non-qualified campaign expenses incurred by the Committee.

Misstatement of Financial Activity - 2 U.S.C. §434(b)(1),(2) and (4). The disclosure reports filed by the California Authorized Committee, materially misstated its financial activity for both 1992 and 1993.

Itemization of Disbursements - 2 U.S.C. §434(b)(5)(A). Six Authorized Committees did not properly itemize disbursements. There was a total of 171 disbursements with a dollar value of \$105,460 not itemized.

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Itemization of Receipts - 2 U.S.C §434(b)(3)(A),(B) and (C). Four Authorized Committees did not properly itemize receipts. There was a total of 99 receipts with a dollar value of \$105,869 not itemized.

Reporting of Debts and Obligations - 2 U.S.C. §434(b)(8) and 11 CFR 104.11(a) and (b). The Principal Campaign Committee failed to report debts to two vendors totaling \$121,070 when incurred.

For each of the matters discussed above, the Committee filed amended disclosure in response to the exit conference presentation. The amended reports materially corrected the deficiencies.

Apparent Non-Qualified Campaign Expenses - 11 CFR 9032.9(a) and 9038.2(b)(2). The Audit identified 18 expenditures totaling \$15,215 that do not appear to be related to the Candidate's campaign for nomination. Some expenditures appeared to have been incurred on behalf of the Natural Law Party, some were incurred after the Candidate's date of ineligibility but were not for winding down costs, and one was incurred for Candidate travel outside the United States. The Committee did not dispute this finding. In the final audit report the Commission made an initial determination that the Committee must repay \$2,907 to the U.S. Treasury, an amount representing the matching funds (as opposed to private contributions) used to pay the non-qualified campaign expenses.

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REPORT OF THE AUDIT DIVISION
ON
DR. JOHN HAGELIN FOR PRESIDENT COMMITTEE

I. Background

A. Audit Authority

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This report is based on an audit of the Dr. John Hagelin for President Committee (the Committee) and its 31 Authorized Committees. The audit is mandated by Section 9038(a) of Title 26 of the United States Code. That section states that "after each matching payment period, the Commission shall conduct a thorough examination and audit of the qualified campaign expenses of every candidate and his authorized committees who received payments under section 9037." Also Section 9039(b) of the United States Code and Section 9038.1(a)(2) of the Commission's Regulations state that the Commission may conduct other examinations and audits from time to time as it deems necessary.

In addition to examining the receipt and use of Federal funds, the audit seeks to determine if the campaign has materially complied with the limitations, prohibitions and disclosure requirements of the Federal Election Campaign Act of 1971, as amended.

B. Audit Coverage

The Audit covered the period May 1, 1992, the date of the Committee's initial bank transactions through June 30, 1993. During this period, the Committee's disclosure reports reflect an opening cash balance of \$ -0-, total receipts of \$842,961, total disbursements of \$838,036 and a closing cash balance of \$4,925. At various times, the campaign had 31 Authorized Committees. During the audit period, the Authorized Committee's taken together had an opening cash balance of \$ 1,500, total receipts of \$370,229, total disbursements of \$371,730 ^{1/} and a closing cash balance of \$-0- (Attachment 1 is a listing of the Authorized Committees, their financial activity and treasurer). In addition,

^{1/} These amounts do not foot due to Committee mathematical errors. All amounts have been rounded to the nearest dollar.

a limited review of the Committee's transactions and disclosure reports filed through June 30, 1994, was conducted for the purpose of determining the Committee's remaining matching fund entitlement based on its financial position.

C. Campaign Organization

The Principal Campaign Committee registered with the Federal Election Commission on May 15, 1992. The Treasurer of the Committee during the audit period was Mr. Michael Spivak, who is also the current Treasurer. The Committee's current office is located in Fairfield, Iowa. As noted earlier, pursuant to Title 2 U.S.C. 431(6) and 432(e)(1), the Candidate authorized 31 other committees in various locations around the country. See Attachment 1 for the identification of the Authorized Committees Treasurers.

To manage its financial activity, the Principal Campaign Committee maintained two bank accounts. From these accounts, the Committee issued approximately 823 checks in payment for goods and services. The Committee received 4,518 contributions from 2,900 individuals totaling \$489,319. In addition, the Committee accepted contributions from other political committees and received transfers from the various Authorized Committees. The 31 Authorized Committees issued approximately 1,083 checks in payment for goods and services. These committees received approximately 648 contributions from 554 individuals totaling \$140,140. The Authorized Committees received transfers from the Committee totaling \$180,002.

The Candidate was determined eligible to receive matching funds on October 15, 1992. The campaign received \$353,160.00 in matching funds from The United States Treasury. This amount represents 2.56% of the \$13,810,000 maximum entitlement that any candidate could receive. The campaign made a total of 4 matching fund requests totaling \$353,895. The Commission certified 99.79% of the requested amount.

Attachment 2 to this report is a copy of the Commission's most recent Report on Financial Activity. The amounts are as reported to the Commission by the Committee.

D. Audit Scope and Procedures

In addition to a review of the Committee's expenditures to determine the qualified and non-qualified campaign expenses incurred by the campaign, the audit covered the following general categories:

1. The campaign's compliance with statutory limitations with respect to the receipt of contributions or loans;

2. the campaign's compliance with the statutory requirements regarding 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.C.);
4. proper disclosure of disbursements including the itemization of disbursements when required, as well as, the completeness and accuracy of the information disclosed (see Finding II.B.);
5. proper disclosure of campaign debts and obligations (see Finding II.D.);
6. the accuracy of total reported receipts, disbursements and cash balances as compared to campaign bank records (see Finding II.A.);
7. adequate recordkeeping for campaign transactions;
8. accuracy of the Statement of Net Outstanding Campaign Obligations filed by the campaign to disclose its financial condition and establish continuing matching fund entitlement (see Finding III.C.);
9. the campaign's compliance with spending limitations; and
10. other audit procedures that were deemed necessary in the situation.

Unless specifically discussed below, no material non-compliance with Statutory and Regulatory requirements was detected. It should be noted that the Commission may pursue any of the matters discussed in this report in an enforcement action.

As part of the Commission's standard audit process, an inventory of the Committee's records was conducted prior to the beginning of fieldwork to determine if the records were materially complete and in an auditable state. The inventory indicated that some records were not complete and the Committee was provided 30 days to obtain the necessary materials. At the end of the 30 days, the records were judged sufficiently complete.

II. Findings and Recommendations - Non Repayment Matters

A. 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 each reporting period, the total amount of all receipts, and the total amount of all disbursements for the period and calendar year.

The Audit staff performed reconciliations of bank records to disclosure reports filed for the Committee and the 31 Authorized Committees. Our review identified a material misstatement of financial activity in both 1992 and 1993 for the Dr. John Hagelin for President Committee of California (Malibu Committee).

For 1992 beginning cash on hand was overstated by \$1,500; receipts were understated by \$15,976; disbursements were overstated by \$2,705; and ending cash on hand was understated by \$17,181. The misstatement of beginning cash on hand resulted from the Malibu Committee reporting a beginning balance of \$1,500 when the bank records indicated the beginning balance was zero. The misstatement of receipts was a result of not reporting receipts totaling (\$6,043); not reporting a transfer from the Committee in the amount of (\$11,000); and reporting an interaccount transfer totaling \$1,068 as a receipt. The misstatement of disbursements resulted from the reporting of this same interaccount transfer as a disbursement and over reporting disbursements by \$1,637. Ending cash was understated by \$17,181 due to the effect of the various receipt and disbursement errors.

For 1993 receipts were understated by \$68 and disbursements were understated by \$17,980. The misstatement of receipts and disbursements are the result of the Malibu Committee not reporting a portion of its receipts and disbursements.

The Committee was made aware of the misstatements at the exit conference. In response to the exit conference, the Committee filed comprehensive amended disclosure reports for both 1992 and 1993 which materially corrected the errors.

B. Itemization of Disbursements

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

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The Audit staff performed a review of the Committee's disclosure reports and the reports of its Authorized Committees to determine if disbursements had been properly itemized.

Our review of reported disbursements identified 6 Authorized Committees which did not properly itemize disbursements. Five of the 6 Authorized Committees did not file Schedules B-P, Itemized Disbursements, for some or all report periods. Listed below is the name of the Authorized Committee, the number and dollar amount of disbursements requiring itemization that did not appear on the Authorized Committees' disclosure reports.

1. <u>Authorized Committee</u>	<u>Number of Disbursements Required to be Itemized</u>	<u>Total Amount</u>
Dr. John Hagelin for President Committee of California	54	\$51,052.00
Dr. John Hagelin for President Committee of Illinois	19	\$9,053.00
Dr. John Hagelin for President Committee of Maryland, Inc.	36	\$7,624.00
Dr. John Hagelin for President Committee of Nebraska	15	\$8,222.00
The Washington Committee to Elect Dr. John Hagelin for President	43	\$19,409.00

2. The sixth Authorized Committee, The Dr. John Hagelin for President Committee of Michigan, did not itemize 4 transfers to the Natural Law Party of Michigan totaling \$10,100 for operating expenses.

The Committee was made aware of these matters at the exit conference and provided schedules detailing the disbursements at issue. In response to the exit conference, the Committee filed Schedules B-P that properly disclosed those transactions required to be itemized.

C. Itemization of Receipts

Section 434(b)(3)(A) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each person who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year, together with date and amount of any such contribution.

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Sections 434(b)(3)(B) and (C) of Title 2 of the United States Code state that each report under this section shall disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution; and disclose the identification of each authorized committee which makes a transfer to the reporting committee.

The Audit staff's review of the Committee's reported receipts and the reported receipts of the Authorized Committees identified 4 Authorized Committees which did not itemize receipts as required. Three of the 4 did not file Schedules A-P, Itemized Receipts, for some or all reporting periods. Listed below is the identification of the three Authorized Committees, along with the number and dollar amount of the receipts not itemized as required.

1. <u>Authorized Committee</u>	<u>Number of Receipts required to be itemized</u>	<u>Total Amount</u>
Dr. John Hagelin for President Committee of California	24	\$7,035.00
Dr. John Hagelin for President Committee of Michigan	28	\$8,250.00
The Washington Committee to Elect Dr. John Hagelin President	34	\$13,648.00

2. The fourth Authorized Committee, The Dr. John Hagelin for President Committee of Ohio, did not file Schedules A-P itemizing 5 transfers from the Committee totaling \$10,495 and one transfer from the Natural Law Party of Ohio in the amount of \$559. In addition, The Dr. John Hagelin for President Committee of California did not file Schedules A-P itemizing 6 transfers from the Committee totaling \$60,882 and one transfer from the Dr. John Hagelin for President Committee of Orange County, California in the amount of \$5,000.

The Committee was made aware of these matters at the exit conference and provided schedules detailing the receipts at issue. In response, the Committee filed Schedules A-P which materially corrected the deficiencies noted.

D. Reporting of Debts and Obligations

Section 434(b)(8) of Title 2 of the United States Code, states in relevant part, that each report filed under this section shall disclose the amount and nature of outstanding debts and obligations owed by or to a political committee.

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Sections 104.11(a) and (b) of Title 11 of the Code of Federal Regulations states, in relevant part, that debts and obligations owed by or to a political committee which remain outstanding shall be continuously reported until extinguished. These debts and obligations shall be reported on separate schedules together with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished. A debt or obligation, the amount of which is over \$500 shall be reported as of the date on which the debt or obligation is incurred, except that any obligation incurred for rent, salary or other reoccurring administrative expense shall not be reported as a debt before the payment due date.

The Audit staff reviewed selected disbursements to determine if the Committee correctly reported debts and obligations owed to vendors. The review identified obligations totaling \$121,070 which the Committee did not disclose when incurred. The Committee did report the obligations when paid. The first obligation in the amount of \$11,562, to a printing vendor, was incurred on various dates beginning in May 1992 and continued through July 1992. It was reported when paid on August 15, 1992. The second obligation in the amount of \$109,508, to a petition signature gathering vendor, was incurred on various dates beginning in August 1992 and continued through September 1992. It was reported when paid. It should be noted that the Committee did not file any Schedules D-P, Debts and Obligations Excluding Loans.

At the exit conference, the Committee was informed of this matter and provided with schedules detailing the issue. In response, the Committee filed Schedules D-P and amended summary pages which materially corrected this deficiency.

With respect to each of the findings presented above, the Interim Audit Report recommended no further Committee action, but provided an opportunity for the Committee to provide any additional information or explanation it wished. In response, the Committee states that it takes no objection to the findings of the Interim Audit Report.

IV. Findings and Recommendations - Repayment Issues

A. Repayment Ratio Calculation

Section 9038(b)(2)(A) of Title 26 of the United States Code states, in part, that if the Commission determines that any amount of any payment made to a candidate from the matching fund payment account was used for any purpose other than to defray the qualified campaign expenses with respect to which such payment was made it shall pay to the Secretary of the Treasury an amount equal to such amount.

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Section 9038.2(b)(2)(iii) of Title 11 of the Code of Federal Regulations states that the amount of any repayment under this section shall bear the same ratio to the total amount determined to have been used for non-qualified campaign expenses as the amount of matching funds certified to the candidate bears to the total deposits, as of the candidate's date of ineligibility.

Pursuant to 11 CFR 9033.5(c), the Commission determined Dr. John Hagelin's date of ineligibility to be October 5, 1992.

In the case of Dr. Hagelin, the first matching fund payment was not certified until October 30, 1992, after his date of ineligibility. The regulations do not address the situation where no funds have been certified as of the Candidate's date of ineligibility. Since that Candidate's threshold submission was received prior to his date of ineligibility and in order to determine a repayment ratio, the Audit staff made the assumption that the threshold submission was certified prior to Dr. Hagelin's date of ineligibility. Therefore, the formula and the appropriate calculation is as follows:

Total Matching Funds Submitted and Assumed to be Certified Through The Date of Ineligibility -- October 5, 1992	
Total Deposits Through the Date of Ineligibility	

$\frac{\$100,000}{\$523,486}$	$= .191027$
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Thus, the repayment ratio for non-qualified campaign expenses is 19.1027%.

B. Apparent Non-Qualified Campaign Expenses

1. Expenditures Which Cannot be Associated with Campaign Activity

Section 9032.9(a) of Title 11 of the Code of Federal Regulations, states in part, the term "qualified campaign expense" is defined as an expense incurred by or on behalf of the candidate from the date the individual became a candidate through the last day of the candidate's eligibility; made in connection with his or her campaign for nomination; and neither the incurrance nor payment of which constitutes a violation of any law of the United States or any law of any State in which the expense is incurred or paid.

Section 9038.2(b)(2) of Title 11 of the Code of Federal Regulations states, in relevant part, that the Commission may determine that amounts of any payments made to a candidate from the matching fund payment account were used for purposes other than to defray qualified campaign expenses.

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During the review of documentation for disbursements made by the Committee and the Authorized Committees, the Audit staff identified 18 expenditures totaling \$15,215 that do not appear to be related to the Candidate's campaign for nomination. The expenditures identified appear to have been incurred on behalf of the Natural Law Party, incurred after the date of ineligibility but are not winding down expenses, and one payment for Candidate travel outside the United States.

a. Principal Campaign Committee

The review of documentation identified 8 disbursements totaling \$9,190 which do not appear to be related to the Candidate's campaign for nomination. Three of the expenditures appear to have been incurred for the Natural Law Party. Two of the payments totaling \$1,679 were to the Natural Law Party state committees of Pennsylvania and Arizona for party support. The third payment for \$281 was for an individual's travel expenses and the documentation states that the expenses were incurred for the Natural Law Party. The fourth expenditure for \$143 was made to the Candidate for travel expenses in Ontario, Canada.

The remaining 4 expenditures totaling \$7,087 were incurred after the Candidate's date of ineligibility and do not appear to be winding down expenses. Two of the payments totaling \$3,969 were to a shipping vendor for shipments to various news media organizations, other organizations and individuals. The third payment in the amount of \$993 was to an individual for an airline ticket purchased for the Vice Presidential Candidate. The travel occurred between October 6 through October 12, 1992. The last payment of \$2,125 was for a mobile bill board rental. The rental period was between October 6 and October 10, 1992.

b. Authorized Committees

The review of documentation identified 10 expenditures totaling \$6,025 which do not appear to be related to the Candidate's campaign for nomination. The table below identifies the Authorized Committee, the number of expenditures in question and the dollar amount.

<u>Authorized Committee</u>	<u>Number of Expenditures</u>	<u>Total</u>
Dr. John Hagelin for President Committee of Connecticut	3	\$1,239.00
Dr. John Hagelin for President Committee of Ohio	1	\$780.00
Dr. John Hagelin for President Committee of Pennsylvania	4	\$3,403.00

The Washington Committee to Elect Dr. John
Hagelin for President

2

\$503.00

Total Non-Campaign Related Expenditures

10

\$6,025.00

Of the ten payments noted above, four, totaling \$2,200, appear to be for contributions to Natural Law Party candidates running for congressional offices. An additional four payments totaling \$2,806 were made to individuals for expense reimbursements where the expenditures appear to be incurred on behalf of the Natural Law Party. Of the 2 remaining payments identified, one for \$239 appears to be incurred for signature gathering expenses of a Natural Law Party candidate other than Dr. Hagelin. The second payment for \$780 was made to The Natural Law party of Ohio for apparent Natural Law Party signature gathering expenses.

At the exit conference, the Committee was provided with detailed schedules of the expenditures discussed above for both the Committee and the Authorized Committees. Counsel for the Committee explained that the Natural Law Party Executive Committee supported Dr. Hagelin and that supporters in their enthusiasm put Natural Law Party instead of the campaign name on some documentation and that it was the result of an oversight by inexperienced individuals.

In the Interim Audit Report it was recommended that the Committee provide evidence to demonstrate that the expenditures discussed above are related to Dr. Hagelin's campaign for nomination. Such evidence was to include, but was not limited to, specific explanations of why each receipt or bill was invoiced to the Natural Law Party, what the bill or receipt was for and how it was related to Dr. Hagelin's campaign for nomination. The Committee was also advised that absent the submission of the requested evidence the Audit staff would recommend that the Commission make an initial determination that the Committee is required to make a repayment to the United States Treasury in the amount of \$2,907 (((\$6,025 + \$9,190) x 19.1027%)

In response the Committee states that it takes no objection to the findings of the Interim Audit Report.

Recommendation #1

The Audit staff recommends that the Commission make an initial determination that the Committee is required to repay the United States Treasury \$2,907 pursuant to 11 CFR §9038.2(b)(2).

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C. Determination of Net Outstanding Campaign Obligations

Section 9034.5(a)(1) of Title 11 of the Code of Federal Regulations requires that within 15 days after the candidate's date of ineligibility, the candidate shall submit a statement of net outstanding campaign obligations which contains the total of all outstanding obligations for qualified campaign expenses and an estimate of necessary winding down costs.

Dr. Hagelin's date of ineligibility was October 5, 1992. The Audit staff reviewed the financial activity of the Committee and all Authorized Committees through May 31, 1993, analyzed winding down costs, as reported through June 30, 1994, and prepared a Statement of Net Outstanding Campaign Obligations as of October 5, 1992 for the Committee and all Authorized Committees. That statement appears below.

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DR. JOHN HAGELIN FOR PRESIDENT COMMITTEE
Statement of Net Outstanding Campaign Obligations
As of October 5, 1992
(Determined at June 30, 1994)

Assets

Cash - Principal Campaign Committee	\$ 17,980	
Cash - Authorized Committees	23,609	
Accounts Receivable	0	
Capital Assets	0	
	<hr/>	
Total Assets		\$41,589

Obligations

Accounts Payable - Principal Campaign Committee for Qualified Campaign Expenses	\$280,373	<u>1/</u>
Accounts Payable - Authorized Committees for Qualified Campaign Expenses	70,861	<u>1/</u>
Loans Outstanding - Principal Committee	72,665	<u>2/</u>
Loans Outstanding - Authorized Committees	6,086	<u>2/</u>
Winding Down Costs		
Actual Winding Down Costs	\$11,906	<u>3/</u>
10/5/92-6/30/94		
Revised Estimated Winding Down Costs		
7/1/94-12/31/94	2,100	<u>4/</u>
		<u>14,006</u>

Total Obligations	<u>443,991</u>
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Net Outstanding Campaign Obligations at 10/5/92	<u>(\$402,402)</u>
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Footnotes to NOCO

- 1/ Net of transfers to authorized Committee's. These amounts were paid between 10/6/92 to 5/31/93.
- 2/ Loans outstanding are net of loans converted to contributions and amounts repaid to individuals before the Candidate's date of ineligibility.
- 3/ Actual costs are calculated from a review of Committee records through 5/31/93 and the review of the Committee's disclosure reports filed between 7/1/93 through 6/30/94. The Committee reported no disbursements during June 1993.
- 4/ Estimated winding down costs are from a revised estimate submitted by the Committee. Since estimates were used in computing this amount, the Audit staff will review the Committee disclosure reports and records to compare the actual figures with the estimates and prepare adjustments as necessary.

950/0197126

Dr. Hagelin had a maximum remaining matching fund entitlement of \$402,402 on his date of ineligibility. Through April 5, 1993, he received \$48,590 in private contributions and \$353,160 in matching funds. Therefore, he did not receive matching funds in excess of his entitlement.

95070123127



FEDERAL ELECTION COMMISSION
WASHINGTON, D. C. 20543

August 30, 1994

MEMORANDUM

TO: Robert J. Costa
Assistant Staff Director
Audit Division

THROUGH: John C. Surina
Staff Director

FROM: Lawrence M. Noble
General Counsel

Kim Bright-Coleman
Associate General Counsel

Lorenzo Holloway
Assistant General Counsel

Rhonda J. Vosdinger
Attorney

SUBJECT: Proposed Final Audit Report on the Dr. John Hagelin for
President Committee (LRA #346/AR #94-15)

The Office of General Counsel has reviewed the proposed Final Audit Report on the Dr. John Hagelin for President Committee ("the Committee") submitted to this Office on August 22, 1994.^{1/} We concur with the findings contained in the proposed report, except as noted below. If you have any questions concerning our comments, please contact Rhonda J. Vosdinger, the attorney assigned to this audit.

Although we agree with the formula used to calculate the Committee's repayment ratio, we recommend you add language to clarify that the repayment ratio was calculated based on the "Total Matching Funds Submitted and Assumed to be Certified Through The Date of Ineligibility." Ordinarily, the repayment ratio is based on matching funds certified to the candidate as of the date of ineligibility. 11 C.F.R. § 9038.2(b)(2)(iii). In the

^{1/} Since 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.

957/0194123

Memorandum to Robert J. Costa
Proposed Final Audit Report on the
Dr. John Hagelin for President Committee
(LRA #346/AR #94-15)
Page 2

instant case, however, no matching funds had been certified as of the candidate's date of ineligibility, although a submission for matching funds had been made. The addition of the underlined language is intended to clarify that the repayment formula assumes that only those matching funds that were actually submitted before the candidate's date of ineligibility, were certified by his date of ineligibility.

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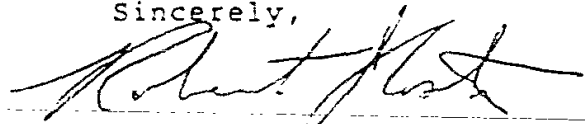
Letter to Mr. Michael Spivak, Treasurer
Page 2

Office of General Counsel at (202) 219-3690 or toll free at (800) 424-9530. If the Candidate does not dispute this initial determination within the 30 day period provided, it will be considered final.

The Commission approved Final Audit Report will be placed on the public record on September 19, 1994. Should you have any questions regarding the public release of this report, please contact Ron Harris of the Commission's Press Office at (202) 219-4155.

Any questions you may have related to matters covered during the audit or in the audit report should be directed to Tom Hunter or Joe Stolts 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

950/0193181



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C.

AK005408

September 16, 1994

Dr. John Hagelin
Dr. John Hagelin for President Committee
51 West Washington Ave.
Fairfield, IA 52556

Dear Dr. Hagelin:

Attached please find the Final Audit Report on Dr. John Hagelin for President Committee. The Commission approved this report on September 14, 1994. As noted on page 3 of this report, the Commission may pursue any of the matters discussed in an enforcement action.

In accordance with 11 C.F.R. §9038.2(c)(1) and (d)(1), the Commission has made an initial determination that you are required to repay to the Secretary of the Treasury \$2,907 within 90 days after service of this report (December 19, 1994).

Should the Candidate dispute the Commission's determination that a repayment is required, Commission regulations at 11 C.F.R. §9038.2(c)(2) provide the Candidate with an opportunity to submit in writing, within 30 calendar days after service of the Commission's notice (October 20, 1994), legal and factual materials to demonstrate that no repayment, or a lesser repayment, is required. Further, 11 C.F.R. §9038.2(c)(3) permits a Candidate who has submitted written materials to request an opportunity to make an oral presentation in open session based on the legal and factual materials submitted.

The Commission will consider any written legal and factual materials submitted by the Candidate within the 30 Day period in making a final repayment determination. Such materials may be submitted by counsel if the Candidate so elects. If the Candidate decides to file a response to the initial repayment determination, please contact Kim L. Bright-Coleman of the

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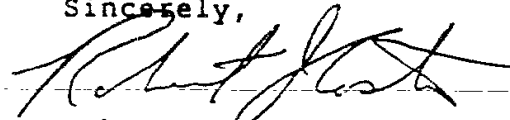
Letter to Dr. John Hagelin
Page 2

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Sincerely,



Robert J. Costa
Assistant Staff Director
Audit Division

Attachment as stated

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CHRONOLOGY

DR. JOHN HAGELIN FOR PRESIDENT COMMITTEE

Pre-audit Inventory Commenced	8/16/93
Audit Fieldwork	8/26/93 - 1/31/94
Interim Audit Report to the Committee	6/6/94
Response Received to the Interim Audit Report	7/11/94
Final Audit Report Approved	9/14/94

950/012314