



FEDERAL ELECTION COMMISSION

1125 A STREET N.W.  
WASHINGTON, D.C. 20461

THIS IS THE END OF MUR # 1084

Date Filmed 11/30/81 Camera No. --- 2

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FEDERAL ELECTION COMMISSION

Conciliation Materials & Information

gathered in course of Conciliation

Internal documents

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

- |  |   |
|--|---|
| <input type="checkbox"/> (1) Classified Information                                | <input type="checkbox"/> (6) Personal privacy                             |
| <input type="checkbox"/> (2) Internal rules and practices                          | <input type="checkbox"/> (7) Investigatory files                          |
| <input checked="" type="checkbox"/> (3) Exempted by other statute 437g(a)(4)(B)    | <input type="checkbox"/> (8) Banking Information                          |
| <input type="checkbox"/> (4) Trade secrets and commercial or financial information | <input type="checkbox"/> (9) Well Information (geographic or geophysical) |
| <input checked="" type="checkbox"/> (5) Internal Documents                         |   |

Signed Beverly B. Kramer

date 9/17/81

FEC 9-21-77

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601# 5510  
81 SEP 24 P3:09

American Federation of Labor and  
Congress of Industrial Organizations

815 Sixteenth Street, N.W.  
Washington, D.C. 20006  
(202) 637-5000

September 24, 1981

President  
Lane Kirkland  
Secretary-Treasurer  
Thomas R. Donahue  
Vice Presidents  
John H. Lyons  
Peter Bommarito  
Thomas W. Gleason  
Frederick O'Neal  
Jerry Wurf  
S. Frank Raftery  
Al H. Chesser  
Martin J. Ward  
Murray H. Finley  
Albert Shanker  
Glenn E. Watts  
Sol C. Chalkin  
Edward T. Hanley  
Angelo Focco  
Charles H. Pillard  
William H. McClennen  
J. C. Turner  
Lloyd McBride  
David J. Fitzmaurice  
Kenneth T. Blaylock  
Alvin E. Heape  
Wm. W. Wimpelinger  
William H. Wynn  
John J. O'Donnell  
John DeCincini  
Wayne E. Glenn  
Robert F. Goss  
Daniel V. Maroney  
William Komyha  
Joyce D. Miller  
John J. Sweeney  
Douglas A. Fraser

Charles N. Steele  
General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Dear Mr. Steele:

Attached is a statement of the procedures which have been instituted by my client, the AFL-CIO COPE Political Contributions Committee, pursuant to our conciliation agreement in FEC MUR 1084(80).

The procedures, I believe, are self-explaining. Should you have any questions, however, I can be reached at 637-5340.

Sincerely,

*Margaret E. McCormick*

Margaret McCormick

A Century of Achievement  
A Challenge for the Future



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81 SEP 24 P 3: 09

LANE KIRKLAND, Chairman

THOMAS R. DONAHUE, Secretary-Treasurer

ALEXANDER E. BARKAN, National Director

815 16TH STREET, N. W. ★ WASHINGTON, D. C. 20006 ★ (202) 637-8101

## **Committee on Political Education**

September 16, 1981

### **Memorandum**

**To:** Walter Bartkin, Comptroller

**From:** Al Barkan, National Director

**Re:** Procedures for Verifying that Contributions to AFL-CIO COPE PCC  
Do Not Exceed the Contribution Limits of the Federal Election  
Campaign Act

Effective immediately, COPE will follow the procedures outlined below upon receipt of a contribution to AFL-CIO COPE PCC from a non-affiliated multi-candidate committee (PAC):

1. COPE's contribution records for the calendar year in which the contribution is received will be checked to ensure that the amount contributed when added to any previous contributions from the same multi-candidate committee does not exceed \$5,000 in the aggregate for the calendar year.
2. If the amount contributed does exceed \$5,000, the contribution should be accepted only after it has been established that the contribution is permitted by the Federal Election Campaign Act; for example, that the contribution represents a transfer of the proceeds of a joint fundraising effort between AFL-CIO COPE PCC and the contributing PAC, as evidenced by a written memorandum or covering letter from the contributor.
3. If it cannot be established that the contribution in question is permitted by the provisions of the Federal Election Campaign Act, the contribution shall be returned to the contributor within seven (7) days of its receipt. Any contribution which is returned because its legality cannot be established should be accompanied by a letter which explains why it cannot be accepted by AFL-CIO COPE PCC.

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RECORDED  
31 SEP 24 P 3: 09

*from*  
**American Federation of Labor and  
Congress of Industrial Organizations**  
815 16TH STREET, N.W.  
WASHINGTON, D. C. 20006

**To**

Charles N. Steele  
General Counsel  
Federal Election Commission  
1325 K St., N.W.  
Wash., D.C. 20463

RETURN REQUESTED



**FEDERAL ELECTION COMMISSION**  
WASHINGTON, D.C. 20463

September 15, 1981

Mr. Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, TX 76710

RE: MUR 1084  
American Income Life  
Insurance Company

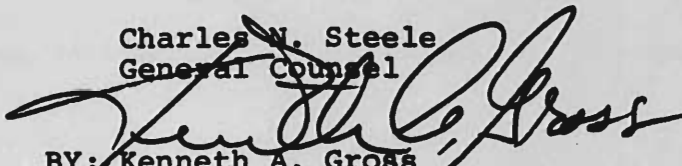
Dear Mr. Beard:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within thirty days.

Should you have any questions, contact Beverly Kramer, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,

Charles W. Steele  
General Counsel

  
BY: Kenneth A. Gross  
Associate General Counsel

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81040301681

Mr. Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, TX 76710

RE: MUR 1084  
American Income Life  
Insurance Company

Dear Mr. Beard:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within thirty days.

Should you have any questions, contact Beverly Kramer, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

DBK 9/14/81





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 15, 1981

Ms. Margaret E. McCormick, Esquire  
AFL-CIO COPE PCC  
Legal Department, Room 808  
815 16th Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084

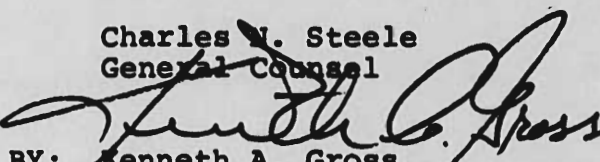
Dear Ms. McCormick:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within thirty days.

Should you have any questions, contact Beverly Kramer, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Kenneth A. Gross  
Associate General Counsel

81040301692



Ms. Margaret E. McCormick, Esquire  
AFL-CIO COPE PCC  
Legal Department, Room 808  
815 16th Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084

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Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

BBK 9/14/81



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 15, 1981

Mr. Ronald Krouse, COPE Supervisor  
CWA-COPE-PCC  
1925 K Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084

Dear Mr. Krouse:

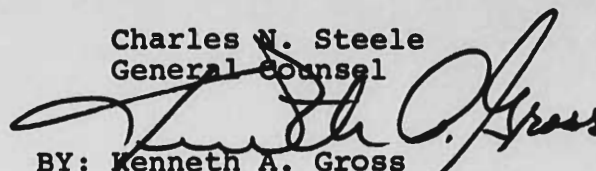
On September 14, 1981, the Commission accepted the conciliation agreement signed by Mr. Knecht and a civil penalty in settlement of a violation of certain provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days.

2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles W. Steele  
General Counsel

  
BY: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Conciliation Agreement

81040301684

Mr. Ronald Krouse, COPE Supervisor  
CWA-COPE-PCC  
1925 K Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084

Dear Mr. Krouse:

On , 1981, the Commission accepted the conciliation agreement signed by Mr. Knecht and a civil penalty in settlement of a violation of certain provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days.

2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Conciliation Agreement

3BK 9/14/81

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81 SEP 1 PM 2:30

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 1084(80)  
 )  
Communications Workers of )  
America - C.O.P.E. - Political )  
Contributions Committee )  
(CWA-COPE-PCC) )  
CWA Local Union #1101 )  
CWA Local Union #12222 )  
CWA Local Union #12215 )  
CWA Local Union #12143 )

81 SEP 1 PM 3:11

GENERAL COUNCIL

CONCILIATION AGREEMENT

The Federal Election Commission (hereinafter "the Commission"), initiated this matter pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities, and after having found reason to believe that the Communications Workers of America-C.O.P.E.- Political Contributions Committee ("Respondent" or "CWA-COPE-PCC") violated: 1/

2 U.S.C. § 433(b)(9) by failing to include in its statement of organization a listing of all banks and other depositories used.

2 U.S.C. §§ 432(c)(1) and (2) by failing to keep a detailed and exact account of all contributions received.

2 U.S.C. § 432(d) by failing to keep a receipted bill or other contemporaneous memorandum stating the particulars for expenditures made by the political committee in excess of \$100.

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1/ Violations occurred between January 1, 1977 and January 31, 1979, a period during which CWA-COPE-PCC was subject to the Federal Election Campaign Act of 1971 as amended in 1976 (Pub. L. No. 94-283). Therefore, all cites noted herein refer to the Federal Election Campaign Act of 1971 (Pub. L. No. 94-283) and the Title 11 Code of Federal Regulations prior to the 1979-1980 amendments.

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2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions to its separate segregated account from persons other than its members and their families.

2 U.S.C. § 434(b)(8) by failing to disclose the total sum of all receipts for its committee.

2 U.S.C. § 434(b)(6) by failing to disclose fundraising activities and the total amount of proceeds from such events.

2 U.S.C. § 434(b)(2) by failing to itemize contributions from individuals which, in the aggregate for the calendar year, exceeded \$100.

2 U.S.C. §§ 434(b)(9) and (11) by failing to report total expenditures and itemize those aggregating in excess of \$100 per payee in a calendar year.

2 U.S.C. § 441b(a) by accepting contributions from labor organizations for use in connection with Federal elections.

2 U.S.C. § 441a(a)(2)(C) by making contributions to a political committee which in the aggregate exceeded \$5,000 in a calendar year.

11 CFR § 114.5(a) by failing to inform solicitees of the provisions therein;

and that

CWA Local Unions #1101, #12143, #12215, #12222 violated 2 U.S.C. § 441b(a) by making contributions and expenditures from union treasury funds in connection with Federal elections.

NOW, THEREFORE, the Commission and Respondent, having duly participated in informal methods of conciliation, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this Agreement has the effect of a conciliation agreement under 2 U.S.C. § 437g(a)(4)(A).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.



III. Respondent enters voluntarily into this Agreement with the Commission.

IV. Respondent has cooperated fully and completely with the Commission during the pendency of this matter and has made substantial voluntary efforts to rectify and to prevent future violations of the Act.

V. The pertinent facts in this matter are as follows:

Parties

1. The Communications Workers of America, AFL-CIO is a national labor organization.
2. The Communications Workers of America - C.O.P.E. - Political Contributions Committee (hereinafter "CWA-COPE-PCC") is the separate segregated fund of the Communications Workers of America, AFL-CIO.
3. The Communications Workers of America Local Union #1101 (hereinafter "CWA Local #1101") is a local union of the Communications Workers of America, AFL-CIO.
4. CWA Local #1101 is a collecting agent for CWA-COPE-PCC.
5. The Communications Workers of America Local Union #2236 (hereinafter "CWA Local #2336") is a local union of the Communications Workers of America, AFL-CIO.
6. CWA Local #2336 is a collecting agent for CWA-COPE-PCC.
7. The Communications Workers of America Local Union #12143 (hereinafter "CWA Local #12143") is a local union of the Communications Workers of America, AFL-CIO.
8. CWA Local #12143 is a collecting agent for CWA-COPE-PCC.



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9. The Communications Workers of America Local Union #12215 (hereinafter "CWA Local #12215") is a local union of the Communications Workers of America, AFL-CIO.
10. CWA Local #12215 is a collecting agent for CWA-COPE-PCC.
11. The Communications Workers of America Local Union #12222 (hereinafter "CWA Local #12222") is a local union of the Communications Workers of America, AFL-CIO.
12. CWA Local #12222 is a collecting agent for CWA-COPE-PCC.

ISSUE 1

1. 2 U.S.C. § 433(b)(9) requires a political committee to disclose on its statement of organization all banks, safety deposit boxes, or other depositories used by the committee.
2. CWA Local #1101 maintained a savings account at the Amalgamated Bank of New York from the period January 1, 1977 through January 2, 1979 for the deposit and transmittal of contributions to and the making of expenditures on behalf of CWA-COPE-PCC.
3. CWA Local #2336 maintained a savings account at the Security National Bank (Washington, D.C.) from the period January 1, 1977 through June 29, 1979 for the deposit and transmittal of contributions to CWA-COPE-PCC.
4. CWA Local #12143 maintained a savings account at the Texas State Bank from January 1, 1977 through March 31, 1977 and a savings account at the San Antonio Telephone Federal Credit Union from April 1, 1977 through March 31, 1979 for the deposit and transmittal of contributions to CWA-COPE-PCC.
5. CWA Local #12215 maintained a savings account at the Swiss Avenue Bank from January 1, 1977 through January 31, 1979

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for the deposit and transmittal of contributions to CWA-COPE-PCC.

6. CWA Local #12222 maintained a checking account at the Pasadena National Bank for the period January 1, 1979 through March 31, 1979 for the deposit and transfer of funds to and the making of expenditures on behalf of CWA-COPE-PCC.
7. CWA-COPE-PCC did not include on its statements of organization a listing of the banks and depositories used by CWA Locals #1101, #2336, #12143, #12215.
8. Beginning February 1980, CWA-COPE-PCC submitted amendments to its statement of organization disclosing all banks and depositories used by its local collecting agents.

ISSUE 2

1. 2 U.S.C. § 432(c)(1) and (2) requires the treasurer of a political committee to keep a detailed and exact account of all contributions made to or for such committee; the identification of every person making a contribution in excess of \$50, and the date and amount thereof and, if a person's contribution aggregated more than \$100, the account was to include the occupation and principal place of business.
2. For the period of January 1, 1977 through January 31, 1979, CWA Local #1101, #2336, #12143, #12215, and #12222 collected contributions totalling \$103,840.34 on behalf of CWA-COPE-PCC.

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3. For the period of January 1, 1977 through January 31, 1979 CWA-COPE-PCC did not keep a detailed account of contributions collected by CWA Locals #1101, #2336, #12143, #12215 and #12222, including the identification of individual contributors and contribution amounts received per contributor.

ISSUE 3

1. 2 U.S.C. § 441b(b)(4)(A)(ii) prohibits a separate segregated fund established by a labor organization from soliciting contributions to such fund from persons other than its members and their families.
2. In 1977 and 1978 CWA-COPE-PCC solicited contributions, totalling \$2,449.00, from persons other than its members and their families.

ISSUE 4

1. 11 CFR § 114.5(a)(5) states, in relevant part, that any written solicitation containing guidelines for contributions to a separate segregated fund must inform persons being solicited --
- (i) That the guidelines are merely suggestions; and
- (ii) That an individual is free to contribute more or less than the guidelines suggest and the labor organization will not favor or disadvantage anyone by reason of the amount of their contribution or their decision not to contribute.

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2. Between January 1, 1977 through January 31, 1979 written solicitations prepared and distributed by CWA-COPE-PCC set forth guidelines for contributing to its political fund but did not inform solicitees: that such guidelines were merely suggestions; that contributors were free to contribute more or less than the guidelines suggested and; that the labor organization would not favor or disadvantage anyone by reason of their contributions or their decision not to contribute.

ISSUE 5

1. 2 U.S.C. § 434(b)(8) requires a political committee to disclose the total sum of all receipts by or for such committee during the reporting period and the calendar year.
2. In 1977 and 1978 CWA-COPE-PCC failed to disclose the receipt of contributions, totalling \$27,247.90, during the reporting periods and calendar years in which such funds were received.

ISSUE 6

1. 2 U.S.C. § 434(b)(6) requires a political committee to disclose the total amount of proceeds from (a) the sale of tickets to each rally and other fundraising event; and (b) mass collections made at such events.
2. During calendar years 1977 through 1979 CWA Locals #2336, #12143 and #1101 held fundraising events to collect contributions for CWA-COPE-PCC.

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3. CWA-COPE-PCC did not disclose the receipt of proceeds from fundraising events held by CWA Locals #2336, #12143 and #1101 on behalf of CWA-COPE-PCC.

ISSUE 7

1. 2 U.S.C. § 434(b)(2) requires a political committee to disclose the full name and mailing address (occupation and principal place of business, if any) of each person who made contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions.
2. CWA-COPE-PCC received \$15,036.23 from 127 individuals whose contributions exceeded \$100 for the calendar year 1977.
3. CWA-COPE-PCC received \$15,461.24 from 123 individuals whose contributions exceeded \$100 from the calendar year 1978.
4. In 1977 and 1978 CWA-COPE-PCC did not disclose the full name, mailing address, occupation, principal place of business (if any) of individuals whose contributions aggregated in excess of \$100 per calendar year.

ISSUE 8

1. 2 U.S.C. §§ 434(b)(9) and (11) requires the disclosure of all expenditures made by or on behalf of a political committee during the reporting period, and the identification of each person to whom expenditures were made

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within the calendar year in an aggregate amount in excess of \$100 together with the amount, date and purpose of each expenditure.

2. 2 U.S.C. § 432(d) requires the treasurer of a political committee to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of such committee in excess of \$100 in amount, and for any such expenditure to the same person during a calendar year.
3. From January 1, 1977 through January 31, 1979 CWA Local #1101 made 90 expenditures, totalling \$9,120.89 on behalf of CWA-COPE-PCC. Sixteen of the ninety expenditures, totalling \$4,450.61, made by CWA Local #1101 on behalf of CWA-COPE-PCC were each in excess of \$100.
4. CWA-COPE-PCC did not disclose expenditures made by CWA Local #1101 on behalf of CWA-COPE-PCC.
5. In 1977 CWA Local #12215 expended \$1,392.00 to purchase T-Shirts on behalf of CWA-COPE-PCC.
6. CWA-COPE-PCC did not disclose nor maintain a receipted bill for the expenditure of \$1,392.00 made by CWA Local #12215 on behalf of CWA-COPE-PCC.

#### ISSUE 9

1. 2 U.S.C. § 441b(a) prohibits a labor organization from making a contribution or expenditure in connection with any federal election except from voluntary funds kept separate and segregated. For purposes of this section,



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"contribution or expenditures" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or anything of value to any candidate, campaign committee, or political party or organization in connection with any election to federal office.

2. On May 25, 1977 CWA Local #1101 transferred \$22,074.00 from its general treasury account (containing union dues and fees) to its savings account (maintained for contributions to CWA-COPE-PCC).
3. In September of 1977 CWA Local #1101 reimbursed its general treasury account \$22,074.00 from voluntary funds collected on behalf of CWA-COPE-PCC.
4. From January 1, 1977 to January 31, 1977 CWA Local #1101 made 45 expenditures on behalf of CWA-COPE-PCC, totalling \$3,000, from its general treasury account.
5. Four months after expenditures were made from the general treasury on behalf of CWA-COPE-PCC, CWA Local #1101 reimbursed the general treasury \$3,000 from voluntary funds collected on behalf of CWA-COPE-PCC.
6. On May 9, 1978 CWA Local #1101 transferred \$25,000 from its general treasury account to CWA-COPE-PCC.
7. On August 16, 1978 and September 7, 1978 CWA Local #1101 reimbursed its general treasury account a total of \$25,000 from voluntary funds collected on behalf of CWA-COPE-PCC.

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8. In 1978 CWA Local #1101 made 45 expenditures, totalling \$6,120.00 from its general treasury account on behalf of CWA-COPE-PCC.
9. On August 8, 1978 CWA Local #1101 reimbursed its general treasury account \$6,120.00 from voluntary funds collected on behalf of CWA-COPE-PCC.
10. In 1977, CWA Local #1101 accepted on behalf of CWA-COPE-PCC the proceeds from the sale of jackets purchased by the union. The Local deposited these funds in its general treasury account and later transferred these monies (\$3,304.75) to its savings account (maintained for transmittal to CWA-COPE-PCC).
11. In 1977 and 1978, CWA Local # 12222 transferred \$3,195 (representing receipts for advertisements in a monthly newsletter) from its general treasury account to its its checking account (maintained for contributions to CWA-COPE-PCC).
12. In 1976, CWA Local #12222 transferred \$3,500 from its checking account (maintained for contributions to CWA-COPE-PCC) to its general treasury account. The transfer represented an advance for the purchase of jackets to be sold as fundraising items.
13. On May 11, 1977, CWA Local #12222 transferred \$3,500 (representing proceeds from the sale of jackets) from its general treasury account to its checking account (maintained for contributions to CWA-COPE-PCC).

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14. Between January 1, 1977 and January 31, 1979 CWA Local #12215 raised a total of \$4,054.20 representing proceeds from the sale of fundraising items. The proceeds were deposited directly into the Local's snack bar account (containing union dues and fees) and later transferred to its savings account (maintained for contributions to CWA-COPE-PCC).
15. Between January 1, 1977 and January 31, 1979 a total of \$875.00, representing payment for the rental of a billboard owned by CWA Local Union #12215, was donated to CWA-COPE-PCC.
16. Between January 1, 1977 and January 31, 1979 a total of \$2,615.00 obtained from the rental of a union hall to other area unions and businesses was donated by CWA Local Union #12215 to CWA-COPE-PCC.
17. On July 22, 1977, CWA Local Union #12215 deposited \$645.33, representing payment to the union from a tire company for the stuffing of ads in member mailings, into its savings account (maintained for contributions to CWA-COPE-PCC).
18. From January 1, 1977 to January 31, 1979 all contributions received by CWA Local #12143 were initially deposited into its general treasury account (containing union dues and fees). Periodic transfers were made from CWA Local #12143's union treasury account to its savings account (maintained for contributions to CWA-COPE-PCC).

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19. On May 2, 1977 CWA Local #12143 transferred \$6,468.00 directly by check from its general treasury account to CWA-COPE-PCC. These funds represented individual voluntary contributions collected on behalf of CWA-COPE-PCC.
20. On May 9, 1978 CWA Local #12143 transferred \$6,881.25 from the union's education account (containing union dues and fees) to a savings account maintained for contributions to CWA-COPE-PCC. An amount of \$6,560 was then transferred from the savings account to CWA-COPE-PCC for deposit into its campaign depository. These funds represented individual voluntary contributions collected on behalf of CWA-COPE-PCC.
21. In addition to the above, in 1977 and 1978 CWA Local #12143 transferred a total of \$4,671.73 from its general treasury account to CWA-COPE-PCC for deposit in its campaign depository.
22. On September 8, 1980 CWA-COPE-PCC transferred \$4,671.73 from its federal (separate segregated) account to its political education (non-federal) account.

ISSUE 10

1. 2 U.S.C. § 441a(a)(2)(C) states that no multicandidate political committee shall make contributions to any other political committee in a calendar year which, in the aggregate, exceed \$5,000.

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- 14 -

2. "Multicandidate political committee" is defined in 2 U.S.C. § 441a(a)(4) as a political committee which has been registered under section 433 of Title 2 for period of not less than 6 months, which has received contributions from more than 50 persons, and, except for any State political party organization, has made contributions to five or more candidates for Federal office.
3. CWA-COPE-PCC registered with the Office of the Clerk of the United States House of Representatives on April 7, 1972 and has since qualified as a multicandidate political committee within the meaning of 2 U.S.C. § 441a(a)(4).
4. On June 18, 1979 CWA-COPE-PCC made a \$5,000 contribution to AFL-CIO-COPE Political Contributions Committee (herein, "AFL-CIO-COPE").
5. On December 14, 1979, CWA-COPE-PCC made another contribution of \$10,000 to AFL-CIO COPE PCC, thereby exceeding the contribution limits of 2 U.S.C. § 441a (a) (2)(C) by \$10,000.
6. On August 1, 1980, AFL-CIO COPE PCC refunded CWA COPE PCC \$10,000.
7. All transactions were properly disclosed on reports filed by CWA-COPE-PCC.

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WHEREFORE, Respondent agrees:

A. Respondent violated the following provisions of the Federal Election Campaign Act of 1971, as amended, and Title 11 Code of Federal Election Regulations:

2 U.S.C. § 433(b)(9) by failing to include in its statement of organization a listing of all banks and other depositories used;

2 U.S.C. §§ 432(c)(1) and (2) by failing to keep a detailed and exact account of all contributions received;

2 U.S.C. § 432(d) by failing to keep a receipted bill or other contemporaneous memorandum stating the particulars for expenditures made by the political committee in excess of \$100;

2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions to its separate segregated account from persons other than its members and their families;

2 U.S.C. § 434(b)(8) by failing to disclose the total sum of all receipts for its committee;

2 U.S.C. § 434(b)(6) by failing to disclose fundraising activities and the total amount of proceeds from such events;

2 U.S.C. § 434(b)(2) by failing to itemize contributions from individuals which, in the aggregate for the calendar year, exceeded \$100;

2 U.S.C. § 434(b)(9) and (11) by failing to report total expenditures and itemize those aggregating in excess of \$100 per payee in a calendar year;

2 U.S.C. § 441b(a) by accepting contributions from labor organizations for use in connection with Federal elections;

2 U.S.C. § 441a(a)(2)(C) by making contributions to a political committee which in the aggregate exceeded \$5,000 in a calendar year;

11 CFR § 114.5(a) by failing to inform solicitees of the provisions therein; and that

CWA Local Unions #1101, #12143, #11215, and #12222 violated 2 U.S.C. § 441b(a) by making contributions and expenditures from union treasury funds in connection with Federal elections.

81040301700



RECEIVED

01 SEP 1 P12: 31

- B. The Commission acknowledges the efforts to which the respondent has gone in order to fully comply with the Act in the future. Included in these efforts was the preparation and distribution in March of 1981 of a professionally prepared set of guidelines for local collecting agents of CWA-COPE-PCC that included procedural recommendations for compliance with relevant provisions of the Act pertaining to solicitations, recordkeeping, deposits and transmittal of contributions.
- C. Respondent will amend its reports for 1977 and 1978 to disclose the identification of individuals whose contributions during those years exceeded an aggregate of \$100.
- D. Respondent has ceased its solicitation of contributions from individuals who are not members of the Communications Workers of America AFL-CIO and has adopted procedures which will substantially ensure future compliance with 2 U.S.C. § 441b(b) (4)(A)(ii).
- E. Respondent will refund all money collected as a result of soliciting contributions from persons other than its members and their families.
- F. Respondent will refund to original sources, all prohibited corporate and union treasury contributions received by or on behalf of CWA-COPE-PCC. Where such sources can no longer be identified or located, respondent will transfer from its federal (separate segregated) account to its political education (non-federal) account all prohibited contributions received.
- G. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Eleven Thousand Dollars

81040301701

(\$11,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

81 SEP 7 PM 12:34

H. Respondent will now, and in the future, comply in all respects with the Federal Election Campaign Act of 1971, as amended.

GENERAL CONDITIONS

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. It is agreed that respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

Charles N. Steele  
General Counsel

BY:

  
Kenneth A. Gross  
Associate General Counsel

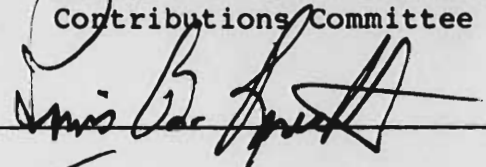
Date

Date

Communications Workers of  
America-C.O.P.E. Political  
Contributions Committee

BY:

ITS:

  
TREASURER

81010301702

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 1084  
Communications Workers of )  
America - C.O.P.E. - Political )  
Contributions Committee )  
(CWA-COPE-PCC) )  
CWA Local Union #1101 )  
CWA Local Union #12222 )  
CWA Local Union #12215 )  
CWA Local Union #12143 )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 14, 1981, the Commission decided by a vote of 5-0 to take the following actions regarding MUR 1084:

1. Accept the conciliation agreement for the Communications Workers of America C.O.P.E. Political Contributions Committee (Attachment 1 to the General Counsel's September 9, 1981 memorandum).
2. Close the file in this matter.
3. Approve and send the letters as attached to the General Counsel's memorandum dated September 9, 1981.

Commissioners Aikens, Harris, McGarry, Reiche and Tiernan voted affirmatively in this matter; Commissioner Thomson did not cast a vote.

Attest:

9-14-81  
Date

*Marjorie W. Emmons*  
Marjorie W. Emmons  
Secretary of the Commission

Received in Office of Commission Secretary: 9-9-81, 4:27  
Circulated on 48 hour vote basis: 9-10-81, 11:00

81040301703



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *MWE*  
FROM: MARJORIE W. EMMONS/JODY CUSTER *JC*  
DATE: SEPTEMBER 16, 1981  
SUBJECT: MUR 1084 - WITHDRAWAL OF OBJECTION

8 1 0 4 0 3 0 1 7 0 4

Your office was previously notified of an objection by Commissioner Thomson following certification of the September 9, 1981 Memorandum to the Commission regarding MUR 1084.

As of 4:30, September 15, 1981, Commissioner Thomson has withdrawn his objection to this matter and cast an affirmative vote.

The original certification in this matter is forwarded for your records.

Attachment:  
Original Certification



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Recd  
9-15-81  
4:45

MEMORANDUM TO: The Commission Secretary

FROM: Vernon W. Thomson, Commissioner *V.W.T.*

DATE: September 15, 1981

SUBJECT: Withdrawal of Objection - MUR 1084

It is requested that my objection to MUR 1084, Memorandum to the Commission dated September 9, 1981, submitted at 4:25, September 14, 1981, be withdrawn and that the record reflect I cast an affirmative vote in this matter.

cc: General Counsel

81040301705





**FEDERAL ELECTION COMMISSION**  
WASHINGTON, D.C. 20463

**MEMORANDUM TO:** CHARLES STEELE  
**FROM:** MARJORIE W. EMMONS/JODY CUSTER *jc*  
**DATE:** SEPTEMBER 15, 1981  
**SUBJECT:** MUR 1084 - FILING OF OBJECTION FOLLOWING  
CERTIFICATION

At 12:15 on September 14, 1981 a certification was forwarded to your office approving the recommendations found within the Memorandum to the Commission dated September 9, 1981 regarding MUR 1084.

At 4:25, September 14, 1981, Commission Thomson submitted an objection, thereby placing this matter on the Executive Session Agenda for Tuesday, September 22, 1981.

Please withdraw the certification forwarded to your office in this matter.

81040301706



# CWA-COPE

## POLITICAL CONTRIBUTIONS COMMITTEE

JAMES B. BOOE, *Chairman*

LOUIS B. KNECHT, *Treasurer*



101533 RECEIVED  
GCC # 5380  
81 SEP 1 12:30

1925 K Street, Northwest

Washington, D.C. 20006

785-6700

August 28, 1981

File: 1.34

Charles N. Steele General Counsel  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463

SEP 1 13:13

GENERAL COUNSEL

Dear Mr. Steele:

Please find attached a signed copy of the amended Conciliation agreement for MUR 1084(80).

We are glad that the Commission has further acknowledged the great lengths to which our Committee has gone in order to ensure full compliance with the Act.

Sincerely,

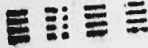
Ron Krouse  
CWA-COPE Supervisor

cc: Louis B. Knecht

1p

1925 K STREET, N.W.  
WASHINGTON, D. C. 20004

REGISTERED MAIL - RETURN RECEIPT REQUESTED



To

Charles N. Steele, General Counsel  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

August 31, 1981

Ms. Margaret E. McCormick, Esquire  
AFL-CIO COPE PCC  
Legal Department, Room 808  
815 Sixteenth Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084

Dear Ms. McCormick:

On August 25, 1981, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your client, AFL-CIO COPE PCC, and it will become part of the public record within thirty days after this matter has been closed with respect to all other respondents involved.

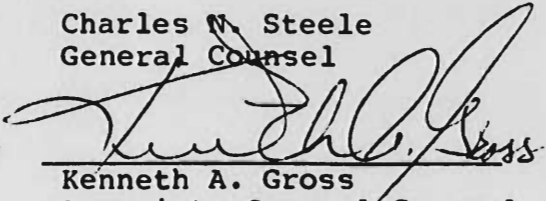
2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles W. Steele  
General Counsel

BY:

  
Kenneth A. Gross  
Associate General Counsel

Enclosure  
Conciliation Agreement

81040301709

Ms. Margaret E. McCormick, Esquire  
AFL-CIO COPE PCC  
Legal Department, Room 808  
815 Sixteenth Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084

Dear Ms. McCormick:

On , 1981, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your client, AFL-CIO COPE PCC, and it will become part of the public record within thirty days after this matter has been closed with respect to all other respondents involved.

2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele  
General Counsel

BY:

Kenneth A. Gross  
Associate General Counsel

Enclosure

Conciliation Agreement

8/28/81 - BBK

81040301710

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
AFL-CIO COPE Political ) MUR 1084(80)  
Contributions Committee )

CONCILIATION AGREEMENT

The Federal Election Commission (hereinafter "The Commission") initiated this matter pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities and after having found reason to believe that the AFL-CIO COPE Political Contributions Committee ("Respondent" or "AFL-CIO COPE PCC") violated 2 U.S.C. Section 441a(f).

NOW, THEREFORE, the Commission and Respondent, having duly participated in informal methods of conciliation, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of a conciliation agreement under 2 U.S.C. Section 437g(a)(4)(A).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. The AFL-CIO COPE Political Contributions Committee is a multi-candidate political committee within the meaning of 2 U.S.C. Section 441a(a)(4).

2. The Communications Workers of America-C.O.P.E.-Political Contributions Committee (hereinafter "CWA-COPE-PCC") is a multi-candidate political committee within the meaning

01 AUG 10 4:06

GENERAL COUNSEL

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of 2 U.S.C. Section 441(a)(4).

3. 2 U.S.C. Section 441a(a)(2)(C) prohibits a multi-candidate political committee from making contributions to any other political committee which exceed \$5,000 within a calendar year.

4. 2 U.S.C. Section 441a(f) prohibits candidates and political committees from knowingly accepting any contribution or making any expenditure in violation of the provisions of 2 U.S.C. Section 441a.

5. On June 19, 1979, AFL-CIO COPE PCC accepted a \$5,000 contribution from CWA-COPE-PCC.

6. On December 21, 1979, AFL-CIO COPE PCC accepted an additional contribution of \$10,000 from CWA-COPE-PCC. AFL-CIO-COPE-PCC contends that it accepted the \$10,000 contribution under the mistaken belief that such funds represented the proceeds from a joint fundraising effort.

7. On June 27, 1980, CWA-COPE-PCC notified AFL-CIO-COPE-PCC that the \$10,000 contribution was a result of an administrative error and that a refund of the contribution would therefore be required.

8. On July 30, 1980, AFL-CIO-COPE-PCC refunded \$10,000 to CWA-COPE-PCC and disclosed the refund in its report to the Commission.

WHEREFORE, Respondent agrees:

A. Respondent violated 2 U.S.C. Section 441a(f) by accepting contributions in excess of \$5,000 from a multi-candidate political committee.

B. Respondent will prepare and distribute guidelines to its staff, including procedural recommendations for ensuring compliance with 2 U.S.C. Section 441a(f). Such guidelines shall be submitted to the Commission for its review.

C. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Three Hundred and Fifty Dollars (\$350.00), pursuant to 2 U.S.C. Section 437g(a)(5)(A).

D. Respondent agrees that it shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. Section 431, et seq.

#### GENERAL CONDITIONS

V. The Commission, on request of anyone filing a complaint under 2 U.S.C. Section 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VI. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

VII. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

Aug 31, 1981  
Date

Charles N. Steele  
General Counsel

August 10, 1981  
Date

AFL-CIO COPE Political Contributions Committee  
AFL-CIO COPE Political Contributions  
Committee

By: Margaret E. McCornick

Its: Attorney for AFL-CIO COPE PCC

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
AFL-CIO-COPE Political )  
Contributions Committee )

MUR 1084 (80)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 25, 1981 the Commission decided by a vote of 4-1 to take the following actions in the above-captioned matter:

1. Accept the conciliation agreement for AFL-CIO-COPE Political Contributions Committee submitted with the General Counsel's August 14, 1981 report.
2. Close the file with respect to AFL-CIO COPE Political Contributions Committee's involvement in this matter.
3. Approve and send to Ms. Margaret E. McCormick, attorney for AFL-CIO-COPE Political Contributions Committee, the letter attached to the General Counsel's August 14, 1981 report.

Commissioners Harris, McGarry, Reiche, and Tiernan voted affirmatively for the decision; Commissioner Thomson dissented; Commissioner Aikens abstained on the vote.

Attest:

8/28/81  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

81040301715



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COMMITTEE ON POLITICAL EDUCATION,  
AFL-CIO

PAID PAYMENT OF ITEMS LISTED BELOW	AMOUNT
Civil Penalty	\$350.00

EDUCATIONAL FUND

COMMITTEE ON POLITICAL EDUCATION, AFL-CIO  
815 16TH STREET, N. W., WASHINGTON, D. C. 20006  
EDUCATIONAL FUND

DATE 8/10/81 CHECK NUMBER 420 PAY TO THE ORDER OF United States Treasurer

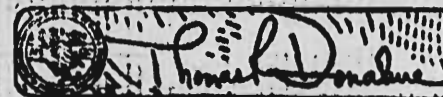
THE RIGGS NATIONAL BANK OF WASHINGTON  
WASHINGTON, D. C.

AMOUNT

\$350.00

AMOUNT

\$350.00



SECRETARY-TREASURER

⑆054000030⑆ 01⑆07007993⑆



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**American Federation of Labor and  
Congress of Industrial Organizations**

615 Sixteenth Street, N.W.  
Washington, D.C. 20006

Charles N. Steele, Esq.  
General Counsel  
Federal Election Commission  
1325 K St., N.W.  
Washington, D.C. 20463

ATTENTION: Beverly Kramer

8 5 0 4 0 3 0 1 7 1 8

**CWA - COPE**  
1925 K STREET, N.W.  
WASHINGTON, D.C. 20006

No. **479**

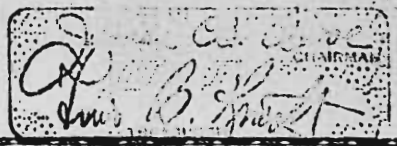
July 24, 19 <sup>81</sup><sub>52</sub><sup>540</sup>

PAY TO THE ORDER OF TREASURER OF THE UNITED STATES \$ 11,000.00

EXACTLY **11000000** DOLLARS

 **NATIONAL SAVINGS TRUST COMPANY**  
WASHINGTON, D.C.

FOR \_\_\_\_\_

  
CHAIRMAN

⑆054000522⑆ 043⑈6013783⑈

COMMUNICATIONS WORKERS

OF AMERICA

(AFFILIATED WITH AFL-CIO)

1925 K STREET, N.W.  
WASHINGTON, D. C. 20006



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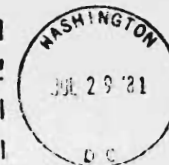
81 AUG 5 PM 2

III

III

III

III



**Communications  
Workers of America**  
AFL-CIO

1925 K Street, N.W.  
Washington, D.C. 20006



Mr. Charles N. Steele,  
General Counsel  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463

Postmaster: Contents, merchandise. This package may be opened for postal inspection if necessary. Return postage guaranteed.



RETURN RECEIPT  
POSTED

CERTIFIED



81040301720

*Mun 1084- Kram*

Form 3811, Jan. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

SENDER: Complete Items 1, 2, and 3.  
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):  
☐ Show to whom and date delivered.....  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY.  
Show to whom, date, and address of delivery.....  
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:  
*Pat Beard*

3. ARTICLE DESCRIPTION:  
REGISTERED NO. CERTIFIED NO. INSURED NO.  
*814354*  
(Always obtain signature of addressee or agent)

I have received the article described above.  
SIGNATURE ☐ Addressee ☐ Authorized agent  
*Wendy Williams*

4. DATE OF DELIVERY  
*7-13-81*

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE

7-7-81

☆ GPO : 1979-000-400



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 7, 1981

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, Texas 76710

RE: MUR 1084 (80)

Dear Mr. Beard:

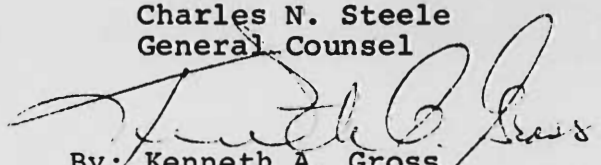
This is to advise you that after an investigation was conducted, the Commission concluded on July 2, 1981, that there is no probable cause to believe that your client, the American Income Life Insurance Company, violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended, in connection with the above-captioned matter. Accordingly, the Commission has determined to close its files with respect to your client's involvement in this matter.

The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Beverly Kramer at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

81040301721



**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, Texas 76710

RE: MUR 1084 (80)

Dear Mr. Beard:

This is to advise you that after an investigation was conducted, the Commission concluded on 1981, that there is no probable cause to believe that your client, the American Income Life Insurance Company, violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended, in connection with the above-captioned matter. Accordingly, the Commission has determined to close its files with respect to your client's involvement in this matter.

The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Beverly Kramer at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

BBKramer:ano 6/24/81  
KAGross

bbk  
7/6/81

81040301722



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 7, 1981

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Ronald Krouse, COPE Supervisor  
CWA-COPE-PCC  
1925 M Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084 (80)

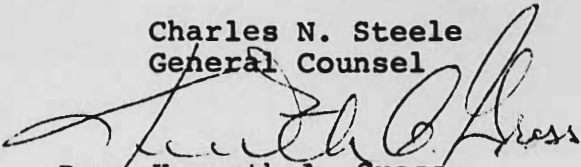
Dear Mr. Krouse:

This is to advise you that after an investigation was conducted, the Commission concluded on July 2, 1981, that there is no probable cause to believe your committee violated 2 U.S.C. § 441b(a) by accepting contributions from agents or unincorporated partnership organizations of the American Income Life Insurance Company. Accordingly, the Commission has determined to close its file with respect to this issue. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, please contact Beverly Kramer at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

81040301723

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. Ronald Krouse, COPE Supervisor  
CWA-COPE-PCC  
1925 M Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084 (80)

Dear Mr. Krouse:

This is to advise you that after an investigation was conducted, the Commission concluded on 1981, that there is no probable cause to believe your committee violated 2 U.S.C. § 441b(a) by accepting contributions from agents or unincorporated partnership organizations of the American Income Life Insurance Company. Accordingly, the Commission has determined to close its file with respect to this issue. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, please contact Beverly Kramer at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

BBKramer:ano 6/24/81  
KAGross

bbk  
M/6/81

81040301724

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Communication Workers of ) MUR 1084  
America - C.O.P.E. - )  
Political Contributions )  
Committee )  
American Income Life Insurance )  
Company )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 2, 1981, the Commission decided by a vote of 5-0 to take the following actions regarding MUR 1084:

1. Find NO PROBABLE CAUSE TO BELIEVE that the Communications Workers of America - C.O.P.E. - Political Contributions Committee violated 2 U.S.C. § 441b(a) by accepting contributions from an agent and an unincorporated partnership organization of the American Income Life Insurance Company.
2. Find NO PROBABLE CAUSE TO BELIEVE that the American Income Life Insurance Company violated 2 U.S.C. § 441b(a) in this matter.
3. Close the file with respect to this issue.

(continued)

81040301725

CERTIFICATION

MUR 1084

General Counsel's Report

Dated June 24, 1981

Page 2

4. Approve the letters to Mr. Ronald Krouse and Mr. Pat Beard as submitted with the General Counsel's June 24, 1981 report.

Commissioners Aikens, Harris, Reiche, Thomson and Tiernan voted affirmatively in this matter; Commissioner McGarry did not cast a vote.

Attest:

7-2-81

Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

Report signed:

Received in Office of the Commission Secretary:

Circulated on 48 hour vote basis:

6-29-81

6-29-81, 3:20

6-30-81, 11:00

81040301726



June 29, 1981

MEMORANDUM TO: Marjorie W. Emmons  
FROM: Phyllis A. Kayson  
SUBJECT: MUR 1084

Please have the attached General Counsel's Report  
distributed to the Commission on a 48 hour tally basis.  
Thank you.

Attachment  
cc: Kramer

81040301727

**SENSITIVE**

BEFORE THE FEDERAL ELECTION COMMISSION  
JUNE 24, 1981

RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY

81 JUN 29 P 3: 20

In the Matter of )  
 )  
Communication Workers of ) MUR 1084 (80)  
America - C.O.P.E. - )  
Political Contributions )  
Committee )  
American Income Life Insurance )  
Company )

GENERAL COUNSEL'S REPORT

I. Background

On July 1, 1980, the Commission found reason to believe that the Communications Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") violated 2 U.S.C. § 441b(a) by accepting corporate contributions from the American Income Life Insurance Company for use in connection with federal elections. Accordingly, the Commission also found reason to believe that the American Income Life Insurance Company violated 2 U.S.C. § 441b(a) by making corporate contributions to CWA-COPE-PCC for use in connection with federal elections.

After an investigation was conducted, the Office of General Counsel, on May 12, 1981, sent briefs to the respondents informing them of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe violations of the Act were committed in connection with this matter. To date, we have received no response to these briefs.

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II. Legal Analysis

See the General Counsel's attached brief of May 12, 1981.

III. Recommendations

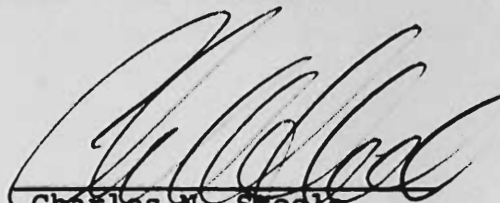
1. Find no probable cause to believe that the Communications Workers of America - C.O.P.E. - Political Contributions Committee violated 2 U.S.C. § 441b(a) by accepting contributions from an agent and an unincorporated partnership organization of the American Income Life Insurance Company.

2. Find no probable cause to believe that the American Income Life Insurance Company violated 2 U.S.C. § 441b(a) in this matter.

3. Close the file with respect to this issue.

4. Approve the attached letters to Mr. Ronald Krouse and Mr. Pat Beard.

29 June 1981  
Date

  
Charles N. Steele  
General Counsel

Attachments

General Counsel's Brief of May 12, 1981  
Letter to Mr. Ronald Krouse, COPE Supervisor  
Letter to Mr. Pat Beard, attorney for respondent  
American Income Life Insurance Company

81040301729

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

American Income Life Insurance Company )

Communications Workers of America - )

C.O.P.E. - Political Contributions )

Committee )

MUR 1084(80)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On July 1, 1980, the Commission found reason to believe that the Communications Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") violated 2 U.S.C. § 441b(a) by accepting corporate contributions from the American Income Life Insurance Company for use in connection with federal elections. Accordingly, the Commission also found reason to believe that the American Income Life Insurance Company violated 2 U.S.C. § 441b(a) by making corporate contributions to CWA-COPE-PCC for use in connection with federal elections.

These determinations were based upon findings made during the audit of CWA-COPE-PCC and the subsequent audit of records maintained by CWA Locals #2336 and #12222. 1/

1/ During the period covered by the audit, CWA Locals #2336 and #12222 were collecting agents of CWA-COPE-PCC. These locals collected contributions for CWA-COPE-PCC and deposited contributions into accounts maintained for transmittal to CWA-COPE-PCC.

81040301730

On July 24, 1980, the Commission notified CWA-COPE-PCC and the American Income Life Insurance Company of its findings pursuant to 2 U.S.C. § 437g(a)(2). An analysis of respondents' replies and the findings of the investigation conducted pursuant to 2 U.S.C. § 437g(a)(2) follows.

## II. Legal Analysis

Information gathered in the course of investigation reveals that neither CWA-COPE-PCC nor the American Income Life Insurance Company have violated 2 U.S.C. § 441b(a) in connection with this matter.

By letters dated August 5 and August 12, 1980, Mr. Bernard Rapaport, Chief Executive Officer of the American Income Life Insurance Company, revealed that checks made payable to CWA locals were drawn on accounts maintained by individual agents or unincorporated partnership organizations and not on the corporate account of the American Income Life Insurance Company. Two checks, each in the amount of \$500 were signed by A. C. Helms and were drawn on the account of Bedford-Helms Associates. A third check for \$226 was signed by Carol Ebner and was drawn on the account of Jerome E. Walters Associates. See Attachments #1 and #2.

81040301731



On February 11, 1981, the Office of General Counsel sent letters to Mr. Jerome E. Walters and Mr. A. C. Helms. By these letters the Office of General Counsel sought to ascertain the source of funds contributed and whether solicitations of contributions were made by CWA-COPE-PCC to persons outside its membership.

On February 19, 1981, the Office of General Counsel received a reply from Mr. Jerome E. Walters. 2/ Therein, Mr. Walters revealed that he had been the contributor of a \$226 check to COPE and that there was no solicitation made for the contribution. According to Mr. Walters, the contribution had been drawn on his personal checking account. Both Mr. Walters and Carol Ebner had drawing rights on this account.

On February 17, 1981, the General Counsel's letter addressed to Mr. A. C. Helms was returned with postal markings indicating that Mr. Helms had moved leaving no forwarding address. Inquiry as to his present whereabouts resulted in no further information being obtained. However, by contacting the Secretary of State (Texas), the Office of General Counsel verified that Bedford-Helms Associates is an unincorporated business entity.

2/ Mr. Jerome E. Walters has identified himself as a State General Agent of the American Income Life Insurance Company.

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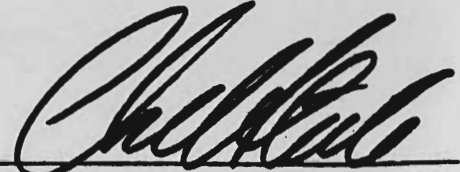
Based upon the foregoing facts, the Office of General Counsel recommends that the Commission find no probable cause to believe that CWA-COPE-PCC or the American Income Life Insurance Company violated 2 U.S.C. § 441b(a).

III. Recommendations

1. Find no probable cause to believe that the Communications Workers of America - C.O.P.E. - Political Contributions Committee violated 2 U.S.C. § 441b(a) in this matter.
2. Find no probable cause to believe that the American Income Life Insurance Company violated 2 U.S.C. § 441b(a).

11 May 1961

Date



Charles N. Steele  
General Counsel

81040301733



American Income Life Insurance Company

EXECUTIVE OFFICES: P.O. BOX 1000, WASH. D.C. 20001, 202-775-0000

GCC#

2273

10 03

BERNARD RAPOPORT  
Chairman of the Board and  
Chief Executive Officer

ATTACHMENT #1

August 5, 1980

80 AUG 11 P 2: 09

APR 11 1981

Mr. Max L. Friedersdorf  
Chairman  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

ATTENTION: Beverly Brown

Dear Mr. Friedersdorf:

This will acknowledge your Notification of Reason to Believe Finding, dated July 24, 1980, MUR No. 1084.

1. Your first allegation is that CWA-COPE-PCC Local #2336 has deposit tickets indicating a receipt of \$226.00 from American Income Life Insurance Company and that the local sent a memo to its members indicating that the company promised to donate \$1.00 to CWA's Political Fund for every contact they received from a union member concerning life insurance.

This company did not, directly or indirectly, contribute \$226.00 to the Political Contributions Committee. It has reason to believe that an individual agent or a partnership, acting for himself and not the company, did make such a contribution. However, the agency in the Washington area during the period in question is no longer associated with this company and we are attempting to obtain information from the local as to the payor under the deposit tickets to which you have referred. As soon as this information is available, we will furnish it to you.

It would be appreciated if you could furnish us with specific amounts and specific dates as to when the contributions in question were made.

No one is or has been authorized to represent that this company will make any political contributions.

2. The second allegation is that in 1977 Local #12222 received two contributions totalling \$1,000.00 from the American Income Life Insurance Company for its Political Contributions Fund.

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Page 2  
Mr. Max L. Friedersdorf  
August 5, 1980

Enclosed herewith are two checks, one dated July 18, 1977, payable to Local #12222 for \$500.00 drawn on the account of Bedford-Helms Associates, and the other dated January 20, 1977, payable to Local #12222 for \$500.00 drawn on the account of Bedford-Helms Associates.

In 1977, Bedford-Helms Associates was a partnership composed of J. D. Bedford and A. C. Helms. We assume that these two checks represent the two contributions totalling \$1,000.00 to which you make reference.

These checks do not represent direct or indirect payment by this company, but are solely the responsibility of the partnership agency.

This company will be represented in this matter by the following counsel:

Pat Beard  
Beard and Kultgen  
P. O. Box 529  
Waco, Texas 76703  
(817) 776-5500

Such counsel is authorized to receive any notifications and other communications with respect to this matter.

Sincerely yours,

Bernard Rapoport

BR/sk  
Enclosures

81040301735



# AMERICAN INCOME LIFE Insurance Company

A Union Company Serving America's Union Families

DENNIS HARTFORD  
Chairman of the Board and  
Chief Executive Officer  
CHARLES B. COOPER  
President and  
Chief Operating Officer

H. S. (HANK) BROWN  
PUBLIC RELATIONS

STATE GENERAL AGENTS  
6640 LONG POINT RD.  
HOUSTON, TEXAS 77055  
AC 713/680-9241

A. C. HELMS, CLU

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT

DATE	AMOUNT
Insert in your Communication	
TOTAL OF INVOICES	
LESS % DISCOUNT	
TOTAL DEDUCTIONS	
AMOUNT OF CHECK	

AMERICAN INCOME  
LIFE INSURANCE AGENCY  
6700 SANGER, SUITE 12 776-2340

4324

WACO, TEXAS 76707

Pay to the  
order of

**PAID**  
July 18 1977  
C. W. F. #222

\$ 500.00

Five hundred and no/100's Dollars

BEDFORD-HELMS ASSOCIATES



LAKE AIR  
NATIONAL BANK  
P. O. BOX 8211 WACO, TEXAS 76707  
48-76 WACO, TEXAS 48-76

G. P. T. Helms

⑆1119⑉0076⑆

⑈10 656 7⑈

⑈0000050000⑈

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT

DATE	AMOUNT
8	
TOTAL OF INVOICES	
LESS % DISCOUNT	
TOTAL DEDUCTIONS	
AMOUNT OF CHECK	

AMERICAN INCOME  
LIFE INSURANCE AGENCY  
611 BOWDEN 776-2340  
WACO, TEXAS 76710

3456

PAY  
TO THE  
ORDER OF

**PAID**  
January 20 1977  
Houston C. B. COPE #2-222

\$ 500.00

Five hundred and no/100

DOLLARS

BEDFORD-HELMS ASSOCIATES



LAKE AIR  
NATIONAL BANK  
P. O. BOX 8211 WACO, TEXAS 76707  
48-76 WACO, TEXAS 48-76

G. P. T. Helms

⑆1119⑉0076⑆

⑈10 656 7⑈

⑈0000050000⑈

BR AUG 4 1980





American Income Life Insurance Company  
EXECUTIVE OFFICES: P.O. BOX 1000, NEW YORK, N.Y. 10108-0000

BERNARD RAPOPORT  
Chairman of the Board and  
Chief Executive Officer

RECEIVED  
80 AUG 18 909712  
PI2: 29

ATTACHMENT #2

August 12, 1980

Mr. Max L. Friedersdorf  
Chairman  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

ATTENTION: Beverly Brown

Dear Mr. Friedersdorf:

This letter will supplement my letter of August 5, 1980, with respect to your Notification of Reason to Believe Finding, dated July 24, 1980, MUR No. 1084.

Ms. Brown has advised me that your MUR No. 1084 is in error with respect to the first allegation when it purports to cover an audit period from January 1, 1977 through January 31, 1979 when the check in question was dated April 11, 1979. Enclosed herewith you will find a copy of the check for \$226.00 payable to COPE and drawn on the account of Jerome E. Walter Associates, a sole proprietorship owned by Jerome E. Walter.

This company did not directly or indirectly make the payment to which you have made reference.

If you require any additional information, please advise.

Very truly yours,

Bernard Rapoport

BR/sk  
Enclosure

80 AUG 18 P 1: 27

GENERAL COUNSEL  
FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20543



**JEROME E. WALTER ASSOCIATES**  
AMERICAN INCOME LIFE INSURANCE CO.  
4510 CEDAR STREET  
SILVER SPRING, MARYLAND 20910  
(301) 589-4400

65-327  
850

1819

PAY TO THE ORDER OF		DATE	CHECK NO.	CHECK AMT
COPE		4-7-71	1819	1819

MARYLAND NATIONAL BANK  
SHADY GROVE OFFICE GAITHERSBURG, MARYLAND 593

JEROME E. WALTER ASSOCIATES

*Michael E. Walter*

⑆055003272⑆ 566 00⑈321 6⑈ ⑈0000022600

**FOR DEPOSIT ONLY**

LOCAL 2335  
Communications Workers of America  
746 9th Street, N.W.  
Washington, D.C. 20001

MARYLAND NAT'L BANK  
COLLIER PARK, MD. 3550-0327-2 1971

MARYLAND NAT'L BANK  
15-80  
D.C.  
P.E.G.  
1622



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Ronald Krouse, COPE Supervisor  
CWA-COPE-PCC  
1925 M Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084 (80)

Dear Mr. Krouse:

This is to advise you that after an investigation was conducted, the Commission concluded on 1981, that there is no probable cause to believe your committee violated 2 U.S.C. § 441b(a) by accepting contributions from agents or unincorporated partnership organizations of the American Income Life Insurance Company. Accordingly, the Commission has determined to close its file with respect to this issue. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, please contact Beverly Kramer at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

81040301739



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, Texas 76710

RE: MUR 1084 (80)

Dear Mr. Beard:

This is to advise you that after an investigation was conducted, the Commission concluded on 1981, that there is no probable cause to believe that your client, the American Income Life Insurance Company, violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended, in connection with the above-captioned matter. Accordingly, the Commission has determined to close its files with respect to your client's involvement in this matter.

The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, please direct them to Beverly Kramer at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

81040301740

MARGARET E. MCCORMICK

RECEIVED  
#4947  
81 JUN 24 PM 12: 23

Ms. Beverly Kramer  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington D.C. 20463

June 23, 1981

RE: FEC MUR 1084(80)

Dear Beverly:

Attached is a copy of the letter which accompanied C.W.A.-C.O.P.E.-P.C.C.'s December 14, 1979 transfer to AFL-CIO-COPE-PCC. As you can see it simply notes that the transferred funds are voluntary contributions.

Please let me know if there is anything else you need.

Sincerely,

*Peggy*

Margaret E. McCormick  
Attorney for Respondent  
AFL-CIO-COPE-PCC

81040301741

81 JUN 24 PM 12: 33

GENERAL COUNSEL

FD



600#4947

# CWA-COPE

## POLITICAL CONTRIBUTIONS COMMITTEE

GLENN E. WATTS, *Chairman*

LOUIS B. KNECHT, *Treasurer*



1925 K Street, Northwest

Washington, D.C. 20006

755-5376, 755-6751

December 14, 1979

File: 1.34

81040301742

Mr. Alexander Barkan, Director  
AFL-CIO COPE  
815 - 16th Street, N.W.  
Washington, D. C. 20006

Dear Al:

Enclosed is check number 369, in the amount of \$10,000.00,  
made payable to "AFL-CIO COPE PCC."

This check represents individual contributions, therefore,  
it may be used for any proper political purpose.

Sincerely,

Glenn E. Watts  
Chairman

cc: L. Knecht  
J. Booe  
L. Bowen  
F. Hassen



American Federation of Labor and  
Congress of Industrial Organizations

815 Sixteenth Street, N.W.  
Washington, D.C. 20006

Ms. Beverly Kramer  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington D.C. 20463





# FEDERAL ELECTION COMMISSION

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

MEMORANDUM TO: CHARLES STEELE *mwe*  
FROM: MARJORIE W. EMMONS/JODY CUSTER *jc*  
DATE: JUNE 17, 1981  
SUBJECT: REFERRAL OF LETTER REGARDING MUR 1084 (80)

The attached letter regarding MUR 1084 (80) was received in Vice-Chairman Reiche's office and then presented to the Secretary of the Commission. It is provided for your action.

Attachment:

Letter from Marg. E. McCormick dated June 16, 1981  
(AFL-CIO)

81010301744



RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY

81 JUN 17 11:01

American Federation of Labor and  
Congress of Industrial Organizations

815 Sixteenth Street, N.W.  
Washington, D.C. 20006  
(202) 637-5000

June 16, 1981

Executive Council  
Lane Kirkland  
President  
Thomas R. Donahue  
Secretary-Treasurer  
John H. Lyons  
Peter Bommarito  
Thomas W. Gleason  
Frederick O'Neal  
Jerry Wurt  
S. Frank Raftery  
Al H. Chesser  
Martin J. Ward  
Murray H. Finley  
Albert Shanker  
Glenn E. Watts  
Sol C. Chaikin  
Edward T. Hanley  
Angelo Fosco  
Charles H. Pillard  
William H. McClennan  
J. C. Turner  
Lloyd McBride  
David J. Fitzmaurice  
Kenneth T. Blaylock  
Emmet Andrews  
Alvin E. Heaps  
Wm. W. Wimpisinger  
William H. Wynn  
Fred J. Kroll  
John J. O'Donnell  
John DeConcini  
Wayne E. Glenn  
Robert F. Goss  
Daniel V. Maroney  
William Konyha  
Joyce D. Miller  
John J. Sweeney

Mr. Frank P. Reiche, Vice Chairman  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Attention: Beverly Kramer

Re: FEC MUR 1084(80)

Dear Commissioner Reiche:

Please accept my apologies for this delayed response to your February 26, 1981 letter to Mr. Thomas Donahue, which was misplaced through a clerical error, notifying him that the Federal Election Commission has found reason to believe that the AFL-CIO COPE Political Contributions Committee (hereinafter "Committee") may have violated Section 441a(f) of the Federal Election Campaign Act of 1971, as amended.

The Committee acknowledges that on December 21, 1979 it received a \$10,000 transfer from CWA-COPE-PCC, a multicandidate political committee. As the Committee's 1979 December report reflects, the Committee accepted this transfer under the mistaken impression that the funds had been forwarded as proceeds of a joint fundraising effort. Had this in fact been the case, the Committee's acceptance of the funds would have been permitted by Section 441a(a)(5)(A) of the Act which allows unlimited transfers between political committees of funds raised through joint fundraising efforts.

On June 27, 1980, CWA-COPE-PCC notified the Committee that its December 1979 transfer to the Committee was the result of an administrative error and not, as the Committee believed, the transfer of joint fundraising proceeds. CWA-COPE-PCC requested that the Committee refund the \$10,000 transfer and the Committee complied with their request on July 30, 1980. The Committee has been assured by CWA-COPE-PCC that steps have been taken by the latter to prevent such errors in the future.

A Century of Achievement  
A Challenge for the Future

June 15, 1981

The Committee believes that its good faith in this matter is demonstrated by the full disclosure of both the receipt and return of the CWA-COPE-PCC funds in the Committee's FEC reports and by the Committee's immediate refund of the entire \$10,000 once it was on notice that the funds constituted an excess contribution. The Committee further believes, in view of the inadvertent and technical nature of its section 441a(f) violation and the Committee's voluntary efforts to comply with the Act once it discovered its mistake, that the Commission should take no further action in this matter.

Should the Committee decide to proceed further with this matter, the Committee respectfully requests that it be handled through informal conciliation at this stage of the Commission's proceedings.

Sincerely,

*Margaret E. McCormick*

Margaret E. McCormick  
Attorney for Respondent  
AFL-CIO-COPE-PCC

81040301746





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Mr. Frank P. Reiche, Vice Chairman  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463

American Federation of Labor and  
Congress of Industrial Organizations

515 Sixteenth Street, N.W.  
Washington, D.C. 20006



6/16/81

4:05 PM

GCC#4889



American Federation of Labor and Congress of Industrial Organizations

815 Sixteenth Street, N.W.  
Washington, D.C. 20006  
(202) 637-5000

Executive Council  
Lane Kirkland  
President  
Thomas R. Donahue  
Secretary-Treasurer  
John H. Lyons  
Peter Bommarito  
Thomas W. Gleason  
Frederick O'Neal  
Jerry Wurf  
S. Frank Raftery  
Al H. Chesser  
Martin J. Ward  
Murray H. Finley  
Albert Shanker  
Glenn E. Watts  
Sol C. Chaikin  
Edward T. Hanley  
Angelo Fosco  
Charles H. Piliard  
William H. McClennan  
J. C. Turner  
Lloyd McBride  
David J. Fitzmaurice  
Kenneth T. Blaylock  
Emmet Andrews  
Alvin E. Heaps  
Wm. W. Winklesinger  
William H. Wynn  
Fred J. Kroll  
John J. O'Donnell  
John DeConcini  
Wayne E. Glenn  
Robert F. Goss  
Daniel V. Maroney  
William Konyha  
Joyce D. Miller  
John J. Sweeney

31 JUN 16 P 4: 07

RECEIVED  
GENERAL COUNSEL

June 11, 1981

Mr. Charles N. Steele, General Counsel  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463

Dear Mr. Steele:

Pursuant to 11 C.F.R. 111.23, I am notifying you that the AFL-CIO COPE Political Contributions Committee (Committee) has retained Margaret E. McCormick, Esq., to represent it in MUR 1084(80). Ms. McCormick is hereby authorized to receive any and all F.E.C. communications or other communications in regard to this matter on behalf of the Committee. Ms. McCormick's mailing address is: AFL-CIO, 815 Sixteenth Street, N. W., Room 808, Washington, D. C. 20006. Her telephone numbers are: 202-637-5390 (office) and 301-656-9612 (home).

Sincerely,

Thomas R. Donahue, Treasurer  
AFL-CIO COPE PCC

810403



71103017

Mr. Charles N. Steele, General Counsel  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463

American Federation of Labor and  
Congress of Industrial Organizations

15 Sixteenth Street, N.W.  
Washington, D.C. 20006



6044890  
MARGARET E. MCCORMICK

June 16, 1981

31 JUN 16 4:08

RECEIVED  
GENERAL COUNSEL

Ms. Beverly Kramer  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington D.C. 20463

Dear Beverly:

Per our telephone conversation today, I am sending you a copy of our response letter in MUR 1084(80), the original of which was delivered to the FEC today addressed to Commissioner Reiche.

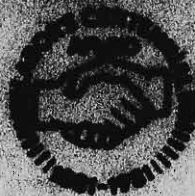
A letter designating me as the attorney representing AFL-CIO COPE PCC in MUR 1084(80) was also delivered today.

Sincerely,

Margaret E. McCormick  
Margaret E. McCormick

81040301750

Executive Council  
Lane Kirkland  
President  
Thomas R. Donahue  
Secretary-Treasurer  
John H. Lyons  
Peter Bommarito  
Thomas W. Gleason  
Frederick O. Neal  
Jerry Warr  
S. Frank Raftery  
Al H. Chesser  
Martin J. Ward  
Murray H. Finley  
Albert Shanker  
Glenn E. Watts  
Sol C. Chaikin  
Edward T. Hanley  
Angelo Fesco  
Charles H. Pillard  
William H. McGinnan  
J. C. Turner  
Lloyd McBride  
David J. Fitzmaurice  
Kenneth T. Blaylock  
Emmet Andrews  
Alvin E. Heaps  
Wm. W. Winkinger  
William H. Wynn  
Fred J. Kroll  
John J. O'Donnell  
John DeConcini  
Wayne E. Glenn  
Robert F. Goss  
Daniel V. Meroney  
William Koryha  
Joyce D. Miller  
John J. Sweeney



American Federation of Labor and  
Congress of Industrial Organizations

815 Sixteenth Street, N.W.  
Washington, D.C. 20006  
(202) 637-6000

June 16, 1981

91 JUN 16 4:07

GENERAL COUNSEL

Mr. Frank P. Reiche, Vice Chairman  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Attention: Beverly Kramer

Re: FEC MUR 1084(80)

Dear Commissioner Reiche:

Please accept my apologies for this delayed response to your February 26, 1981 letter to Mr. Thomas Donahue, which was misplaced through a clerical error, notifying him that the Federal Election Commission has found reason to believe that the AFL-CIO COPE Political Contributions Committee (hereinafter "Committee") may have violated Section 441a(f) of the Federal Election Campaign Act of 1971, as amended.

The Committee acknowledges that on December 21, 1979 it received a \$10,000 transfer from CWA-COPE-PCC, a multicandidate political committee. As the Committee's 1979 December report reflects, the Committee accepted this transfer under the mistaken impression that the funds had been forwarded as proceeds of a joint fundraising effort. Had this in fact been the case, the Committee's acceptance of the funds would have been permitted by Section 441a(a)(5)(A) of the Act which allows unlimited transfers between political committees of funds raised through joint fundraising efforts.

On June 27, 1980, CWA-COPE-PCC notified the Committee that its December 1979 transfer to the Committee was the result of an administrative error and not, as the Committee believed, the transfer of joint fundraising proceeds. CWA-COPE-PCC requested that the Committee refund the \$10,000 transfer and the Committee complied with their request on July 30, 1980. The Committee has been assured by CWA-COPE-PCC that steps have been taken by the latter to prevent such errors in the future.

A Century of Achievement  
A Challenge for the Future



June 15, 1981

The Committee believes that its good faith in this matter is demonstrated by the full disclosure of both the receipt and return of the CWA-COPE-PCC funds in the Committee's FEC reports and by the Committee's immediate refund of the entire \$10,000 once it was on notice that the funds constituted an excess contribution. The Committee further believes, in view of the inadvertent and technical nature of its section 441a(f) violation and the Committee's voluntary efforts to comply with the Act once it discovered its mistake, that the Commission should take no further action in this matter.

Should the Committee decide to proceed further with this matter, the Committee respectfully requests that it be handled through informal conciliation at this stage of the Commission's proceedings.

Sincerely,

Margaret E. McCormick  
Attorney for Respondent  
AFL-CIO-COPE-PCC

81040301752



**American Federation of Labor and  
Congress of Industrial Organizations**

815 Sixteenth Street, N.W.  
Washington, D.C. 20006  
(202) 637-5000

Executive Council  
Lana Howard  
President  
Thomas R. Donahue  
Secretary-Treasurer  
John H. Lyons  
Peter Sammartino  
Thomas W. Gleason  
Frederick O'Neil  
Jerry Wert  
S. Frank Ruffery  
Al H. Chesser  
Martin J. Ward  
Murray H. Finley  
Albert Sharker  
Glenn E. Watts  
Sol C. Chalkin  
Edward T. Hanley  
Angelo Fosso  
Charles H. Piliard  
William H. McGowan  
J. C. Turner  
Lloyd McBride  
David J. Fitzmaurice  
Kenneth T. Blylock  
Ernest Andrews  
Alvin E. Hesse  
Wm. W. Wenzinger  
William H. Wynn  
Fred J. Kroll  
John J. O'Donnell  
John DeConcini  
Wayne E. Glenn  
Robert F. Goss  
Daniel V. Maroney  
William Konyha  
Joyce D. Miller  
John J. Sweeney

June 11, 1981

Mr. Charles N. Steele, General Counsel  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463

Dear Mr. Steele:

Pursuant to 11 C.F.R. 111.23, I am notifying you that the AFL-CIO COPE Political Contributions Committee (Committee) has retained Margaret E. McCormick, Esq., to represent it in MUR 1084(80). Ms. McCormick is hereby authorized to receive any and all F.E.C. communications or other communications in regard to this matter on behalf of the Committee. Ms. McCormick's mailing address is: AFL-CIO, 815 Sixteenth Street, N. W., Room 808, Washington, D. C. 20006. Her telephone numbers are: 202-637-5390 (office) and 301-656-9612 (home).

Sincerely,

Thomas R. Donahue, Treasurer  
AFL-CIO COPE PCC

A Century of Achievement  
A Challenge for the Future



0040301754

**American Federation of Labor and  
Congress of Industrial Organizations**

16 Sixteenth Street, N.W.  
Washington, D.C. 20006

Ms. Beverly Kramer  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington D.C. 20463

81040301755

Return Receipt for Registered, Insured and Certified Mail

**1. SENDER:** Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

The following service is requested (check one.)

☐ Show to whom and date delivered.....

☐ Show to whom, date and address of delivery.....

☐ RESTRICTED DELIVERY  
Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.  
Show to whom, date, and address of delivery.....

(CONSULT POSTMASTER FOR FEES)

**2. ARTICLE ADDRESSED TO:**  
Mr. Ronald Krouse

**3. ARTICLE DESCRIPTION:**

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	438017	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

*Ronald Krouse*

**4. DATE OF DELIVERY:** **5. POSTMARK:**

**6. ADDRESS (Complete only if requested):**

**7. UNABLE TO DELIVER BECAUSE:** **8. CLERK'S INITIALS:**

OGC MUR 1084 B. Kramer



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 12, 1981

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. Ronald Krouse, COPE Supervisor  
CWA-COPE-PCC  
1925 K Street, N.W.  
Washington, D.C. 20006

Re: MUR 1084

Dear Mr. Krouse:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on July 1, 1980, found reason to believe that the Communications Workers of America - C.O.P.E. - Political Contributions Committee violated 2 U.S.C. § 441b(a) by accepting corporate contributions from the American Income Life Insurance Company.

After considering all of the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred in this matter. The Commission may or may not approve the General Counsel's recommendation.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

Should you have any questions, please contact Beverly Kramer at (202)523-4529.

Sincerely,

Charles N. Steele  
General Counsel

Enclosure  
Brief

81040301756





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 12, 1981

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, TX 76710

Re: MUR 1084

Dear Mr. Beard:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on July 1, 1980, found reason to believe that your client, the American Income Life Insurance Company, had violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended, and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred. The Commission may or may not approve the General Counsel's recommendation.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies, if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

Should you have any questions, please contact Beverly B. Kramer at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

Enclosure  
Brief

81040301757

May 12, 1981

MEMORANDUM TO: Marjorie W. Emmons  
FROM: Elissa T. Garr  
SUBJECT: MUR 1084 - Brief

Please have the attached Memo distributed to the  
Commission on an informational basis. Thank you.

81010301758



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY

81 MAY 12 P 1: 35

May 12, 1981

MEMORANDUM

To: The Commission

FROM: Charles N. Steele  
General Counsel *CS*

SUBJECT: MUR #1084

Attached for the Commission's review is a brief stating the position of the General Counsel on one of the legal and factual issues of the above-captioned matter. A copy of this brief and letters notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe were mailed on May 12, 1981. Following receipt of the respondents' replies to these notices, this office will make a further report to the Commission.

Attachments

1. Brief
2. Letters to Respondents

81040301759

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

American Income Life Insurance Company )

Communications Workers of America - )

C.O.P.E. - Political Contributions )

Committee )

MUR 1084(80)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On July 1, 1980, the Commission found reason to believe that the Communications Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") violated 2 U.S.C. § 441b(a) by accepting corporate contributions from the American Income Life Insurance Company for use in connection with federal elections. Accordingly, the Commission also found reason to believe that the American Income Life Insurance Company violated 2 U.S.C. § 441b(a) by making corporate contributions to CWA-COPE-PCC for use in connection with federal elections.

These determinations were based upon findings made during the audit of CWA-COPE-PCC and the subsequent audit of records maintained by CWA Locals #2336 and #12222. 1/

1/ During the period covered by the audit, CWA Locals #2336 and #12222 were collecting agents of CWA-COPE-PCC. These locals collected contributions for CWA-COPE-PCC and deposited contributions into accounts maintained for transmittal to CWA-COPE-PCC.

81040301760

On July 24, 1980, the Commission notified CWA-COPE-PCC and the American Income Life Insurance Company of its findings pursuant to 2 U.S.C. § 437g(a)(2). An analysis of respondents' replies and the findings of the investigation conducted pursuant to 2 U.S.C. § 437g(a)(2) follows.

## II. Legal Analysis

Information gathered in the course of investigation reveals that neither CWA-COPE-PCC nor the American Income Life Insurance Company have violated 2 U.S.C. § 441b(a) in connection with this matter.

By letters dated August 5 and August 12, 1980, Mr. Bernard Rapaport, Chief Executive Officer of the American Income Life Insurance Company, revealed that checks made payable to CWA locals were drawn on accounts maintained by individual agents or unincorporated partnership organizations and not on the corporate account of the American Income Life Insurance Company. Two checks, each in the amount of \$500 were signed by A. C. Helms and were drawn on the account of Bedford-Helms Associates. A third check for \$226 was signed by Carol Ebner and was drawn on the account of Jerome E. Walters Associates. See Attachments #1 and #2.

81040301761



On February 11, 1981, the Office of General Counsel sent letters to Mr. Jerome E. Walters and Mr. A. C. Helms. By these letters the Office of General Counsel sought to ascertain the source of funds contributed and whether soliciations of contributions were made by CWA-COPE-PCC to persons outside its membership.

On February 19, 1981, the Office of General Counsel received a reply from Mr. Jerome E. Walters. 2/ Therein, Mr. Walters revealed that he had been the contributor of a \$226 check to COPE and that there was no solicitation made for the contribution. According to Mr. Walters, the contribution had been drawn on his personal checking account. Both Mr. Walters and Carol Ebner had drawing rights on this account.

On February 17, 1981, the General Counsel's letter addressed to Mr. A. C. Helms was returned with postal markings indicating that Mr. Helms had moved leaving no forwarding address. Inquiry as to his present whereabouts resulted in no further information being obtained. However, by contacting the Secretary of State (Texas), the Office of General Counsel verified that Bedford-Helms Associates is an unincorporated business entity.

2/ Mr. Jerome E. Walters has identified himself as a State General Agent of the American Income Life Insurance Company.

81040301762

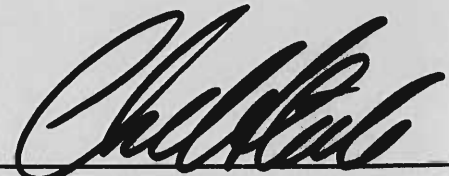
Based upon the foregoing facts, the Office of General Counsel recommends that the Commission find no probable cause to believe that CWA-COPE-PCC or the American Income Life Insurance Company violated 2 U.S.C. § 441b(a).

III. Recommendations

1. Find no probable cause to believe that the Communications Workers of America - C.O.P.E. - Political Contributions Committee violated 2 U.S.C. § 441b(a) in this matter.
2. Find no probable cause to believe that the American Income Life Insurance Company violated 2 U.S.C. § 441b(a).

11 May 1961

Date



Charles N. Steele  
General Counsel

81040301763



American Income Life Insurance Company

EXECUTIVE OFFICES: 200 N. W. 10th St., Miami, Florida 33136

BERNARD RAPOPORT  
Chairman of the Board and  
Chief Executive Officer

RECEIVED  
GCC# 2273  
AUG 10 1980

August 5, 1980

80 AUG 11 P 2: 09

OFFICE

Mr. Max L. Friedersdorf  
Chairman  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

ATTENTION: Beverly Brown

Dear Mr. Friedersdorf:

This will acknowledge your Notification of Reason to Believe Finding,  
dated July 24, 1980, MUR No. 1084.

1. Your first allegation is that CWA-COPE-PCC Local #2336 has deposit tickets indicating a receipt of \$226.00 from American Income Life Insurance Company and that the local sent a memo to its members indicating that the company promised to donate \$1.00 to CWA's Political Fund for every contact they received from a union member concerning life insurance.

This company did not, directly or indirectly, contribute \$226.00 to the Political Contributions Committee. It has reason to believe that an individual agent or a partnership, acting for himself and not the company, did make such a contribution. However, the agency in the Washington area during the period in question is no longer associated with this company and we are attempting to obtain information from the local as to the payor under the deposit tickets to which you have referred. As soon as this information is available, we will furnish it to you.

It would be appreciated if you could furnish us with specific amounts and specific dates as to when the contributions in question were made.

No one is or has been authorized to represent that this company will make any political contributions.

2. The second allegation is that in 1977 Local #12222 received two contributions totalling \$1,000.00 from the American Income Life Insurance Company for its Political Contributions Fund.

81040301764

Page 2  
Mr. Max L. Friedersdorf  
August 5, 1980

Enclosed herewith are two checks, one dated July 18, 1977, payable to Local #12222 for \$500.00 drawn on the account of Bedford-Helms Associates, and the other dated January 20, 1977, payable to Local #12222 for \$500.00 drawn on the account of Bedford-Helms Associates.

In 1977, Bedford-Helms Associates was a partnership composed of J. D. Bedford and A. C. Helms. We assume that these two checks represent the two contributions totalling \$1,000.00 to which you make reference.

These checks do not represent direct or indirect payment by this company, but are solely the responsibility of the partnership agency.

This company will be represented in this matter by the following counsel:

Pat Beard  
Beard and Kultgen  
P. O. Box 529  
Waco, Texas 76703  
(817) 776-5500

Such counsel is authorized to receive any notifications and other communications with respect to this matter.

Sincerely yours,

  
Bernard Rapoport

BR/sk  
Enclosures

81040301765



AMERICAN INCOME LIFE  
Insurance Company

A Union Company Serving America's Union Families

BERNARD RAPOPORT  
Chairman of the Board and  
Chief Executive Officer  
CHARLES E. COOPER  
President and  
Chief Operating Officer

H. S. (HANK) BROWN  
PUBLIC RELATIONS

STATE GENERAL AGENTS  
6640 LONG POINT RD.  
HOUSTON, TEXAS 77055  
AC 713/680-9241

A. C. HELMS, CLU

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT		AMOUNT	
DATE			
Insert in Type Communication			
TOTAL OF INVOICES			
LESS % DISCOUNT			
TOTAL DEDUCTIONS			
AMOUNT OF CHECK			
IF INCORRECT PLEASE RETURN NO RECEIPT NECESSARY			

AMERICAN INCOME  
LIFE INSURANCE AGENCY  
6700 SANGER, SUITE 12 776-2340  
WACO, TEXAS 76707

PAID July 18 1977

Pay to the order of C. W. F. # 2322 \$ 500.00

Five hundred and no/100's Dollars

BEDFORD-HELMS ASSOCIATES

G. P. T. Delmar

40304766

111900761 10 656 7 0000050000

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT		AMOUNT	
DATE			
Insert in Type Communication			
TOTAL OF INVOICES			
LESS % DISCOUNT			
TOTAL DEDUCTIONS			
AMOUNT OF CHECK			
IF INCORRECT PLEASE RETURN NO RECEIPT NECESSARY			

AMERICAN INCOME  
LIFE INSURANCE AGENCY  
611 BOWDEN 776-2340  
WACO, TEXAS 76710

PAID January 20 1977

Pay to the order of Houston C. G. COPE # 12-222 \$ 500.00

Five hundred and no/100's Dollars

BEDFORD-HELMS ASSOCIATES

G. P. T. Delmar

40304766

111900761 10 656 7 0000050000

BR AUG 4 1980





American Income Life Insurance Company

EXECUTIVE OFFICES: PHILADELPHIA, NEW YORK, CHICAGO, ST. LOUIS

RECEIVED  
80 AUG 18 909712  
PI2: 29

BERNARD RAPOPORT  
Chairman of the Board and  
Chief Executive Officer

August 12, 1980

Mr. Max L. Friedersdorf  
Chairman  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

ATTENTION: Beverly Brown

Dear Mr. Friedersdorf:

This letter will supplement my letter of August 5, 1980, with respect to your Notification of Reason to Believe Finding, dated July 24, 1980, MUR No. 1084.

Ms. Brown has advised me that your MUR No. 1084 is in error with respect to the first allegation when it purports to cover an audit period from January 1, 1977 through January 31, 1979 when the check in question was dated April 11, 1979. Enclosed herewith you will find a copy of the check for \$226.00 payable to COPE and drawn on the account of Jerome E. Walter Associates, a sole proprietorship owned by Jerome E. Walter.

This company did not directly or indirectly make the payment to which you have made reference.

If you require any additional information, please advise.

Very truly yours,

Bernard Rapoport

BR/sk  
Enclosure

80 AUG 18 P 1: 27

GENERAL COUNCIL

C

13

81040301767



**JEROME E. WALTER ASSOCIATES**  
 AMERICAN INCOME LIFE INSURANCE CO.  
 8510 CEDAR STREET  
 SILVER SPRING, MARYLAND 20910  
 (301) 588-4600

66-327  
580

1819

PAY TO THE ORDER OF		DATE	CHECK NO.	CHECK AMT
COPE		4-1-77	819	226

MARYLAND NATIONAL BANK  
 SHADY GROVE OFFICE GAITHERSBURG, MARYLAND 593

JEROME E. WALTER ASSOCIATES

*Handwritten signature*

⑆055003272⑆ 566 00⑆321 6⑆ ⑆0000022600⑆

81 40301768

**FOR DEPOSIT ONLY**

**LOCAL 2336**  
 Communications Workers of America  
 746 9th Street, N.W.  
 Washington, D.C. 20008

MARYLAND NAT'L BANK  
 COLLEGE PARK, MD. 0550-0327-2

MARYLAND NAT'L BANK  
 COLLEGE PARK, MD.  
 15-80  
 BANK P.E.G.  
 1622



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 12, 1981

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Ronald Krouse, COPE Supervisor  
CWA-COPE-PCC  
1925 K Street, N.W.  
Washington, D.C. 20006

Re: MUR 1084

Dear Mr. Krouse:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on July 1, 1980, found reason to believe that the Communications Workers of America - C.O.P.E. - Political Contributions Committee violated 2 U.S.C. § 441b(a) by accepting corporate contributions from the American Income Life Insurance Company.

After considering all of the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred in this matter. The Commission may or may not approve the General Counsel's recommendation.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

Should you have any questions, please contact Beverly Kramer at (202)523-4529.

Sincerely,

Charles N. Steele  
General Counsel

Enclosure  
Brief

81040301769



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

May 12, 1981

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, TX 76710

Re: MUR 1084

Dear Mr. Beard:

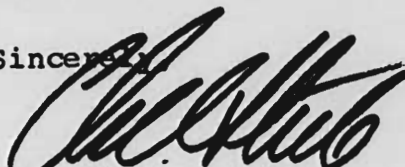
Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on July 1, 1980, found reason to believe that your client, the American Income Life Insurance Company, had violated section 441b(a) of the Federal Election Campaign Act of 1971, as amended, and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred. The Commission may or may not approve the General Counsel's recommendation.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies, if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

Should you have any questions, please contact Beverly B. Kramer at (202) 523-4529.

Sincerely,

  
Charles N. Steele  
General Counsel

Enclosure  
Brief

81040301770



# CWA-COPE

RECEIVED  
OFFICE OF THE  
COMMISSIONER OF THE  
FEDERAL ELECTION COMMISSION

81 APR 24 P12: 10

## POLITICAL CONTRIBUTIONS COMMITTEE

JAMES B. BOOE, *Chairman*

LOUIS B. KNECHT, *Treasurer*



1925 K Street, Northwest

Washington, D.C. 20006

785-6700

April 21, 1981

File: 1.34

Frank P. Reiche, Vice Chairman  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463

Attention: Beverly Kramer

Re: MUR 1084  
Formerly 1357 (80)

Dear Mr. Reiche:

This is in reply to your letter of February 26, 1981 in which you informed us that the FEC has determined there is reason to believe that the Committee has violated Section 441a (a)(2)(c) of the Act by making a \$10,000.00 contribution to the AFL-CIO COPE PCC on December 14, 1979.

As your letter suggests, we prefer to handle this matter through a process of informal conciliation. We feel that an error has been made, but was promptly corrected upon discovery.

Administratively, a political expenditure by the Committee goes through several checkpoints before delivery to the prospective recipient. At one point, it is supposed to be checked for compliance with the Act, and to ensure that contribution limits are followed. It is at this point, that an oversight was made and the \$10,000.00 slipped by.

The clerk responsible for this checkpoint did not accurately review the 1979 records to see that we had already given \$5,000.00 to the AFL-CIO COPE PCC on June 18, 1979. It was presumed by the clerk, therefore, that \$10,000.00 was to be allocated half to 1979, and



Frank P. Reiche, Vice Chairman  
Attention: Beverly Kramer

-2-

April 21, 1981

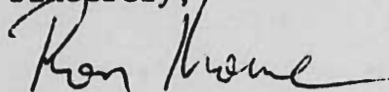
the other half to the fast approaching New Year of 1980. A Supervisor now makes that verification instead of a clerk to ensure that a similar oversight would not happen again.

As soon as the error was called to our attention, we requested that the AFL-CIO COPE PCC return the contribution. They did so on July 31, 1980, and it was received by us the following day.

All transactions were clearly disclosed on the monthly filings for both our Committee and that of the AFL-CIO's. There was no attempt to purposely violate the Act by intent or subterfuge. This was merely a clerical error promptly corrected when those in authority on the Committee became aware of its existence.

We trust that this will explain the circumstances of the errant \$10,000.00 and that the matter can now be closed.

Sincerely,



Ron Krouse  
CWA-COPE Supervisor

mw

cc: Glenn Watts  
Louis B. Knecht  
James B. Booe  
Loretta Bowen  
Fred Hassen

81040301772



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

March 30, 1981

MEMORANDUM

TO: The File

FROM: Beverly Brown

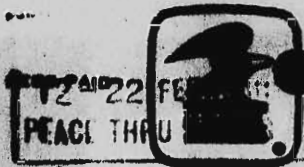
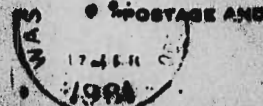
Subject: Instructions regarding postal return  
on letter addressed to Mr. A.C. Helms  
MUR 1084

The return mail addressed to Mr. A.C. Helms should be placed in the permanent file since attempts to find a second address have been unsuccessful.

81040301773

FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Official Business  
Penalty for Private Use \$300



Mr. J. H. Hains  
American Income Life Insurance  
Company  
6700 Sanger, Suite 12  
Waco, TX 76710

CERTIFIED

948201

1404030172

mailed

8-2-61





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 11, 1981

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. A. C. Helms  
American Income Life Insurance  
Company  
6700 Sanger, Suite 12  
Waco, TX 76710

RE: MUR 1084

Dear Mr. Helms:

By this letter, the Federal Election Commission requests that you provide information which will assist it in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission requests information surrounding two contributions, drawn on the account of the American Income Life Insurance Agency (Bedford-Helms Associates), to "CWA #12222."

In this connection, we would appreciate your answering the questions listed on the attachment to this letter. We request that your answers be sworn to and that they be forwarded to the Commission within ten days of your receipt of this letter.

Since this information is sought in conjunction with an investigation being conducted by the Commission, the confidentiality of 2 U.S.C. § 437g(a)(12)(A) will apply. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. Since those under investigation here have not given such consent, the Act requires that this matter remain confidential.

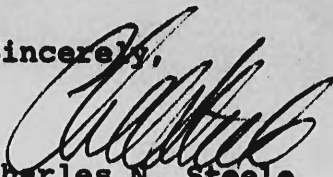
81049301776



Letter to A. C. Helms  
Page Two  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529.

Sincerely,



Charles N. Steele  
General Counsel

Enclosure

Questions  
Exhibit A & B  
Self-addressed envelope

81040301777

FEDERAL ELECTION COMMISSION

A. C. Helms

MUR 1084

QUESTIONS

The attached exhibits are copies of checks for \$500.00 payable to CWA #12222 and drawn on the account of the American Income Life Insurance Agency - Bedford-Helms Associates. Deposit slips maintained by the Communications Workers of America Local #12222 (located in Houston, Texas) indicate that these checks were forwarded to Local #12222 on or about February 2, 1977 and July 25, 1977. With regards to these transactions, please respond to the following questions. Questions pertaining to "the checks" refer to the above-referenced checks, copies of which are attached hereto and marked Exhibits "A" and "B".

1. Were the checks designated as contributions to the political fund of the Communications Workers of America for use in connection with federal elections? If not, please describe the purpose(s) for which these payments or contributions were intended.
2. Please provide the full name(s) and mailing address(es) of the actual contributor(s) of these checks.
3. Please describe the source of funds contributed (i.e., a personal checking account, corporate account, non-refundable drawing account).
4. Please provide the full names of individuals having drawing rights on the account(s) at the time the checks were written.
5. Was the contributor of the checks solicited for contributions to the political fund of the Communications Workers of America prior to making these contributions? If so, by whom?
6. How was the solicitation made, i.e., by mail, by phone, etc. Please explain.
7. What is the relationship of the American Income Life Insurance Agency (Bedford-Helms Associates) to the American Income Life Insurance Company (also located in Waco, Texas)?

81010301778

EXHIBIT A

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT		AMOUNT	
DATE	Insert in		
Payee: <u>Communicator</u>			
NUMBER OF INVOICES			
DATE			
% DISCOUNT			
TOTAL DEDUCTIONS \$			
AMOUNT OF CHECK			
IF INCORRECT PLEASE RETURN. NO RECEIPT NECESSARY			

4324

**AMERICAN INCOME  
LIFE INSURANCE AGENCY**  
6700 SANGER, SUITE 12 776-2340

WACO, TEXAS 76701

**PAID** July 18 1977

Pay to the order of CWA # 12322 \$ 500.00

Five hundred and no/100's Dollars

**NATIONAL BANK**  
P.O. BOX 848 WACO, TEXAS 76701  
48-76 WACO, TEXAS 48-76

**BEDFORD-HELMS ASSOCIATES**

J. P. T. Delaney

⑆1119⑈0076⑆ ⑆10 656 7⑈ ⑆0000050000⑈

**EXHIBIT B**

[illegible]

**AMERICAN INCOME  
LIFE INSURANCE AGENCY**  
611 BOWDEN 776-2340  
WACO, TEXAS 76710

**3456**

# DAY TO THE ORDER OF

Thurston

**PAID**

January 20 1977

# 62-222

\$ 500 <sup>2</sup>/<sub>100</sub>

Five hundred and 1/100

DOLLARS

LAKE AIR  
NATIONAL BANK  
P. O. BOX 223 WACO, TEXAS 76710  
BANK  
-76 WACO, TEXAS 42-78

**BEDFORD-HELMS ASSOCIATES**

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American Income Life Insurance Company

1515 CEDAR STREET/ SILVER SPRING, MARYLAND 20910 301-602-0000

JEROME E. WALTER  
State General Agent

February 19, 1981

Charles N. Steele  
General Council  
Federal Election Commission  
Washington, D.C. 20463

Dear Mr. Steele,

In regard to your letter, reference MUR 1084, the following answers are to the best of my ability.

1. The check was made payable to COPE to be used for their general fund.
2. The actual contributor was Jerome E. Walter  
8510 Cedar st.  
Silver Spring , MD 20910
3. The source of the funds was from a personel checking account.
4. The full names of the individuals having drawing rights on that account at the time the check was written, were Jerome E. Walter and Carol Ebner.
5. There was no solicitation made for the contribution.
6. Not applicable.
7. Jerome E. Walter Associates, is a State General Agency representing, American Income Life Insurance Company.

Should you have any other questions relating to this matter please feel free to contact me.

Sincerely yours,

Jerome E. Walter,  
State General Agent  
American Income Life Insurance Company

81040301792

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

POSTAGE AND FEES PAID



Official Business

Penalty for Private Use \$300

Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Attn: Beverly Brown



11/24 10:44



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY *mc*  
OFFICE OF THE SECRETARY TO THE COMMISSION

DATE: FEBRUARY 13, 1981

SUBJECT: MUR 1084 - Interim Investigative Report #3,  
dated 2-9-81; Signed 2-11-81; Received in  
OCS 2-11-81, 3:58

The above-named document was circulated to the Commission on a no-objection basis at 11:00, February 12, 1981.

There were no objections to the Interim Investigative Report at the time of the deadline.

81040301784

February 11, 1981

MEMORANDUM TO: Marjorie W. Emons  
FROM: Elissa T. Garr  
SUBJECT: MUR 1084

Please have the attached Interim Invest Report  
distributed to the Commission. Thank you.

81040301795

BEFORE THE FEDERAL ELECTION COMMISSION  
February 9, 1981

In the Matter of )  
 )  
American Income Life ) MUR 1084 (79)  
Insurance Company )  
Communications Workers )  
of America - C.O.P.E.- )  
Political Contributions )  
Committee )

81 FEB 11 3:58

COMMUNICATIONS  
WORKERS  
OF AMERICA

INTERIM INVESTIGATIVE REPORT #3

On July 1, 1980, the Commission found reason to believe that the American Income Life Insurance Company violated 2 U.S.C. § 441b(a) by making corporate contributions to a political committee for use in connection with Federal elections. This determination was based upon findings made during the audit of the Communications Workers of America - C.O.P.E. - Political Contributions Committee (CWA-COPE-PCC), such audit having been undertaken pursuant to former 2 U.S.C. § 438(a)(8).

On August 5 and August 12, 1980, Mr. Bernard Rapaport, Chief Executive Officer of the American Income Life Insurance Company, responded to the Commission's notification of findings made with respect to this matter. The response revealed that all checks made payable to CWA-COPE-PCC were drawn on accounts maintained by partnership agencies, and not on the corporate account of the American Income Life Insurance Company. Attached to this response were copies of the checks in question. Two of the checks, each in the amount of \$500, were drawn on the account of Bedford-Helms

81040301786




Associates and bore the signature of A. C. Helms.

A remaining check for \$226 was drawn on the account of Jerome E. Walters Associates and bore the signature of Carol Ebner.

A review of the checks does not conclusively reveal that the sources of funds contributed were permissible (i.e., were other than corporate accounts). Moreover, questions of fact pertaining to possible solicitation of contributions from persons outside the membership of the Communications Workers of America, have not been answered.

For purposes of resolving the above issues, the Office of General Counsel has prepared questions to Jerome E. Walters and A. C. Helms. Upon receipt of requested information, the Office of General Counsel will report to the Commission the results of this investigation.

11 February 1981  
Date

  
Charles N. Steele  
General Counsel

81040301797



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 11, 1981

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. A. C. Helms  
American Income Life Insurance  
Company  
6700 Sanger, Suite 12  
Waco, TX 76710

RE: MUR 1084

Dear Mr. Helms:

By this letter, the Federal Election Commission requests that you provide information which will assist it in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission requests information surrounding two contributions, drawn on the account of the American Income Life Insurance Agency (Bedford-Helms Associates), to "CWA #12222."

In this connection, we would appreciate your answering the questions listed on the attachment to this letter. We request that your answers be sworn to and that they be forwarded to the Commission within ten days of your receipt of this letter.


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81040301788

Letter to A. C. Helms  
Page Two  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529.

Sincerely,



Charles N. Steele  
General Counsel

Enclosure

Questions  
Exhibit A & B  
Self-addressed envelope

81040301789

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. A. C. Helms  
American Income Life Insurance  
Company  
6700 Sanger, Suite 12  
Waco, TX 76710

RE: MUR 1084

Dear Ms. Helms:

By this letter, the Federal Election Commission requests that you provide information which will assist it in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission requests information surrounding two contributions, drawn on the account of the American Income Life Insurance Company (Bedford-Helms Associates), to "CWA #12222.

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81040301790

Letter to A. C. Helms  
Page Two  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

Enclosure

Questions  
Exhibit A & B  
Self-addressed envelope

Prepared by Beverly Brown:ano 2/9/81

bbb 2/9/81

81040301791



FEDERAL ELECTION COMMISSION

A. C. Helms

MUR 1084

QUESTIONS

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6. How was the solicitation made, i.e., by mail, by phone, etc. Please explain.
7. What is the relationship of the American Income Life Insurance Agency (Bedford-Helms Associates) to the American Income Life Insurance Company (also located in Waco, Texas)?

81040301792

EXHIBIT A

3

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT

DATE	AMOUNT
Insert in	
File: Communicator	
TOTAL OF INVOICES	
DISCOUNT	
TOTAL DEDUCTIONS	
AMOUNT OF CHECK	

IF INCORRECT PLEASE RETURN, NO RECEIPT NECESSARY

AMERICAN INCOME  
LIFE INSURANCE AGENCY  
6700 SANGER, SUITE 12 776-2340

WACO, TEXAS

**PAID** July 18 1977

Pay to the order of CWFA # 12322 \$ 500.00

Five hundred and no/100's Dollars

BEDFORD-HELMS ASSOCIATES

G. P. T. Helms

WACO NATIONAL BANK  
P.O. BOX 800 WACO, TEXAS 76788  
48-76 WACO, TEXAS 48-76

⑆1119⑉0076⑆ ⑈10 656 7⑈ ⑈0000050000⑈

**AMERICAN INCOME  
LIFE INSURANCE AGENCY**  
611 BOWDEN 776-2340  
WACO, TEXAS 76710

**3456**

January 20 1977

# DAY TO THE ORDER OF

Yboston PAID COPY

\$ 500 <sup>2</sup>/<sub>100</sub>

Five hundred and 1/100

DOLLARS

**BEDFORD-HELMS ASSOCIATES**

G. P. 7 delviri

LAKE AIR  
NATIONAL BANK  
P. O. BOX 5135 WACO, TEXAS 76710  
BANK  
48-76 WACO, TEXAS 48-78

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IF INCORRECT PLEASE RETURN. NO RECEIPT NECESSARY

June 65







FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 11, 1981

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Jerome E. Walter  
American Income Life  
Insurance Co.  
8510 Cedar Street  
Silver Spring, MD 20910

RE: MUR 1084

Dear Mr. Walter:

By this letter, the Federal Election Commission requests that you provide information which will assist it in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission requests information surrounding a contribution, drawn on the account of Jerome E. Walter Associates, to "COPE".

In this connection, we would appreciate your answering the questions listed on the attachment to this letter. We request that your answers be sworn to and that they be forwarded to the Commission within ten days of your receipt of this letter.

Since this information is sought in conjunction with an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) will apply. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. Since those under investigation here have not given such consent, the Act requires that the matter remain confidential.

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~~Sincerely,~~

## Enclosures

**Questions**  
**Exhibit A**  
**self-addressed envelope**

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443. ZIP CODE  
444. PHONE NUMBER

445. NAME OF ADDRESSEE  
446. ADDRESS  
447. CITY  
448. STATE  
449. ZIP CODE  
450. PHONE NUMBER

451. NAME OF ADDRESSEE  
452. ADDRESS  
453. CITY  
454. STATE  
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457. NAME OF ADDRESSEE  
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459. CITY  
460. STATE  
461. ZIP CODE  
462. PHONE NUMBER

463. NAME OF ADDRESSEE  
464. ADDRESS  
465. CITY  
466. STATE  
467. ZIP CODE  
468. PHONE NUMBER

469. NAME OF ADDRESSEE  
470. ADDRESS  
471. CITY  
472. STATE  
473. ZIP CODE  
474. PHONE NUMBER

475. NAME OF ADDRESSEE  
476. ADDRESS  
477. CITY  
478. STATE  
479. ZIP CODE  
480. PHONE NUMBER

481. NAME OF ADDRESSEE  
482. ADDRESS  
483. CITY  
484. STATE  
485. ZIP CODE  
486. PHONE NUMBER

487. NAME OF ADDRESSEE  
488. ADDRESS  
489. CITY  
490. STATE  
491. ZIP CODE  
492. PHONE NUMBER



CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Jerome E. Walter  
American Income Life  
Insurance Co.  
8510 Cedar Street  
Silver Spring, MD 20910

RE: MUR 1084

Dear Mr. Walter:

By this letter, the Federal Election Commission requests that you provide information which will assist it in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission requests information surrounding a contribution, drawn on the account of Jerome E. Walter Associates, to "COPE".

In this connection, we would appreciate your answering the questions listed on the attachment to this letter. We request that your answers be sworn to and that they be forwarded to the Commission within ten days of your receipt of this letter.

Since this information is sought in conjunction with an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) will apply. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. Since those under investigation here have not given such consent, the Act requires that the matter remain confidential.

81040301797

Letter to Jerome E. Walter  
Page Two  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

Enclosures

Questions  
Exhibit A  
self-addressed envelope

Prepared by Beverly Brown:ano 2/9/81

*bbb 2/9/81*

81040301798

FEDERAL ELECTION COMMISSION

Jerome E. Walter

MUR 1084

QUESTIONS

The attached exhibit is a copy of a check for \$226 payable to "COPE" and drawn on the account of Jerome E. Walters Associates. Deposit tickets maintained by the Communications Workers of America Local #2336 (located in Washington, D.C.) indicate that this check was forwarded to Local #2336 on or about May 11, 1979. With regards to this transaction, please answer the following questions. All questions pertaining to "the check" refer to the above-referenced check, a copy of which is marked Exhibit A and attached hereto.

1. Was the check designated as a contribution to the political fund of the Communications Workers of America for use in connection with Federal elections? If not, please describe the purpose for which this payment or contribution was intended.
2. Please provide the full name(s) and mailing address(es) of the actual contributor(s) of this check.
3. Please describe the source of funds contributed (i.e., a personal checking account, corporate account, non-refundable drawing account).
4. Please provide the full names of individuals having drawing rights on the account at the time the check was written.
5. Was the contributor of the check solicited for a contribution to the political fund of the Communications Workers of America prior to making this contribution? If so, by whom?
6. How was the solicitation made, i.e., by mail, by phone, etc. Please explain.
7. What is the relationship of Jerome E. Walters Associates to the American Income Life Insurance Company (located in Waco, Texas)?

81040301799

EXHIBIT A



**JEROME E. WALTER ASSOCIATES**  
 AMERICAN INCOME LIFE INSURANCE CO.  
 5100 CUMMINGS BLVD.  
 SILVER SPRING, MARYLAND 20910  
 (301) 584-4850

86-327  
 860

181

PAY TO THE ORDER OF		DATE	CHECK NO.	CHECK AMT.
COPE		4-7-71	1819	22

JEROME E. WALTER ASSOCIATES

*Handwritten signature: Gerald E. Walter*

MARYLAND NATIONAL BANK  
 SHADY GROVE OFFICE GAITHERSBURG, MARYLAND 593

⑆055003272⑆ 566 00⑈321 6⑈ ⑈000002260⑈

0301800  
 810

**FOR DEPOSIT ONLY**

LOCAL 2336  
 Communications Workers of America  
 746 9th Street, N.W.  
 Washington, D.C. 20001

MARYLAND NAT'L BANK  
 COLLEGE PARK, MD. 0550-0327-2

APR 11 1971  
 BANK  
 P.E.G.  
 15-80  
 2291622

81040301801

*Murk 1054 - Ben Beard*

PS Form 3811, Apr. 1977

● SENDER: Complete items 1, 2, and 3.  
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).

☐ Show to whom and date delivered.....

☐ Show to whom, date, and address of delivery.....

☐ RESTRICTED DELIVERY  
Show to whom and date delivered.....

☐ RESTRICTED DELIVERY.  
Show to whom, date, and address of delivery.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

*Pat Beard, Egguin*

3. ARTICLE DESCRIPTION:

REGISTERED NO. CERTIFIED NO. INSURED NO.

*5E09hb*

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

*Jan Heather*

4. DATE OF DELIVERY

*8-29-80*

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977-O-234-537

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL







FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

August 26, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, Texas 76710

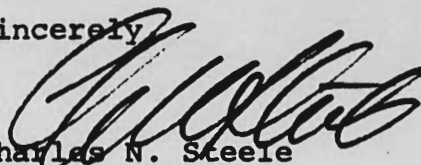
RE: MUR 1084 - American  
Income Life Insurance  
Company

Dear Mr. Beard:

This letter is to inform you that the Commission has determined to grant the American Income Life Insurance Company (per Mr. Rapoport's request in the attached letter dated August 6, 1980) an extension of fifteen (15) days in which to respond to the Commission's Notification of Reason to Believe Findings, your response will be due August 28, 1980.

Should you require any additional information, please contact Beverly Brown, the staff member assigned to this matter, at (202) 523-4529.

Sincerely,

  
Charles N. Steele  
General Counsel

Enclosure

August 6, 1980 letter from Bernard Rapoport

81040301802



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, Texas 76710

RE: MUR 1084 - American  
Income Life Insurance  
Company

Dear Mr. Beard:

This letter is to inform you that the Commission has determined to grant the American Income Life Insurance Company (per Mr. Rapoport's request in the attached letter dated August 6, 1980) an extension of fifteen (15) days in which to respond to the Commission's Notification of Reason to Believe Findings, your response will be due August 28, 1980.

Should you require any additional information, please contact Beverly Brown, the staff member assigned to this matter, at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

Enclosure

August 6, 1980 letter from Bernard Rapoport

DL 8/26/80

81040301803

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
American Income Life )  
Insurance Company )

MUR 1084

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on August 25, 1980, the Commission decided by a vote of 6-0 to take the following actions regarding MUR 1084:

1. Grant an extension of fifteen (15) days in order for the American Income Life Insurance Company to reply to the Commission's Notification of Reason to Believe Findings sent July 24, 1980.
2. Approve and send the letter to the respondent's attorney, Pat Beard, (Attachment to the General Counsel's Memorandum of August 20, 1980).

Voting for this determination were Commissioners Aikens, Friedersdorf, Harris, McGarry, Reiche, and Tiernan.

Attest:

8/25/80

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary to the Commission

Received in Office of the Commission Secretary: 8-20-80, 5:06  
Circulated on 48 hour vote basis: 8-21-80, 11:00

81040301804



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE  
FROM: MARJORIE W. EMMONS/MARGARET CHANEY *me*  
DATE: AUGUST 25, 1980  
SUBJECT: MUR 1804 - Memorandum to the Commission  
dated 8-20-80

Attached is a copy of Commissioner Aikens'  
vote sheet with comments regarding the above-named  
document.

81040301805

ATTACHMENT:  
Copy of Vote Sheet

August 20, 1980

MEMORANDUM TO: Marjorie W. Emmons  
FROM: Elissa T. Qirr  
SUBJECT: MUR 1084

Please have the attached Memo distributed to the  
Commission on a 48 hour tally basis. Thank you.

81040301906





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY

80 AUG 20 P 5: 06

August 20, 1980

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele *CS*  
General Counsel

SUBJECT: Request for an Extension - MUR 1084  
Respondent: American Income Life  
Insurance Company

Attached for Commission consideration is a request from the American Income Life Insurance Company (respondent in MUR 1084) for an extension of time in which to reply to the Commission's Notification of Reason to Believe Findings. The reply was due August 13, 1980, and the respondent requests an extension of fifteen days in which to respond.

In light of the respondent's delay in receiving our notification (which was addressed to Indiana and forwarded to Texas) and for purposes of providing the respondent with sufficient time to review bank statements, the Office of General Counsel recommends that the Commission grant the requested extension.

Recommendation

1) Grant an extension of fifteen (15) days in order for the American Income Life Insurance Company to reply to the Commission's Notification of Reason to Believe Findings sent July 24, 1980.

2) Approve and send the attached letter to the respondent's attorney, Pat Beard.

Enclosure

Letter to Pat Beard

Letter from Bernard Rapoport dated 8/6/80

81040301807



American Insurance Company

EXECUTIVE OFFICE: 100 BROAD STREET, NEW YORK, N.Y. 10004

**BERNARD RAPOPORT**  
Chairman of the Board and  
Chief Executive Officer

August 6, 1980

Ms. Beverly Brown  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

Dear Ms. Brown:

Per our conversation, Ms. Brown, we are requesting a 15 day extension to the original 15 day response period because of the delay in our receiving the original letter for the purpose of reviewing our bank statements to conclusively prove that no such contribution was made.

Sincerely yours,

  
Bernard Rapoport

BR/sk

81040301808  
50 AUG 8 P 3: 06



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Pat Beard, Esquire  
Beard and Kultgen  
1229 North Valley Mills  
Waco, Texas 76710

RE: MUR 1084 - American  
Income Life Insurance  
Company

Dear Mr. Beard:

This letter is to inform you that the Commission has determined to grant the American Income Life Insurance Company (per Mr. Rapoport's request in the attached letter dated August 6, 1980) an extension of fifteen (15) days in which to respond to the Commission's Notification of Reason to Believe Findings, your response will be due August 28, 1980.

Should you require any additional information, please contact Beverly Brown, the staff member assigned to this matter, at (202) 523-4529.

Sincerely,

Charles N. Steele  
General Counsel

Enclosure

August 6, 1980 letter from Bernard Rapoport

81040301809



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *mwe*  
FROM: MARJORIE W. EMMONS/MARGARET CHANEY *JC*  
DATE: AUGUST 19, 1980  
SUBJECT: MUR 1084 - Interim Investigative Report  
dated 8-8-80; Signed 8-12-80; Received  
in OCS 8-12-80, 4:04

The above-named document was circulated to the  
Commission on a 24 hour no-objection basis at 11:00,  
August 13, 1980.

There were no objections to the Interim Investigative  
Report at the time of the deadline.

31040301810

August 12, 1980

MEMORANDUM TO: Marjorie W. Emmons  
FROM: Elissa T. Garr  
SUBJECT: MUR 1084

Please have the attached Interim Invest Report  
distributed to the Commission. Thank you.

81040301811



BEFORE THE FEDERAL ELECTION COMMISSION  
AUGUST 8, 1980

RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY

80 AUG 12 P 4: 04

In the Matter of )  
 )  
Communication Workers of America- )  
C.O.P.E.-Political Contributions )  
Committee (CWA-COPE-PCC) )  
 )  
CWA Local Union #1101 )  
 )  
CWA Local Union #12222 )  
 )  
CWA Local Union #12143 )  
 )  
CWA Local Union #12215 )  
 )  
American Income Life Insurance )  
Company )

MUR 1084

INTERIM INVESTIGATIVE REPORT #2

On July 1, 1980, the Commission found reason to believe the Communication Workers of America - C.O.P.E. - Political Contributions Committee (CWA-COPE-PCC), CWA Local Unions #1101, #12222, #12143, #12215 and the American Income Life Insurance Company violated certain provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"). Notification of Reason to Believe Findings were sent to these organizations on July 24, 1980.

Upon issuance of these notifications, the Office of General Counsel received telephone calls from Mr. Gene Vance, President of CWA Local Union #12215, and Mr. Ron Krouse, COPE Representative (representing CWA-COPE-PCC). Both individuals, in their capacity as representatives of CWA-COPE-PCC, expressed the desire to enter into informal conciliation pursuant to 11 C.F.R. § 111.18(d). Subsequent discussions with Mr. Krouse revealed that the National Union would be representing

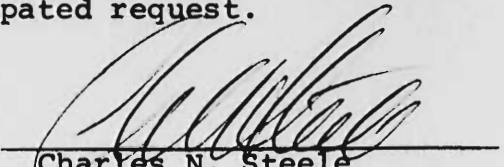
81040301812

all of the local affiliates of CWA who had received notification of the Commission's determinations in this matter. On July 31, 1980, the Office of General Counsel received a written response from Mr. Louis B. Knecht, Treasurer of CWA-COPE-PCC. In his letter, Mr. Knecht advises the Commission of CWA-COPE-PCC's desire "to discuss in a meeting, on or about August 20, the possibility of an informal conciliation agreement on this matter." Furthermore, he states that Mr. Ronald Krouse will represent the National Union and the Locals in question during this meeting.

In addition, the General Counsel's Office received a telephone call from Mr. Bernard Rappaport, Chief Executive Officer of the American Income Life Insurance Company. Mr. Rappaport will request, in writing, an extension of 15 days in order to review bank statements to determine whether or not corporate contributions were in fact made to CWA-COPE-PCC.

The General Counsel's Office will begin drafting a conciliation agreement for CWA-COPE-PCC and Local Unions #1101, #12222, #12215, #12143 and will circulate the final copy to the Commission upon completion. Furthermore, we will circulate Mr. Rappaport's request for an extension of 15 days in which to respond to the Commission's Notification of Reason to Believe Findings once we receive the anticipated request.

12 August 1980  
Date

  
Charles N. Steele  
General Counsel

81040301813



American Income Life Insurance Company

EXECUTIVE OFFICES: PHILADELPHIA, NEW YORK, CHICAGO, BOSTON, SAN FRANCISCO

RECEIVED

909712  
00 AUG 10 PM 12:29

CCC\*  
2356

BERNARD RAPOPORT  
Chairman of the Board and  
Chief Executive Officer

August 12, 1980

Mr. Max L. Friedersdorf  
Chairman  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

ATTENTION: Beverly Brown

Dear Mr. Friedersdorf:

This letter will supplement my letter of August 5, 1980, with respect to your Notification of Reason to Believe Finding, dated July 24, 1980, MUR No. 1084.

Ms. Brown has advised me that your MUR No. 1084 is in error with respect to the first allegation when it purports to cover an audit period from January 1, 1977 through January 31, 1979 when the check in question was dated April 11, 1979. Enclosed herewith you will find a copy of the check for \$226.00 payable to COPE and drawn on the account of Jerome E. Walter Associates, a sole proprietorship owned by Jerome E. Walter.

This company did not directly or indirectly make the payment to which you have made reference.

If you require any additional information, please advise.

Very truly yours,

Bernard Rapoport

BR/sk  
Enclosure

30 AUG 18 PM 1:27

RECEIVED  
GENERAL COUNSEL  
AUG 13 1980

81040301814



**JEROME E. WALTER ASSOCIATES**  
AMERICAN INCOME LIFE INSURANCE CO.  
8510 CEDAR STREET  
SILVER SPRING, MARYLAND 20910  
(301) 588-0580

98-337  
880

1819

PAY

TO THE ORDER OF

THE SUM 226

DATE

CHECK NO.

DOLLARS

CHECK AMOUNT

COPE

4-1-77

1819

226

JEROME E. WALTER ASSOCIATES

*Carol E. Walter*

MARYLAND NATIONAL BANK  
SHADY GROVE OFFICE GAITHERSBURG, MARYLAND 593

⑆055003272⑆ 566 00⑆321 6⑆ ⑆0000022600⑆

**FOR DEPOSIT ONLY**

LOCAL BRANCH  
Communication Workers of America  
745 9th Street, N.W.  
Washington, D.C. 20001

MARYLAND NATL BANK  
COLLEGE PARK, MD. 0550-0327-2

MARYLAND NATL BANK  
COLLEGE PARK, MD. 0550-0327-2  
15-80  
BANK  
P.E.G.  
1622

NAZS Date: 03/03/2013 DocID: 322419

2230



Attn: Mr. Charles N. Steele  
Office of the General Counsel

80 AUG 18 P12:28

RECEIVED





American Income Life Insurance Company

DISCOUNTED POLICIES PAID WHEN THEY ARE NOT PAID

BERNARD RAPOPORT  
Chairman of the Board and  
Chief Executive Officer

RECEIVED

6004

AUG 11 1980 10 03

909570

August 5, 1980

80 AUG 11 P 2: 09

Mr. Max L. Friedersdorf  
Chairman  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

ATTENTION: Beverly Brown

Dear Mr. Friedersdorf:

This will acknowledge your Notification of Reason to Believe Finding, dated July 24, 1980, MUR No. 1084.

1. Your first allegation is that CWA-COPE-PCC Local #2336 has deposit tickets indicating a receipt of \$226.00 from American Income Life Insurance Company and that the local sent a memo to its members indicating that the company promised to donate \$1.00 to CWA's Political Fund for every contact they received from a union member concerning life insurance.

This company did not, directly or indirectly, contribute \$226.00 to the Political Contributions Committee. It has reason to believe that an individual agent or a partnership, acting for himself and not the company, did make such a contribution. However, the agency in the Washington area during the period in question is no longer associated with this company and we are attempting to obtain information from the local as to the payor under the deposit tickets to which you have referred. As soon as this information is available, we will furnish it to you.

It would be appreciated if you could furnish us with specific amounts and specific dates as to when the contributions in question were made.

No one is or has been authorized to represent that this company will make any political contributions.

2. The second allegation is that in 1977 Local #12222 received two contributions totalling \$1,000.00 from the American Income Life Insurance Company for its Political Contributions Fund.

81040301917

Page 2  
Mr. Max L. Friedersdorf  
August 5, 1980

Enclosed herewith are two checks, one dated July 18, 1977, payable to Local #12222 for \$500.00 drawn on the account of Bedford-Helms Associates, and the other dated January 20, 1977, payable to Local #12222 for \$500.00 drawn on the account of Bedford-Helms Associates.

In 1977, Bedford-Helms Associates was a partnership composed of J. D. Bedford and A. C. Helms. We assume that these two checks represent the two contributions totalling \$1,000.00 to which you make reference.

These checks do not represent direct or indirect payment by this company, but are solely the responsibility of the partnership agency.

This company will be represented in this matter by the following counsel:

Pat Beard  
Beard and Kultgen  
P. O. Box 529  
Waco, Texas 76703  
(817) 776-5500

Such counsel is authorized to receive any notifications and other communications with respect to this matter.

Sincerely yours,

Bernard Rapoport

BR/sk  
Enclosures

81040301819

**AMERICAN INCOME LIFE**  
*Insurance Company*

***A Union Company Serving America's Union Families***

**BERNARD RAPOPORT**  
(Chairman of the Board and  
Chief Executive Officer)

**CHARLES B. COOPER**  
President and  
Chief Operating Officer

H. S. GUNAKO BROWN

STATE CENED AT AGENTS

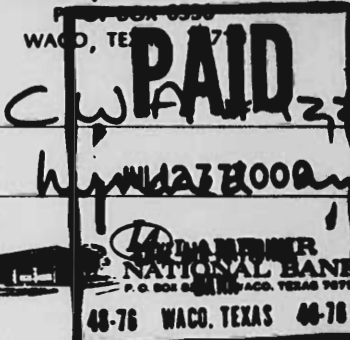
A C C E P T E D

DATE	AMOUNT
Deposited in Savings Commis	
TOTAL OF PAYMENTS	
LESS	% DISCOUNT
LESS	
TOTAL DEDUCTIONS	
AMOUNT OF CHECK	

**AMERICAN INCOME  
LIFE INSURANCE AGENCY**  
6700 SANGER, SUITE 12 776-2340

4324

WACO, TEX.

Pay to the  
Order of

July 18 1977

\$ 500.00

Five hundred and no/100's \_\_\_\_\_ Dollars

**BEDFORD-HELMS ASSOCIATES**

J. P. Delmer

00761

№ 10 656 74

0000050000

810419

[illegible][illegible][illegible]

**AMERICAN INCOME  
LIFE INSURANCE AGENCY**  
611 BOWDEN 776-2340  
WACO, TEXAS 76710

**3456**

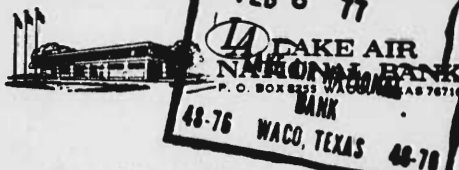
# DAY TO THE ORDER OF

PAID  
Houston C. A. Co. #12-222

\$ 500 <sup>00</sup>/<sub>100</sub>

Five hundred and 11/100

DOLLARS



**BEDFORD-HELMS ASSOCIATES**

G. P. 7 delmar

1111900761

656 74

0000050000



# American Income Life Insurance Company

Post Office Box 208,  
Waco, Texas 76703



RECEIVED

6



**First Class Mail**

Mr. Max L. Friedersdorf  
Chairman  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

ATTENTION: Beverly Brown

81000301820



3CC 3269 AUG 10 89  
American Income Life Insurance Company

EXECUTIVE OFFICE, PHILADELPHIA, PA. 19103-2000

RECEIVED

AUG 8 12 39

BERNARD RAPOFORT  
Chairman of the Board and  
Chief Executive Officer

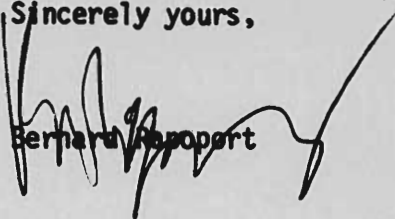
August 6, 1980

Ms. Beverly Brown  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

Dear Ms. Brown:

Per our conversation, Ms. Brown, we are requesting a 15 day extension to the original 15 day response period because of the delay in our receiving the original letter for the purpose of reviewing our bank statements to conclusively prove that no such contribution was made.

Sincerely yours,

  
Bernard Rapoport

BR/sk

50 AUG 8 P 3: 06

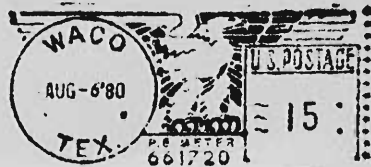
81040301821



81040301322



AMERICAN INCOME LIFE INSURANCE COMPANY  
P.O. Box 208, Waco, Texas 76703



Ms. Beverly Brown  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

RECEIVED  
AUG 14 1980

ED

300-02 MWR 1084

# CWA-COPE

## POLITICAL CONTRIBUTIONS COMMITTEE

JAMES B. BOOE,  
~~STAFF SECRETARY~~ Chairman

LOUIS B. KNECHT, Treasurer



1925 K Street, Northwest

Washington, D.C. 20006

785-5876, 785-6751

July 31, 1980

File: 1.34

30 AUG 4 PM 3:31

GENERAL

81040301823

Ms. Beverly Brown  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463

Dear Ms. Brown:

We are in receipt of Chairman Friedersdorf's letter of July 24 advising us of possible violations of the Federal Election Campaign Act of 1971, as amended.

Please be advised that at this time, we would like to discuss at a meeting, on or about August 20, the possibility of an informal conciliation agreement on this matter. Our COPE Supervisor Ronald Krouse, will represent the National Union and the Locals in question during this meeting. Please direct all future correspondence to Mr. Krouse.

Sincerely,

Louis B. Knecht  
Treasurer

LBK/mw

cc: James B. Booe  
Loretta Bowen  
Fred Hassen  
Ron Krouse

Political Contributions Committee

**CWA-COPE**

1925 K Street, Northwest, Washington, D.C. 20006

||||  
....  
||||  
||||



Ms. Beverly Brown  
Federal Election Commission  
1325 K Street, N. W.  
Washington, D. C. 20463

10 AUG 4 PM 1:54

RECEIVED



600 219

RECEIVED

80 AUG 1 PM 12:14

COMMUNICATIONS  
WORKERS OF AMERICA,  
AFL-CIO

1500 BROADWAY  
NEW YORK, NEW YORK  
10006

TEL. 606-1101  
TAPE 606-1115

July 30, 1980

Ms. Beverly Brown  
Federal Election Commission  
Washington, D.C. 20463

Dear Ms. Brown:

We are in receipt of your letter dated  
July 24, 1980, and the enclosures therein.

Please be advised that Local 1101 does not  
wish to let the time limits described in your letter  
expire. We believe that no further action should be  
taken in this regard, however we are not quite clear  
yet on how we should proceed in this matter ourselves.

You will be contacted shortly by Mr. Ron  
Krouse of our Washington office. He will attempt to  
clarify the situation for us as well as the National  
Union. Hopefully he will be able to demonstrate why  
there is no longer any need to persue this matter.

Sincerely,

R. Terry Daly,  
Treasurer

RTD:sc  
opeiu-153  
afl-cio

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LOCAL



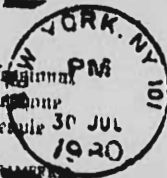
COMMUNICATIONS WORKERS OF AMERICA, A.F.L.-C.I.O.  
1500 BROADWAY, NEW YORK, N. Y. 10036

OGC  
//



COMMUNICATIONS WORKERS OF AMERICA

Professional  
Telephone  
Service



Ms. Beverly Brown  
Federal Election Commission  
Washington, D.C. 20463

AUG 1 PM 12

RECEIVED





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 24, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Ed Dempsey, President  
CWA Local Union #1101  
1500 Broadway  
New York, N.Y. 10036

RE: MUR 1084

Dear Mr. Dempsey:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that CWA Local Union #1101 violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

81040301827

Letter to: Ed Dempsey  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

*Max L. Friedersdorf*  
Max L. Friedersdorf  
Chairman

Enclosures

Notification of Reason to Believe Finding  
Procedures



81040301829

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE July 24, 1980

MUR NO. 1084  
STAFF MEMBER(S) & TEL. NO.  
Beverly Brown - 523-4529

RESPONDENT CWA Local Union #1101

Hal Ponder - 523-4166

SOURCE OF MUR: I N T E R N A L L Y   G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters")<sup>1/</sup> and the subsequent audit of records maintained at CWA Local #1101.<sup>2/</sup> The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").<sup>3/</sup>

<sup>1/</sup> Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".

<sup>2/</sup> CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

Due to CWA-COPE-PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained at CWA Local #1101.

<sup>3/</sup> The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

81040301829

FACTUAL BASIS AND LEGAL ANALYSIS

Possible violation of 2 U.S.C. § 441b(a)

During the audit of bank records maintained at CWA Local #1101, auditors determined that the local maintained a savings account for the deposit and transfer of voluntary contributions to CWA-C.O.P.E.-PCC. In order to meet an established quota <sup>4/</sup>, when a balance in the savings account was low, monies from the local's union treasury (containing dues and fees) were transferred directly to CWA-C.O.P.E.-PCC. In addition, auditors noted that when the balance in the local's savings account was low, expenditures were made from the union treasury which was later reimbursed by the savings account.

On May 25, 1977, CWA Local Union #1101 transferred \$22,074.00 from its general treasury account (containing union dues and fees) to Headquarters when the balance in the local's savings account (maintained for voluntary contributions to Headquarters) was only \$6,953.65. In addition, 45 expenditures, totalling \$3,000 were made from the union treasury account and later reimbursed by the savings account.<sup>5/</sup> Reimbursement to the local's savings account occurred approximately 4 months after the transfer and expenditures had been made.

On May 9, 1978, CWA Union Local Union #1101 transferred \$25,000 from its general treasury account to Headquarters with a balance of only \$10,876.91 in the local's saving account. Again, 45 expenditures, this time totalling \$6,120.89, were made from the union treasury account. Full reimbursement to the local's savings account for the 1978 transfer and expenditures was not made until August 16, 1978.

The audit staff also noted that in 1977 CWA Local Union #1101 contributed \$3,304.75 from its treasury account to the local. These funds represented proceeds from the sale of jackets previously purchased by the union local.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any"

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<sup>4/</sup> To encourage locals to actively solicit members for contributions, a quota system was established whereby locals were assigned a target amount equivalent to \$2 per member. Each May or June, during the annual convention, awards were given to those locals who had successfully met their quota.

<sup>5/</sup> These expenditures included payments for printing, tankards, and raffle prizes.

81040301830



Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C). Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once "'voluntary' or 'involuntary' money is expended . . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973).

In light of evidence which indicates that CWA Local Union #1101 made contributions and expenditures in connection with Federal elections, it appears CWA Local Union #1101 violated 2 U.S.C. § 441b(a).

Based on the foregoing analysis, the Commission has found reason to believe that CWA Local Union #1101 violated 2 U.S.C. § 441b(a).

81040301831





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 24, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Ken Wiley, President  
CWA Local Union #12143  
1027 North St. Mary's St.  
San Antonio, TX 78215

RE: MUR 1084

Dear Mr. Wiley:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that CWA Local Union #12143 violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

81040301832

Letter to: Ken Wiley  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

*Max L. Friedersdorf*  
Max L. Friedersdorf  
Chairman

Enclosures

Notification of Reason to Believe Finding  
Procedures

81040301833



FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE July 24, 1980

MUR NO. 1084

STAFF MEMBER(S) & TEL. NO.  
Beverly Brown/523-4529

RESPONDENT CWA Local Union #12143

Hal Ponder/523-4166

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters") 1/ and the subsequent audit of records maintained at CWA LOCAL #12143. 2/ The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). 3/

- 1/ Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".
- 2/ CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

Due to CWA-COPE PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained CWA Local #12143.

- 3/ The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

81040301834

FACTUAL AND LEGAL ANALYSIS

Possible Violation of 2 U.S.C. § 441b(a)

During the audit of records maintained at CWA Local #12143, auditors determined that all contributions collected for CWA-COPE-PCC were initially deposited into CWA Local Union #12143's treasury account. Periodic transfers were made from the union treasury to the local's savings account (maintained for contributions to Headquarters).

On May 9, 1977, the union transferred \$6,468.00 directly by check from their union treasury account to Headquarters, On May 2, 1978, the union transferred \$6,881.25 from the union's education account (containing union dues and fees) to the local's savings account. An amount of \$6,650.00 was then transferred from the savings account to Headquarters to meet the local's quota. 4/ Auditors noted that prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

On June 9, 1979, Local #12143 wrote to Headquarters and informed them that in preparing for the audit of their records, they had discovered that in 1977 and 1978 a total of \$4,671.73 in treasury funds (union dues and fees) had been incorrectly forwarded and reported as individual contributions. This, according to local officials, had resulted from their misunderstanding of 11 C.F.R. § 114.5(b)(2). 5/ The local had interpreted this provision to mean that they could contribute twice the amount collected in contributions and forward the entire amount to Headquarters.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any"

- 4/ To encourage locals to actively solicit by CWA-COPE-PCC members for contributions, a quota system was established whereby locals were assigned a target amount equivalent to \$2 per member. Each May or June, during the annual convention, awards were given to those locals who had successfully met their quota.
- 5/ This regulation states that a corporation, labor organization, membership organization, cooperative, or corporation without capitol stock may, subject to the provisions of § 3005 and chapter 61, Title 18, United States Code, utilize a raffle or other fundraising device which involves a prize, so long as State law permits and the prize is not disproportionately valuable. When using raffles or entertainment to raise funds, a reasonable practice to follow is for the separate segregated account to reimburse the corporation or labor organization for the costs which exceed one-third of the money contributed.



Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C). Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once " 'voluntary' or 'involuntary' money is expended. . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973). In light of evidence which indicates that CWA Local Union #12143 transferred treasury funds (containing dues, fees or other monies required as a condition of membership in the labor organization) to CWA-COPE-PCC for use in connection with Federal elections, it appears CWA Local Union #12143 violated 2 U.S.C. § 441b(a).

Based on the foregoing analysis, the Federal Election Commission has found reason to believe CWA Local Union #12143 has violated 2 U.S.C. § 441b(a).

81040301836





**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

**July 24, 1980**

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Gene Vance, President  
CWA Local Union #12215  
1414 North Washington  
Dallas, Texas 75204

**RE: MUR 1084**

**Dear Mr. Vance:**

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that CWA Local Union #12215 violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

81040301837

Letter to: Gene Vance  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

*Max L. Friedersdorf*  
Max L. Friedersdorf  
Chairman

Enclosures

Notification of Reason to Believe Finding  
Procedures

81040301838

The image shows a dark, rectangular stamp or form, likely a notification of reason to believe finding procedures. It contains some illegible text and a signature. The text is mostly obscured by the dark background of the stamp.

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE July 24, 1980

MUR NO. 1084  
STAFF MEMBER(S) & TEL. NO.

RESPONDENT CWA Local Union #12215

Beverly Brown/523-4529

Hal Ponder/523-4166

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters") 1/ and the subsequent audit of records maintained at CWA LOCAL #12215. 2/ The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). 3/

- 1/ Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".
- 2/ CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

Due to CWA-COPE PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained CWA Local #12215.

- 3/ The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

81040301839

## FACTUAL BASIS AND LEGAL ANALYSIS

### Possible Violation of 2 U.S.C. § 441b(a)

During the audit of contribution records maintained by Local #12215, 3/ auditors determined that labor funds were deposited into the local's savings account which was maintained for the transfer of contributions to CWA-COPE-PCC's separate segregated fund for use in connection with Federal Elections. Specifically, the auditors' review revealed the following receipts from CWA Local Union #12215:

- 1) Proceeds totalling \$3,542.90, from a snack bar operated by the union during union functions, were transferred from the union's snack bar account to the local's savings account (maintained for contributions to Headquarters). These funds were transferred to cover an overdraft and to meet Local #12215's quota.4/
- 2) Approximately \$511.39, representing proceeds from a pool table purchased by the union and a percentage of collections from various vending machines, were donated by the union and deposited into the local's savings account (maintained for contributions to Headquarters).
- 3) Payments totalling \$875.00, received from the rental of a billboard owned by the local union were donated to the local in 1978.
- 4) Approximately \$2,615.00 was obtained by the union from the rental of a union hall to other area unions and businesses. Rental payments received by the union were then donated to Local #12215.
- 5) On July 22, 1977, \$645.33 was deposited into Local #12215's savings account (maintained for contributions to Headquarters). The deposit was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.

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3/ In a discussion of CWA-COPE-PCC field operations, we will refer to "the local" or "Local #12215". Funds donated to "the local" are funds intended for CWA-COPE-PCC.

4/ To encourage locals to actively solicit members for contributions, a quota system was established whereby locals were assigned a target amount equivalent to \$2 per member. Each May or June, during the annual convention, awards were given to those locals who had successfully met their quota.

81040301840



- 6) Also in 1977, the union donated \$3,500.00 to Local #12215. These funds were received as a result of the death of a union member who named the local union as the beneficiary on his life insurance policy.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any" Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C). Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once "'voluntary' or 'involuntary' money is expended . . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973).

In light of evidence which indicates that CWA Local Union #12215 contributed union treasury funds (dues and fees) to CWA-COPE-PCC for use in connection with Federal elections, it appears that CWA Local Union #12215 violated 2 U.S.C. § 441b(a).

Based on the foregoing analysis, the Federal Election Commission has found reason to believe CWA Local Union #12215 has violated 2 U.S.C. § 441b(a).

81040301841





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 24, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

M. E. Nichols, President  
CWA Local Union #12222  
1515 Jefferson  
Houston, Texas 77002

RE: MUR 1084

Dear Mr. Nichols:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that CWA Local Union #12222 violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

81040301842

Letter to: M. E. Nichols  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

*Max L. Friedersdorf*  
Max L. Friedersdorf  
Chairman

Enclosures

Notification of Reason to Believe Finding  
Procedures

81040301843

1. ARTICLE IDENTIFICATION REGISTERED NO. <i>94564</i>		2. ARTICLE DESCRIPTION <i>M. E. Nichols</i> <i>CWA Local 1000</i>	
3. I have received the article described above SIGNATURE <i>[Signature]</i> DATE OF DELIVERY <i>[Date]</i>		4. RETURN RECEIPT, REGISTERED, RECORDED AND INDEXED	

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE July 24, 1980

MUR NO. 1084  
STAFF MEMBER(S) & TEL. NO.  
Beverly Brown (202)523-4529

RESPONDENT CWA Local Union #12222

Hal Ponder (202)523-4166

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters")<sup>1/</sup> and the subsequent audit of records maintained at CWA LOCAL #1222.<sup>2/</sup> The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").<sup>3/</sup>

<sup>1/</sup> Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".

<sup>2/</sup> CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

Due to CWA-COPE-PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained at CWA local #12222.

<sup>3/</sup> The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

81040301844

FACTUAL BASIS AND LEGAL ANALYSIS

Possible Violation of 2 U.S.C. § 441b(a)

During the audit of records maintained at CWA Local # 12222, auditors noted that in 1977 and 1978 CWA Local Union #12222 transferred a total of \$3,195.00 from its general treasury account (containing union dues and fees) to its checking account (maintained for voluntary contributions to CWA-COPE-PCC). According to a local official, these funds, representing receipts for advertisements in the union's June and December issues of their newsletter, were earmarked by their union for CWA-COPE-PCC's local field operations.

Also in 1977, a check for \$3,500 from the union treasury, noted on the deposit slip as a loan repayment, was deposited into the local's checking account (maintained for contributions to Headquarters). According to a local official, this check represented reimbursement for the jackets purchased by the local for the union. The local paid for the jackets due to a shortage of treasury funds.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any" Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C). Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once "'voluntary' or 'involuntary' money is expended. . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973). In light of evidence indicating that CWA Local Union # 12222 deposited non-federal funds from its union treasury account (containing dues and fees) into its separate checking account maintained for contributions to CWA-COPE-PCC for use in connection with Federal elections, it appears CWA Local Union # 12222 violated 2 U.S.C. § 441b(a).

Based on the foregoing analysis, the Commission has found reason to believe that CWA Local Union # 12222 violated 2 U.S.C. § 441b(a).

81040301845





**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

July 24, 1980

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

John C. Beck, President  
American Income Life Insurance Company  
8604 Alisonville Rd.  
Indianapolis, Ind. 46250

RE: MUR 1084

Dear Mr. Beck:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that the American Income Life Insurance Company violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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Sincerely,

## Enclosures

[illegible]

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE July 24, 1980

MUR NO. 1084

STAFF MEMBER(S) & TEL. NO.

Beverly Brown (202) 523-4529

RESPONDENT American Income Life Insurance  
Company

Hal Ponder (202) 523-4166

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters")<sup>1/</sup> and the subsequent audits of records maintained at CWA LOCALS #1101, #12215, #2336, #12143, and #12222. The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").<sup>2/</sup>

FACTUAL BASIS & LEGAL ANALYSIS

Corporate Contributions made In Connection With Federal Elections  
(2 U.S.C. § 441b(a))

During the audit of CWA-COPE-PCC locals, auditors noted the receipt of corporate contributions, totalling \$1,226.00, which were made available for use in connection with Federal elections. The auditors' review of Local #2336's deposit tickets indicated a receipt of \$226.00 from the American Income Life Insurance Company.<sup>3/</sup> A memo from the local to its members indicated that the company promised to

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<sup>1/</sup> Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".

<sup>2/</sup> The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

<sup>3/</sup> The Indiana Secretary of State's Office has verified that the American Income Life Insurance Company was incorporated on July 16, 1954 and was licensed to operate in the state of Texas.

donate \$1.00 to CWA's political fund for every contact they received from a union member concerning life insurance. The funds were deposited into the local's savings account which was maintained for the deposit and transfer of contributions to Headquarters.

In addition, the auditors' analysis of Local # 12222's contribution records revealed that in 1977 the local received two contribution's totalling \$1000 from the American Income Life Insurance Company.<sup>4/</sup> These funds were deposited into the local's savings account maintained for contributions to CWA-COPE-PCC.

2 U.S.C. § 441b prohibits corporations from making "any direct or indirect payment. . . or gift money . . . to any candidate, campaign committee, . . . in connection with any" federal election. It appears the American Income Life Insurance Company violated this provision of the Act by contributing a total of \$1,226.00 to CWA's political fund.

Based on the foregoing analysis, the Federal Election Commission has found reason to believe that the American Income Life Insurance Company has violated 2 U.S.C. § 441b(a) by making corporate contributions in connection with Federal elections.

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<sup>4/</sup> The Indiana Secretary of State's Office has verified that the American Income Life Insurance Company was incorporated on July 16, 1954 and was licensed to operate in the state of Texas. CWA local # 12222 is located in Houston, Texas.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 24, 1980

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Louis B. Knecht, Treasurer  
CWA-COPE-PCC  
1925 K Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084

Dear Mr. Knecht:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that your committee violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against your committee in connection with this matter. Your response must be submitted within 30 days of receipt of this letter. If no response is received within 30 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. In addition, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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1. The following names: <input type="checkbox"/> John A. Smith <input type="checkbox"/> John B. Smith <input type="checkbox"/> John C. Smith <input type="checkbox"/> John D. Smith <input type="checkbox"/> John E. Smith <input type="checkbox"/> John F. Smith <input type="checkbox"/> John G. Smith <input type="checkbox"/> John H. Smith <input type="checkbox"/> John I. Smith <input type="checkbox"/> John J. Smith <input type="checkbox"/> John K. Smith <input type="checkbox"/> John L. Smith <input type="checkbox"/> John M. Smith <input type="checkbox"/> John N. Smith <input type="checkbox"/> John O. Smith <input type="checkbox"/> John P. Smith <input type="checkbox"/> John Q. Smith <input type="checkbox"/> John R. Smith <input type="checkbox"/> John S. Smith <input type="checkbox"/> John T. Smith <input type="checkbox"/> John U. Smith <input type="checkbox"/> John V. Smith <input type="checkbox"/> John W. Smith <input type="checkbox"/> John X. Smith <input type="checkbox"/> John Y. Smith <input type="checkbox"/> John Z. Smith		2. Address: _____ City: _____ State: _____ Zip: _____	
3. Name: <b>Louis B. Smith</b> Address: _____ City: _____ State: _____ Zip: _____		4. Article: _____ Date: _____ Time: _____	
5. Always check _____ I have received the article _____ Signature: _____ Date: _____		6. _____ Signature: _____ Date: _____	



Before the Federal Election Commission

In the Matter of

Communication Workers of )  
America - C.O.P.E. - Political )  
Contributions Committee (CWA- ) MUR 1084  
COPE-PCC) )

FIRST QUESTIONS

TO; Louis B. Knecht, Treasurer  
CWA-COPE-PCC  
1925 K Street, N.W.  
Washington, D.C. 20006

81040301852  
The Federal Election Commission requests that you, as treasurer of the Communications Workers of America -C.O.P.E.- Political Contributions Committee, or your authorized agent having knowledge of the information sought herein submit in writing, within (30) days, a response to the following question:

During the audit of records maintained at CWA Locals #1101 and #2336, local officials revealed that tickets to raffles and other fundraising events were sold to friends and associates of union stewards. The proceeds were then deposited into accounts maintained for contributions to CWA-COPE-PCC.

Did the receipt of funds from friends and associates of union stewards result from solicitations? If so, please provide copies of the solicitations. If not, please explain the circumstances surrounding these transactions.

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE July 24, 1980

MUR NO. 1084  
STAFF MEMBER(S) & TEL. NO.  
Beverly Brown/523-4529  
Hal Ponder/523-4166

RESPONDENT Communication Workers of  
America - C.O.P.E. - Political  
Contributions Committee (CWA-  
COPE-PCC)

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

I. BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters") 1/ and the subsequent audit of records maintained at CWA LOCAL #1101, #12215, #2336, #12143, and #12215. 2/ The audits were conducted pursuant to former 2 U.S.C. § 438(a)(8) which directed the the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). 3/

II. OVERVIEW

CWA is composed of 12 district offices and 876 local unions. Contributions to its political fund are mainly solicited at the local level, forwarded to the appropriate district office and transmitted to Headquarters for distribution to selected candidates and committees.

1/ Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".

2/ Due to CWA-COPE PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained at these five locals based on dollar value of contributions transferred during the period of audit. The selected locals transferred \$120,697.18 thereby enabling the audit staff to test 21% of the total contributions transferred to Headquarters.

3/ The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

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During the audit of CWA-COPE-PCC, auditors noted that the guidelines prepared by Headquarters failed to inform local treasurers of the recordkeeping or disclosure requirements relating to federal activity. Written procedures suggested that each local forward contributions collected on a weekly basis, maintain the necessary records and transmit contributions prior to the annual convention.

Due to the maintenance of records at the local level, and the indication of possible commingling of treasury funds with political contributions, 4/ the audit fieldwork was expanded to include the records maintained by the following five union locals:

- 1) CWA Local Union #1101  
New York, NY
- 2) CWA Local Union #12143  
San Antonio, TX
- 3) CWA Local Union #12222  
Houston, TX
- 4) CWA Local Union #12215  
Dallas, TX
- 5) CWA Local Union #2336  
Washington, DC

The next section of this report, "Factual Basis and Legal Analysis", will address each violation as it pertains to activity on both the national and local level. When referring to the Washington-based Communication Workers of America - C.O.P.E. - Political Contributions Committee, we will use the general designation of "Headquarters" or "CWA-COPE-PCC". In a discussion of CWA-COPE-PCC field operations, we will refer to "the local". 5/

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4/ A possible commingling problem was discovered during the auditors' review of vouchers prepared upon receipt of checks from a local. Auditors identified 57 cases in which checks containing treasury money and checks containing political contributions were apparently sequentially numbered.

5/ CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

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FACTUAL BASIS AND LEGAL ANALYSIS

A. Disclosure of Campaign Depositories (2 U.S.C. § 433(b)(6))

During the audits of CWA-COPE-PCC and Locals #1101, #2336 #12215 and #12143, the following was noted with regard to the maintenance and disclosure of campaign depositories:

- 1) Contributions received by Locals #1101, #2336, and #12215 were deposited into saving accounts maintained for contributions to Headquarters.
- 2) Contributions received by Local #12143 were deposited into the union local's treasury account (containing union dues and fees) and then transferred to a separate savings account maintained for contributions to Headquarters.
- 3) Contributions received by Local #12222 were deposited into a separate checking account maintained for contributions to Headquarters.
- 4) Headquarters did not disclose the existence of the depositories described in (1), (2) and (3) on their statement of organization.

2 U.S.C. § 433(b)(6) requires a political committee to include in its statement of organization a listing of all banks, safety deposit boxes, or other depositories used by the committee. CWA-COPE-PCC's failure to disclose all banks and depositories used by Locals #1101, #2336, #12215, #12143 and #12222 appears to violate this provision of the Act.

B. Recordkeeping of Contributions

(Former 2 U.S.C. §§ 432(c)(1) and (2))

During the audit staff's review of receipt records maintained by Locals #1101, #2336, #12215, #12143 and #12222, it was determined that no records were maintained by the locals concerning the identification of individual contributors or contribution amounts received per contributor. 6/ Available contribution records consisted solely of the identification of union stewards selling tickets, jackets or caps, and the amount of net proceeds per fundraising event.

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6/ The exception to this was Local #12222, where the auditors found that 26.1% or \$9,891.55 of the contributions collected by Local #12222 for Headquarters were not adequately accounted for in local records.

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Former 2 U.S.C. §§ 432(c)(1) and (2) require the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee; the identification of every person making a contribution in excess of \$50, and the date and amount thereof. If an individual's contribution aggregates in excess of \$100 per calendar year, the treasurer is required to maintain an account of the individual's occupation, and principal place of business (if any). In that CWA-COPE-PCC failed to maintain an accounting of the identification of individual contributors and contribution amounts received per contributor, it appears that CWA-COPE-PCC violated former 2 U.S.C. §§ 432(c)(1) and (2).

C. Solicitation of Non-Members  
(2 U.S.C. § 441b(b)(4)(A)(ii))

The audit staff's analysis of CWA-COPE-PCC's receipt records revealed the acceptance of contributions from non-union members through payroll deduction. It was determined that through this receipt method 23 non-union members contributed \$1,888 in 1977 and 20 non-union members contributed \$1,191 in 1978.

The solicitation of non-union members resulted from the establishment of a club system (COPE Quorum) designed to solicit contributions from union members and CWA staff. To be eligible for membership in the club, union members and CWA staff were invited to contribute either in lump sum or through payroll deduction, a minimum of \$120.

2 U.S.C. § 441b(b)(4)(A)(ii) states, in relevant part, that it is unlawful for a separate segregated fund established by a labor organization to solicit contributions to such a fund from persons other than its members and their families. It appears that CWA-COPE-PCC violated this section of the Act by its general solicitation and receipt of \$3,879.00 in contributions from 43 non-union members between 1977 and 1978.

11 C.F.R. § 114.5(a)(5) states that a guideline for contributions may be suggested (by a labor organization or its separate segregated fund) provided that the person soliciting or the solicitation informs the person being solicited that:

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- i) the guidelines are merely suggestions; and
- ii) an individual is free to contribute more or less than the guidelines suggest and that the (labor organization) will not favor or disadvantage anyone by reason of their contribution or their decision not to contribute.

This provision also requires the solicitor to inform the persons being solicited of the political purpose of the fund at the time of solicitation.

In that CWA-COPE-PCC established a guideline for contributions and failed to inform its solicitees of the above provisions, it appears that CWA-COPE-PCC violated 11 C.F.R. § 114.5(a)(5).

D. Disclosure of Total Receipts  
(2 U.S.C. § 434(b)(2))

During the audit staff's reconciliation of the Headquarter's bank activity to their disclosure reports, the auditors determined that Locals #1101, #2336, #12222 and #12143 did not transmit the total of contributions received each year. Only those amounts needed to meet a yearly quota, established by Headquarters, were transferred. 7/ The remaining balances were maintained in the local accounts resulting in an understatement by Headquarters of cash on hand maintained at the locals and contributions received during the calendar years 1977 and 1978.

In 1977, contributions received by Locals #1101, #12222 and #2336, totalling \$18,216.09, were received in excess of established quotas. 8/ These funds were held in savings accounts until they were transferred to Headquarters and reported in the following year. In 1978, contributions totalling \$9,031.81 were similarly held in savings accounts by Locals #1101 and #2336,

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7/ To encourage locals to actively solicit members for contributions, a quota system was established whereby locals were assigned a target amount equivalent to \$2 per member. Each May or June, during the annual convention, awards were given to those locals who had successfully met their quota.

8/ In 1977, Local #1101 received \$8,152.52 in excess of its established quota (\$22,074) and Local #2336 received \$5,009.76 in excess of its established quota (\$5,785.18). In this same year, Local #12222 received \$5,053.81 in excess of its quota (\$17,300.00)

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and therefore not included as cash on hand or receipts received during calendar year 1978. 9/

2 U.S.C. § 434(b)(2) requires a political committee to disclose the total sum of all receipts by or for such committee or candidate during the reporting period or for the calendar year. CWA-COPE-PCC's failure to disclose total contributions collected at the local level on its behalf appears to violated this provision of the Act.

E. Disclosure of Proceeds From Fundraising Events  
(Former 2 U.S.C. § 434(b)(6))

The auditors' review of Local #2336's fundraising records revealed four raffles which accounted for 77% or \$9,834.05 of its contributions collected for Headquarters. None of these events were disclosed on Schedule D's filed by CWA-COPE-PCC as required. The raffles and amounts collected were as follows:

1) Truckload of Cheer	5/5/77	\$2,655.05
2) Side of Beer	11/15/77	\$2,041.00
3) Fist Full of Dollars	2/21/78	\$2,151.00
4) Bahamas Raffle	1/12/79	\$2,987.00

In addition, during the Audit staff's review of Local #12143's receipt records, they found that annual fundraising events such as Las Vegas nights employing auctions, gift tables, cash bars, and other casino-type activities were held to obtain contributions for Headquarters. These events were not disclosed on reports filed by Headquarters. Las Vegas nights for 1977 and 1978 raised contributions totalling \$1,416.00 and \$980.00 respectively.

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9/ In 1978 Local #1101 exceeded its quota (\$25,000) by \$5,672.04 and Local #2336 exceeded its quota (\$6,128.77) by \$3,359.77.

Finally, auditors noted that tickets 10/ sold by Locals #1101 and #2336 to fundraising picnics and raffles did not provide the notice required by former 2 U.S.C. § 435(b).

Former 2 U.S.C. § 434(b)(6) requires political committees and candidates to disclose the total amount of proceeds from (a) the sale of tickets to each rally and other fundraising event; and (b) mass collections made at such events. In that CWA-COPE-PCC failed to disclose the total amount of proceeds from local fundraising events and raffles, it appears that CWA-COPE-PCC violated former 2 U.S.C. § 434(b)(6).

Further, former 2 U.S.C. § 435(b) requires each political committee to include on the face or front page of all literature and advertisements soliciting contributions the following notice:

"A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C."

In that tickets sold by agents of CWA-COPE-PCC to fundraising events and raffles failed to include the above notice, it appears that CWA-COPE-PCC violated 2 U.S.C. § 435(b). However, the Office of General Counsel recommends that the Commission find reason to believe and take no further action against CWA-COPE-PCC with regard to this matter.

F. Itemization of Contributions in Excess of \$100  
(Former 2 U.S.C. § 434(b)(2))

The auditors' review of Headquarters' payroll deduction records revealed the receipt of \$14,043.78 from 120 individuals whose contributions for calendar year 1977 exceeded an aggregate of \$100. Contributions totalling \$14,841.24 from 118 individuals exceeded \$100 in the aggregate for calendar year 1978. CWA-COPE-PCC did not itemize any contributions in 1977 and 1978.

In addition, auditors noted during the review of Local #12222's contributor records that contributions totalling \$992.50 from 7 individuals in 1977 and contributions totalling \$620 from 5 individuals in 1978 were not itemized in reports filed by CWA-COPE-PCC as required.

Former 2 U.S.C. § 434(b)(2) requires each political committee to disclose the full name and mailing address (occupation and

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10/ Tickets, in this instance, represent the only written instruments used to solicit contributions to CWA's political fund.

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principal place of business, if any) of any person who has made one or more contributions to or for such committee or candidate (including the purchase of tickets for events such as dinners, luncheons, rallies and similar fundraising events) within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Failure by CWA-COPE-PCC to itemize receipts from 127 individuals in 1977 and 123 individuals in 1978, when contributions from these individuals exceeded \$100 in the aggregate, appears to violate this section of the Act.

G. Presentation of Receipted Bills  
(Former 2 U.S.C. § 432(d))  
Disclosure of Total Expenditures  
(Former 2 U.S.C. § 434(b)(9) and (11))

The audit staff's reconciliation of Local #1101's bank records to CWA-COPE-PCC's disclosure reports identified 90 expenditures totalling \$9,120.89 which were made from CWA #1101 Union Local's treasury account and reimbursed by the local's savings account (maintained for the deposit and transfer of contributions to Headquarters) during the audit period 1/1/77 through 1/31/79. <sup>11/</sup> Sixteen of the expenditures, totalling \$4,450.61, were each in excess of \$100 and were required to be itemized. None of these expenditures which included payments for printing, tankards, raffle prizes and a contribution to the Committee to Re-elect Governor Carey, were disclosed in reports filed by Headquarters.

Further, auditors noted during the review of Local #12215's bank statement for 1977, that a withdrawal of \$1,392.80 was made from the local's savings account with no explanation on record as the use of funds withdrawn. On August 7, 1979, the treasurer of Local #12215 telephoned the audit staff and informed them that the funds had been used to purchase T-shirts for sale during local functions. The expenditure was not disclosed in reports filed by CWA-COPE-PCC.

Former 2 U.S.C. § 434(b)(9) and (11) require the disclosure of all expenditures made by or on behalf of a political committee during the reporting period, and the identification of each person to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100 together with the amount, date, and purpose of each expenditure. CWA-COPE-PCC's failure to 1) itemize seventeen expenditures, each in excess of \$100 and 2) disclose seventy-four additional expenditures, totalling \$4,670.28, appears to violate these provisions of the Act.

Former 2 U.S.C. § 432(d) requires the treasurer of a political committee to obtain and keep a receipted bill, stating

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<sup>11/</sup> See Finding I of this report for further analysis of this activity.

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the particulars, for every expenditure made by or on behalf of such committee in excess of \$100 in amount, and for any such expenditure to the same person during a calendar year exceeds \$100. CWA-COPE-PCC's failure to preserve a receipted bill for the purchase of T-shirts which cost a total of \$1,392.80 appears to violated 2 U.S.C. § 432(d).

H. Receipt of Corporate Contributions  
(2 U.S.C. § 441b(a))

During the audit of CWA-COPE-PCC locals, auditors noted the receipt of corporate contributions, totalling \$1,226.00, which were made available for use in connection with federal elections. The auditors' review of Local #2336's deposit tickets indicated a receipt of \$226.00 from the American Income Life Insurance Company.<sup>12/</sup> A memo from the local to its members indicated that the company promised to donate \$1.00 to CWA's political fund for every contact they received from a union member concerning life insurance. The funds were deposited into the local's savings account which was maintained for the deposit and transfer of contributions to Headquarters.

In addition, the auditors' analysis of Local #12222's contribution records revealed that in 1977 the local received two contributions totalling \$1000 from the American Income Life Insurance Company. These funds were deposited into the local's savings account maintained for contributions to CWA-COPE-PCC.

2 U.S.C. § 441b(a) prohibits a political committee from accepting corporate contributions. It appears that CWA-COPE-PCC violated this provision of the Act when it accepted \$1,226.00 from the American Income Life Insurance Company (an incorporated entity).

I. Receipt of Union Contributions  
(2 U.S.C. § 441b(a))

The audit of records maintained at Locals #1101, #12222, #12215, and #12143 revealed the receipt of union contributions totalling \$86,784.34 which were either transferred directly to

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<sup>12/</sup> The Indiana Secretary of State's Office has verified that the American Income Life Insurance Company was incorporated on July 16, 1954 and was licensed to operate in the state of Texas.

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Headquarters or deposited into accounts maintained for the transfer of voluntary funds to CWA-COPE-PCC. The evidence, as revealed during field examinations conducted at each local, is provided below:

Local #1101

A review of Local #1101's bank records revealed that on May 25, 1977, CWA Local Union #1101 transferred \$22,074.00 from its general treasury account (containing union dues and fees) to Headquarters when the balance in the local's savings account (maintained for voluntary contributions to Headquarters) was only \$6,953.65. In addition, 45 expenditures, totalling \$3,000 were made from the union treasury account and later reimbursed by the savings account. <sup>13/</sup> Reimbursement to the local's savings account occurred approximately 4 months after the transfer and expenditures had been made.

On May 9, 1978, CWA Local Union #1101 transferred \$25,000 from its general treasury account to Headquarters with a balance of only \$10,876.91 in the local's saving account. Again, 45 expenditures, this time totalling \$6,120.89, were made from the union treasury account. <sup>13/</sup> Full reimbursement to the local's savings account for the 1978 transfer and expenditures was not made until August 16, 1978.

The audit staff also noted that in 1977 CWA Local Union #1101 contributed \$3,304.75 from its treasury account to the local. These funds represented proceeds from the sale of jackets previously purchased by the union local.

Local #12222

In 1977 and 1978 CWA Local Union #12222 transferred a total of \$3,195.00 from its general treasury account (containing union dues and fees) to its checking account (maintained for voluntary contributions to CWA-COPE-PCC). According to a local official, these funds, representing receipts for advertisements in the union's June and December issues of their newsletter, were earmarked by their union for CWA-COPE-PCC's local field operations.

Also in 1977, a check for \$3,500 from the union treasury, noted on the deposit slip as a loan repayment, was deposited

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<sup>13/</sup> These expenditures included payments for printing, tankards, and raffle prizes.

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into the local's checking account (maintained for contributions to Headquarters). According to a local official, this check represented reimbursement for the jackets purchased by the local for the union. The local paid for the jackets due to a shortage of treasury funds.

Local #12215

The auditors' review of Local #12215's contribution records revealed the following receipts from CWA Union Local #12215:

- 1) Proceeds totalling \$3,542.90, from a snack bar operated by the union during union functions, were transferred from the union's snack bar account to the local's savings account (maintained for contributions to Headquarters). These funds were transferred to cover an overdraft and to meet Local #12215's quota. 14/
- 2) Approximately \$511.39, representing proceeds from a pool table purchased by the union and a percentage of collections from various vending machines, were donated by the union and deposited into the local's savings account (maintained for contributions to Headquarters).
- 3) Payments totalling \$875.00, received from the rental of a billboard owned by the local union were donated to the local in 1978.
- 4) Approximately \$2,615.00 was obtained by the union from the rental of a union hall to other area unions and businesses. Rental payments received by the union were then donated to Local #12215.
- 5) On July 22, 1977, \$645.33 was deposited into Local #12215's savings account (maintained for contributions to Headquarters). The deposit was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.
- 6) Also in 1977, the union donated \$3,500 to Local #12215. These funds were received as a result of the death of a union member who named the local union as the beneficiary on his life insurance policy.

Local #12143

During the audit of Local #12143, auditors determined that all contributions were initially deposited into CWA Union Local #12143's

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14/ See Finding D. for further discussion of the quota system.

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treasury account. Periodic transfers were made from the union treasury to the local's savings account (maintained for contributions to Headquarters).

On May 9, 1977, the union transferred \$6,468.00 directly by check from their union treasury account to Headquarters. On May 2, 1978, the union transferred \$6,881.25 from the union's education account (containing union dues and fees) to the local's savings account. An amount of \$6,650.00 was then transferred from the savings account to Headquarters to meet the local's quota. Auditors noted that prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

On June 9, 1979, Local #12143 wrote to Headquarters and informed them that in preparing for the audit of their records, they had discovered that in 1977 and 1978 a total of \$4,671.73 in treasury funds (union dues and fees) had been incorrectly forwarded and reported as individual contributions. <sup>15/</sup> This, according to local officials, had resulted from their misunderstanding of 11 C.F.R. § 114.5(b)(2). <sup>16/</sup> The local had interpreted this provision to mean that they could contribute twice the amount collected in contributions and forward the entire amount to Headquarters.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any" Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C).

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<sup>15/</sup> The audit staff was unable to verify this amount due to the local's failure to maintain contribution records.

<sup>16/</sup> This regulation states that a corporation, labor organization, membership organization, cooperative, or corporation without capitol stock may, subject to the provisions of § 3005 and chapter 61, Title 18, United States Code, utilize a raffle or other fundraising device which involves a prize, so long as State law permits and the prize is not disproportionately valuable. When using raffles or entertainment to raise funds, a reasonable practice to follow is for the separate segregated account to reimburse the corporation or labor organization for the costs which exceed one-third of the money contributed.

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Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once " 'voluntary' or 'involuntary' money is expended. . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973). In light of evidence which indicates that CWA-COPE-PCC deposited non-federal funds totalling \$86,784.35 from union treasury, educational and snack bar accounts into its separate segregated account, it appears CWA-COPE-PCC violated 2 U.S.C. § 441b(a).

J. Commingling of Committee Funds  
(Former 2 U.S.C. § 432(b))

During the audit of records maintained at Local #12215, the auditors determined that contributions collected by union stewards were, in many cases, deposited into personal checking accounts prior to transferral to the local's saving account (maintained for contributions to Headquarters). Four checks totalling \$54.62 were from members who had sold merchandise and had written personal checks to the local. 17/

Former 2 U.S.C. § 432(b) states that funds for a political committee shall be segregated from and not commingled with the personal funds of any officers, members or associates of such committee. CWA-COPE-PCC's acceptance of commingled funds appears to violate this section of the Act.

Based on the foregoing analysis, the Federal Election Commission has found reason to believe that the Communication Workers of America-C.O.P.E.-Political Contribution Committee violated:

2 U.S.C. § 433(b)(6) by failing to include in its Statement of Organization a listing of all banks and other depositories used; and

Former 2 U.S.C. §§ 432(c)(1) and (2) by failing to keep a detailed and exact account of all contributions received; and

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17/ Due to the inadequacy of receipt records maintained, the audit staff was unable to determine the extent of the use of personal accounts for the collection of contributions to CWA-COPE-PCC.



Former 2 U.S.C. § 432(d) by failing to keep a receipted bill or other contemporaneous memorandum stating the particulars for an expenditure made by the political committee in excess of \$100; and

2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions to its separate segregated account from persons other than its members and their families; and

2 U.S.C. § 434(b)(2) by failing to disclose the total sum of all receipts for its committee; and

Former 2 U.S.C. § 434(b)(6) by failing to disclose fund-raising activities and the total amount of proceeds from such events; and

Former 2 U.S.C. § 434(b)(2) by failing to itemize contributions from individuals which, in the aggregate for the calendar year, exceed \$100; and

Former 2 U.S.C. § 434(b)(9) and (11) by failing to report total expenditures and itemize those aggregating in excess of \$100 per payee in a calendar year; and

2 U.S.C. § 441b(a) by accepting contributions from labor organizations for use in connection with Federal elections; and

2 U.S.C. § 441b(a) by accepting contributions from a corporation for use in connection with Federal elections; and

11 C.F.R. § 114.5(a) by failing to inform solicitees of the provisions therein.

In addition, the Commission has found reason to believe that CWA-COPE-PCC violated former 2 U.S.C. § 432(b) by commingling funds of a political committee with personal funds of committee members. However, in view of the limited extent to which this activity appears to have occurred, the Commission has determined to take no further action with regard to this violation.

Finally, the Commission has found reason to believe that CWA-COPE-PCC violated former 2 U.S.C. § 435(b) by failing to provide a notice on solicitations as required. However, the Commission has determined to take no further action with regard to this violation.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Louis B. Knecht, Treasurer  
CWA-COPE-PCC  
1925 K Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084

Dear Mr. Knecht:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that your committee violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against your committee in connection with this matter. Your response must be submitted within 30 days of receipt of this letter. If no response is received within 30 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. In addition, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

BBB 7/23/80

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Letter to: Louis Knecht  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

Enclosures

Notification of Reason to Believe Finding  
Questions  
Procedures

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *mwc*  
FROM: MARJORIE W. EMMONS/MARGARET CHANEY *mc*  
DATE: JULY 22, 1980  
SUBJECT: MUR 1084 - Memorandum to the Commission,  
dated 7-14-80; Received in OCS 7-14-80,  
1:47

The above-named document was circulated to the  
Commission on a no-objection basis at 11:00, July 15, 1980.

There were no objections to the redraft of the  
Notification of RTB Findings at the time of the deadline.

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July 14, 1980

MEMORANDUM TO: Marjorie W. Emmons  
FROM: Elissa T. Garr  
SUBJECT: MUR 1084

Please have the attached Memo distributed to the  
Commission on a 24 hour no-objection basis. Thank you.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 14, 1980

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele  
General Counsel *CS*

SUBJECT: MUR #1084 - Redraft Notification of Reason to  
Believe Finding - CWA-COPE-PCC

Per the Commission's instruction of July 1, 1980, attached is a copy of the Notification of Reason to Believe Findings which will be sent to the Communication Workers of America-C.O.P.E.-PCC (c/o Louis B. Knecht, Treasurer). The letter has been redrafted in accordance with the Commission's determination as certified on July 1, 1980.

Attachment

Notification of Reason to Believe Findings

80 JUL 14 P 1:47

RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY

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FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE \_\_\_\_\_

MUR NO. 1084

STAFF MEMBER(S) & TEL. NO.

Beverly Brown/523-4529

Hal Ponder/523-4166

RESPONDENT

Communication Workers of  
America - C.O.P.E. - Political  
Contributions Committee (CWA-  
COPE-PCC)

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

I. BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters") 1/ and the subsequent audit of records maintained at CWA LOCAL #1101, #12215, #2336, #12143, and #12215. 2/ The audits were conducted pursuant to former 2 U.S.C. § 438(a)(8) which directed the the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). 3/

II. OVERVIEW

CWA is composed of 12 district offices and 876 local unions. Contributions to its political fund are mainly solicited at the local level, forwarded to the appropriate district office and transmitted to Headquarters for distribution to selected candidates and committees.

1/ Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".

2/ Due to CWA-COPE PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained at these five locals based on dollar value of contributions transferred during the period of audit. The selected locals transferred \$120,697.18 thereby enabling the audit staff to test 21% of the total contributions transferred to Headquarters.

3/ The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

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During the audit of CWA-COPE-PCC, auditors noted that the guidelines prepared by Headquarters failed to inform local treasurers of the recordkeeping or disclosure requirements relating to federal activity. Written procedures suggested that each local forward contributions collected on a weekly basis, maintain the necessary records and transmit contributions prior to the annual convention.

Due to the maintenance of records at the local level, and the indication of possible commingling of treasury funds with political contributions, 4/ the audit fieldwork was expanded to include the records maintained by the following five union locals:

- 1) CWA Local Union #1101  
New York, NY
- 2) CWA Local Union #12143  
San Antonio, TX
- 3) CWA Local Union #12222  
Houston, TX
- 4) CWA Local Union #12215  
Dallas, TX
- 5) CWA Local Union #2336  
Washington, DC

The next section of this report, "Factual Basis and Legal Analysis", will address each violation as it pertains to activity on both the national and local level. When referring to the Washington-based Communication Workers of America - C.O.P.E. - Political Contributions Committee, we will use the general designation of "Headquarters" or "CWA-COPE-PCC". In a discussion of CWA-COPE-PCC field operations, we will refer to "the local". 5/

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4/ A possible commingling problem was discovered during the auditors' review of vouchers prepared upon receipt of checks from a local. Auditors identified 57 cases in which checks containing treasury money and checks containing political contributions were apparently sequentially numbered.

5/ CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

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## FACTUAL BASIS AND LEGAL ANALYSIS

### A. Disclosure of Campaign Depositories (2 U.S.C. § 433(b)(6))

During the audits of CWA-COPE-PCC and Locals #1101, #2336 #12215 and #12143, the following was noted with regard to the maintenance and disclosure of campaign depositories:

- 1) Contributions received by Locals #1101, #2336, and #12215 were deposited into saving accounts maintained for contributions to Headquarters.
- 2) Contributions received by Local #12143 were deposited into the union local's treasury account (containing union dues and fees) and then transferred to a separate savings account maintained for contributions to Headquarters.
- 3) Contributions received by Local #12222 were deposited into a separate checking account maintained for contributions to Headquarters.
- 4) Headquarters did not disclose the existence of the depositories described in (1), (2) and (3) on their statement of organization.

2 U.S.C. § 433(b)(6) requires a political committee to include in its statement of organization a listing of all banks, safety deposit boxes, or other depositories used by the committee. CWA-COPE-PCC's failure to disclose all banks and depositories used by Locals #1101, #2336, #12215, #12143 and #12222 appears to violate this provision of the Act.

### B. Recordkeeping of Contributions (Former 2 U.S.C. §§ 432(c)(1) and (2))

During the audit staff's review of receipt records maintained by Locals #1101, #2336, #12215, #12143 and #12222, it was determined that no records were maintained by the locals concerning the identification of individual contributors or contribution amounts received per contributor. 6/- Available contribution records consisted solely of the identification of union stewards selling tickets, jackets or caps, and the amount of net proceeds per fundraising event.

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6/ The exception to this was Local #12222, where the auditors found that 26.1% or \$9,891.55 of the contributions collected by Local #12222 for Headquarters were not adequately accounted for in local records.

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Former 2 U.S.C. §§ 432(c)(1) and (2) require the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee; the identification of every person making a contribution in excess of \$50, and the date and amount thereof. If an individual's contribution aggregates in excess of \$100 per calendar year, the treasurer is required to maintain an account of the individual's occupation, and principal place of business (if any). In that CWA-COPE-PCC failed to maintain an accounting of the identification of individual contributors and contribution amounts received per contributor, it appears that CWA-COPE-PCC violated former 2 U.S.C. §§ 432(c)(1) and (2).

C. Solicitation of Non-Members  
(2 U.S.C. § 441b(b)(4)(A)(ii))

The audit staff's analysis of CWA-COPE-PCC's receipt records revealed the acceptance of contributions from non-union members through payroll deduction. It was determined that through this receipt method 23 non-union members contributed \$1,888 in 1977 and 20 non-union members contributed \$1,1991 in 1978.

The solicitation of non-union members resulted from the establishment of a club system (COPE Quorum) designed to solicit contributions from union members and CWA staff. To be eligible for membership in the club, union members and CWA staff were invited to contribute either in lump sum or through payroll deduction, a minimum of \$120.

2 U.S.C. § 441b(b)(4)(A)(ii) states, in relevant part, that it is unlawful for a separate segregated fund established by a labor organization to solicit contributions to such a fund from persons other than its members and their families. It appears that CWA-COPE-PCC violated this section of the Act by its general solicitation and receipt of \$3,879.00 in contributions from 43 non-union members between 1977 and 1978.

11 C.F.R. § 114.5(a)(5) states that a guideline for contributions may be suggested (by a labor organization or its separate segregated fund) provided that the person soliciting or the solicitation informs the person being solicited that:

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- i) the guidelines are merely suggestions; and
- ii) an individual is free to contribute more or less than the guidelines suggest and that the (labor organization) will not favor or disadvantage anyone by reason of their contribution or their decision not to contribute.

This provision also requires the solicitor to inform the persons being solicited of the political purpose of the fund at the time of solicitation.

In that CWA-COPE-PCC established a guideline for contributions and failed to inform its solicitees of the above provisions, it appears that CWA-COPE-PCC violated 11 C.F.R. § 114.5(a)(5).

D. Disclosure of Total Receipts  
(2 U.S.C. § 434(b)(2))

During the audit staff's reconciliation of the Headquarter's bank activity to their disclosure reports, the auditors determined that Locals #1101, #2336, #12222 and #12143 did not transmit the total of contributions received each year. Only those amounts needed to meet a yearly quota, established by Headquarters, were transferred. 7/ The remaining balances were maintained in the local accounts resulting in an understatement by Headquarters of cash on hand maintained at the locals and contributions received during the calendar years 1977 and 1978.

In 1977, contributions received by Locals #1101, #12222 and #2336, totalling \$18,216.09, were received in excess of established quotas. 8/ These funds were held in savings accounts until they were transferred to Headquarters and reported in the following year. In 1978, contributions totalling \$9,031.81 were similarly held in savings accounts by Locals #1101 and #2336,

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7/ To encourage locals to actively solicit members for contributions, a quota system was established whereby locals were assigned a target amount equivalent to \$2 per member. Each May or June, during the annual convention, awards were given to those locals who had successfully met their quota.

8/ In 1977, Local #1101 received \$8,152.52 in excess of its established quota (\$22,074) and Local #2336 received \$5,009.76 in excess of its established quota (\$5,785.18). In this same year, Local #12222 received \$5,053.81 in excess of its quota (\$17,300.00)

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and therefore not included as cash on hand or receipts received during calendar year 1978. 9/

2 U.S.C. § 434(b)(2) requires a political committee to disclose the total sum of all receipts by or for such committee or candidate during the reporting period or for the calendar year. CWA-COPE-PCC's failure to disclose total contributions collected at the local level on its behalf appears to violated this provision of the Act.

E. Disclosure of Proceeds From Fundraising Events  
(Former 2 U.S.C. § 434(b)(6))

The auditors' review of Local #2336's fundraising records revealed four raffles which accounted for 77% or \$9,834.05 of its contributions collected for Headquarters. None of these events were disclosed on Schedule D's filed by CWA-COPE-PCC as required. The raffles and amounts collected were as follows:

1) Truckload of Cheer	5/5/77	\$2,655.05
2) Side of Beer	11/15/77	\$2,041.00
3) Fist Full of Dollars	2/21/78	\$2,151.00
4) Bahamas Raffle	1/12/79	\$2,987.00

In addition, during the Audit staff's review of Local #12143's receipt records, they found that annual fundraising events such as Las Vegas nights employing auctions, gift tables, cash bars, and other casino-type activities were held to obtain contributions for Headquarters. These events were not disclosed on reports filed by Headquarters. Las Vegas nights for 1977 and 1978 raised contributions totalling \$1,416.00 and \$980.00 respectively.

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9/ In 1978 Local #1101 exceeded its quota (\$25,000) by \$5,672.04 and Local #2336 exceeded its quota (\$6,128.77) by \$3,359.77.

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Finally, auditors noted that tickets 10/ sold by Locals #1101 and #2336 to fundraising picnics and raffles did not provide the notice required by former 2 U.S.C. § 435(b).

Former 2 U.S.C. § 434(b)(6) requires political committees and candidates to disclose the total amount of proceeds from (a) the sale of tickets to each rally and other fundraising event; and (b) mass collections made at such events. In that CWA-COPE-PCC failed to disclose the total amount of proceeds from local fundraising events and raffles, it appears that CWA-COPE-PCC violated former 2 U.S.C. § 434(b)(6).

Further, former 2 U.S.C. § 435(b) requires each political committee to include on the face or front page of all literature and advertisements soliciting contributions the following notice:

"A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C."

In that tickets sold by agents of CWA-COPE-PCC to fundraising events and raffles failed to include the above notice, it appears that CWA-COPE-PCC violated 2 U.S.C. § 435(b). However, the Office of General Counsel recommends that the Commission find reason to believe and take no further action against CWA-COPE-PCC with regard to this matter.

F. Itemization of Contributions in Excess of \$100  
(Former 2 U.S.C. § 434(b)(2))

The auditors' review of Headquarters' payroll deduction records revealed the receipt of \$14,043.78 from 120 individuals whose contributions for calendar year 1977 exceeded an aggregate of \$100. Contributions totalling \$14,841.24 from 118 individuals exceeded \$100 in the aggregate for calendar year 1978. CWA-COPE-PCC did not itemize any contributions in 1977 and 1978.

In addition, auditors noted during the review of Local #12222's contributor records that contributions totalling \$992.50 from 7 individuals in 1977 and contributions totalling \$620 from 5 individuals in 1978 were not itemized in reports filed by CWA-COPE-PCC as required.

Former 2 U.S.C. § 434(b)(2) requires each political committee to disclose the full name and mailing address (occupation and

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10/ Tickets, in this instance, represent the only written instruments used to solicit contributions to CWA's political fund.

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principal place of business, if any) of any person who has made one or more contributions to or for such committee or candidate (including the purchase of tickets for events such as dinners, luncheons, rallies and similar fundraising events) within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Failure by CWA-COPE-PCC to itemize receipts from 127 individuals in 1977 and 123 individuals in 1978, when contributions from these individuals exceeded \$100 in the aggregate, appears to violate this section of the Act.

G. Presentation of Receipted Bills  
(Former 2 U.S.C. § 432(d))  
Disclosure of Total Expenditures  
(Former 2 U.S.C. § 434(b)(9) and (11))

The audit staff's reconciliation of Local #1101's bank records to CWA-COPE-PCC's disclosure reports identified 90 expenditures totalling \$9,120.89 which were made from CWA #1101 Union Local's treasury account and reimbursed by the local's savings account (maintained for the deposit and transfer of contributions to Headquarters) during the audit period 1/1/77 through 1/31/79. <sup>11/</sup> Sixteen of the expenditures, totalling \$4,450.61, were each in excess of \$100 and were required to be itemized. None of these expenditures which included payments for printing, tankards, raffle prizes and a contribution to the Committee to Re-elect Governor Carey, were disclosed in reports filed by Headquarters.

Further, auditors noted during the review of Local #12215's bank statement for 1977, that a withdrawal of \$1,392.80 was made from the local's savings account with no explanation on record as to the use of funds withdrawn. On August 7, 1979, the treasurer of Local #12215 telephoned the audit staff and informed them that the funds had been used to purchase T-shirts for sale during local functions. The expenditure was not disclosed in reports filed by CWA-COPE-PCC.

Former 2 U.S.C. § 434(b)(9) and (11) require the disclosure of all expenditures made by or on behalf of a political committee during the reporting period, and the identification of each person to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100 together with the amount, date, and purpose of each expenditure. CWA-COPE-PCC's failure to 1) itemize seventeen expenditures, each in excess of \$100 and 2) disclose seventy-four additional expenditures, totalling \$4,670.28, appears to violate these provisions of the Act.

Former 2 U.S.C. § 432(d) requires the treasurer of a political committee to obtain and keep a receipted bill, stating

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<sup>11/</sup> See Finding I of this report for further analysis of this activity.

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the particulars, for every expenditure made by or on behalf of such committee in excess of \$100 in amount, and for any such expenditure to the same person during a calendar year exceeds \$100. CWA-COPE-PCC's failure to preserve a receipted bill for the purchase of T-shirts which cost a total of \$1,392.80 appears to violated 2 U.S.C. § 432(d).

H. Receipt of Corporate Contributions  
(2 U.S.C. § 441b(a))

During the audit of CWA-COPE-PCC locals, auditors noted the receipt of corporate contributions, totalling \$1,226.00, which were made available for use in connection with federal elections. The auditors' review of Local #2336's deposit tickets indicated a receipt of \$226.00 from the American Income Life Insurance Company.<sup>12/</sup> A memo from the local to its members indicated that the company promised to donate \$1.00 to CWA's political fund for every contact they received from a union member concerning life insurance. The funds were deposited into the local's savings account which was maintained for the deposit and transfer of contributions to Headquarters.

In addition, the auditors' analysis of Local #12222's contribution records revealed that in 1977 the local received two contributions totalling \$1000 from the American Income Life Insurance Company. These funds were deposited into the local's savings account maintained for contributions to CWA-COPE-PCC.

2-U.S.C. § 441b(a) prohibits a political committee from accepting corporate contributions. It appears that CWA-COPE-PCC violated this provision of the Act when it accepted \$1,226.00 from the American Income Life Insurance Company (an incorporated entity).

I. Receipt of Union Contributions  
(2 U.S.C. § 441b(a))

The audit of records maintained at Locals #1101, #12222, #12215, and #12143 revealed the receipt of union contributions totalling \$86,784.34 which were either transferred directly to

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<sup>12/</sup> The Indiana Secretary of State's Office has verified that the American Income Life Insurance Company was incorporated on July 16, 1954 and was licensed to operate in the state of Texas.

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Headquarters or deposited into accounts maintained for the transfer of voluntary funds to CWA-COPE-PCC. The evidence, as revealed during field examinations conducted at each local, is provided below:

Local #1101

A review of Local #1101's bank records revealed that on May 25, 1977, CWA Local Union #1101 transferred \$22,074.00 from its general treasury account (containing union dues and fees) to Headquarters when the balance in the local's savings account (maintained for voluntary contributions to Headquarters) was only \$6,953.65. In addition, 45 expenditures, totalling \$3,000 were made from the union treasury account and later reimbursed by the savings account. <sup>13/</sup> Reimbursement to the local's savings account occurred approximately 4 months after the transfer and expenditures had been made.

On May 9, 1978, CWA Local Union #1101 transferred \$25,000 from its general treasury account to Headquarters with a balance of only \$10,876.91 in the local's saving account. Again, 45 expenditures, this time totalling \$6,120.89, were made from the union treasury account. <sup>13/</sup> Full reimbursement to the local's savings account for the 1978 transfer and expenditures was not made until August 16, 1978.

The audit staff also noted that in 1977 CWA Local Union #1101 contributed \$3,304.75 from its treasury account to the local. These funds represented proceeds from the sale of jackets previously purchased by the union local.

Local #12222

In 1977 and 1978 CWA Local Union #12222 transferred a total of \$3,195.00 from its general treasury account (containing union dues and fees) to its checking account (maintained for voluntary contributions to CWA-COPE-PCC). According to a local official, these funds, representing receipts for advertisements in the union's June and December issues of their newsletter, were earmarked by their union for CWA-COPE-PCC's local field operations.

Also in 1977, a check for \$3,500 from the union treasury, noted on the deposit slip as a loan repayment, was deposited

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<sup>13/</sup> These expenditures included payments for printing, tankards, and raffle prizes.

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into the local's checking account (maintained for contributions to Headquarters). According to a local official, this check represented reimbursement for the jackets purchased by the local for the union. The local paid for the jackets due to a shortage of treasury funds.

Local #12215

The auditors' review of Local #12215's contribution records revealed the following receipts from CWA Union Local #12215:

- 1) Proceeds totalling \$3,542.90, from a snack bar operated by the union during union functions, were transferred from the union's snack bar account to the local's savings account (maintained for contributions to Headquarters). These funds were transferred to cover an overdraft and to meet Local #12215's quota. 14/
- 2) Approximately \$511.39, representing proceeds from a pool table purchased by the union and a percentage of collections from various vending machines, were donated by the union and deposited into the local's savings account (maintained for contributions to Headquarters).
- 3) Payments totalling \$875.00, received from the rental of a billboard owned by the local union were donated to the local in 1978.
- 4) Approximately \$2,615.00 was obtained by the union from the rental of a union hall to other area unions and businesses. Rental payments received by the union were then donated to Local #12215.
- 5) On July 22, 1977, \$645.33 was deposited into Local #12215's savings account (maintained for contributions to Headquarters). The deposit was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.
- 6) Also in 1977, the union donated \$3,500 to Local #12215. These funds were received as a result of the death of a union member who named the local union as the beneficiary on his life insurance policy.

Local #12143

During the audit of Local #12143, auditors determined that all contributions were initially deposited into CWA Union Local #12143's

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14/ See Finding D. for further discussion of the quota system.

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treasury account. Periodic transfers were made from the union treasury to the local's savings account (maintained for contributions to Headquarters).

On May 9, 1977, the union transferred \$6,468.00 directly by check from their union treasury account to Headquarters. On May 2, 1978, the union transferred \$6,881.25 from the union's education account (containing union dues and fees) to the local's savings account. An amount of \$6,650.00 was then transferred from the savings account to Headquarters to meet the local's quota. Auditors noted that prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

On June 9, 1979, Local #12143 wrote to Headquarters and informed them that in preparing for the audit of their records, they had discovered that in 1977 and 1978 a total of \$4,671.73 in treasury funds (union dues and fees) had been incorrectly forwarded and reported as individual contributions. <sup>15/</sup> This, according to local officials, had resulted from their misunderstanding of 11 C.F.R. § 114.5(b)(2). <sup>16/</sup> The local had interpreted this provision to mean that they could contribute twice the amount collected in contributions and forward the entire amount to Headquarters.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any" Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C).

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<sup>15/</sup> The audit staff was unable to verify this amount due to the local's failure to maintain contribution records.

<sup>16/</sup> This regulation states that a corporation, labor organization, membership organization, cooperative, or corporation without capitol stock may, subject to the provisions of § 3005 and chapter 61, Title 18, United States Code, utilize a raffle or other fundraising device which involves a prize, so long as State law permits and the prize is not disproportionately valuable. When using raffles or entertainment to raise funds, a reasonable practice to follow is for the separate segregated account to reimburse the corporation or labor organization for the costs which exceed one-third of the money contributed.

Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once " 'voluntary' or 'involuntary' money is expended. . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973). In light of evidence which indicates that CWA-COPE-PCC deposited non-federal funds totalling \$86,784.35 from union treasury, educational and snack bar accounts into its separate segregated account, it appears CWA-COPE-PCC violated 2 U.S.C. § 441b(a).

J. Commingling of Committee Funds  
(Former 2 U.S.C. § 432(b))

During the audit of records maintained at Local #12215, the auditors determined that contributions collected by union stewards were, in many cases, deposited into personal checking accounts prior to transferral to the local's saving account (maintained for contributions to Headquarters). Four checks totalling \$54.62 were from members who had sold merchandise and had written personal checks to the local. 17/

Former 2 U.S.C. § 432(b) states that funds for a political committee shall be segregated from and not commingled with the personal funds of any officers, members or associates of such committee. CWA-COPE-PCC's acceptance of commingled funds appears to violate this section of the Act.

Based on the foregoing analysis, the Federal Election Commission has found reason to believe that the Communication Workers of America-C.O.P.E.-Political Contribution Committee violated:

2 U.S.C. § 433(b)(6) by failing to include in its Statement of Organization a listing of all banks and other depositories used; and

Former 2 U.S.C. §§ 432(c)(1) and (2) by failing to keep a detailed and exact account of all contributions received; and

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17/ Due to the inadequacy of receipt records maintained, the audit staff was unable to determine the extent of the use of personal accounts for the collection of contributions to CWA-COPE-PCC.

Former 2 U.S.C. § 432(d) by failing to keep a receipted bill or other contemporaneous memorandum stating the particulars for an expenditure made by the political committee in excess of \$100; and

2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions to its separate segregated account from persons other than its members and their families; and

2 U.S.C. § 434(b)(2) by failing to disclose the total sum of all receipts for its committee; and

Former 2 U.S.C. § 434(b)(6) by failing to disclose fund-raising activities and the total amount of proceeds from such events; and

Former 2 U.S.C. § 434(b)(2) by failing to itemize contributions from individuals which, in the aggregate for the calendar year, exceed \$100; and

Former 2 U.S.C. § 434(b)(9) and (11) by failing to report total expenditures and itemize those aggregating in excess of \$100 per payee in a calendar year; and

2 U.S.C. § 441b(a) by accepting contributions from labor organizations for use in connection with Federal elections; and

2 U.S.C. § 441b(a) by accepting contributions from a corporation for use in connection with Federal elections; and

11 C.F.R. § 114.5(a) by failing to inform solicitees of the provisions therein.

In addition, the Commission has found reason to believe that CWA-COPE-PCC violated former 2 U.S.C. § 432(b) by commingling funds of a political committee with personal funds of committee members. However, in view of the limited extent to which this activity appears to have occurred, the Commission has determined to take no further action with regard to this violation.

Finally, the Commission has found reason to believe that CWA-COPE-PCC violated former 2 U.S.C. § 435(b) by failing to provide a notice on solicitations as required. However, the Commission has determined to take no further action with regard to this violation.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
)  
Communications Workers of )  
America - C.O.P.E. - )  
Political Contributions )  
Committee (CWA-COPE-POC) )

CWA Local Union #1101 )

MUR 1084

CWA Local Union #12143 )

CWA Local Union #12215 )

CWA Local Union #12222 )

American Income Life )  
Insurance Company )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission's executive session on July 1, 1980, do hereby certify that the Commission took the following actions in MUR 1084:

1. Failed by a vote of 3-2 to find reason to believe that the Communication Workers of America-C.O.P.E. - Political Contributions Committee violated the former 2 U.S.C. §437b(a)(2) by failing to maintain accounts into which the initial deposit of voluntary contributions shall be made.

Commissioners Aikens, Friedersdorf, and Reiche voted affirmatively to make the finding; Commissioners Harris and McGarry dissented; Commissioner Tiernan abstained on the vote.

2. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.- Political Contributions Committee violated 2 U.S.C. §433(b)(6) by failing to include in its Statement of Organization a listing of all banks and other depositories used.

Continued

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3. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated the former 2 U.S.C. §§432(c) (1) and (2) by failing to keep a detailed and exact account of all contributions received.
  4. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated the former 2 U.S.C. §432(d) by failing to keep a receipted bill or other contemporaneous memorandum stating the particulars for an expenditures made by the political committee in excess of \$100.
  5. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated 2 U.S.C. §441b(b) (4) (A) (ii) by soliciting contributions to its separate segregated account from persons other than its members and their families.
  6. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated 2 U.S.C. §434(b) (2) by failing to disclose the total sum of all receipts for its committee.
  7. Failed by a vote of 3-2 to find reason to believe that the Communication Workers of America-C.O.P.E.- Political Contributions Committee violated the former 11 C.F.R. §103.3 by failing to deposit voluntary contributions into authorized accounts within ten days of receipt by union representatives.  
  
Commissioners Aikens, Friedersdorf, and Reiche voted affirmatively to make the finding; Commissioners Harris and McGarry dissented; Commissioner Tiernan abstained on the vote.
  8. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated the former 2 U.S.C. §434(b) (6) by failing to disclose fund-raising activities and the total amount of proceeds from such events.

Continued

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9. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.- Political Contributions Committee violated the former 2 U.S.C. §434(b) (2) by failing to itemize contributions from individuals which, in the aggregate for the calendar year, exceed \$100.
  10. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated the former 2 U.S.C. §434(b) (9) and (11) by failing to report total expenditures and itemize those aggregating in excess of \$100 per payee in a calendar year.
  11. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated 2 U.S.C. §441b(a) by accepting contributions from labor organizations for use in connection with Federal elections.
  12. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated 2 U.S.C. §441b(a) by accepting contributions from a corporation for use in connection with Federal elections.
  13. Decided by a vote of 6-0 to find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated 11 C.F.R. §114.5(a) by failing to inform solicitees of the provisions therein.
  14. Decided by a vote of 6-0 to find reason to believe CWA-COPE-PCC violated the former 2 U.S.C. §432(b) by commingling funds of a political committee with personal funds of committee members and take no further action.
  15. Decided by a vote of 6-0 to find reason to believe and take no further action against CWA-COPE-PCC regarding a violation of former 2 U.S.C. §435(b).
  16. Decided by a vote of 6-0 to find reason to believe that CWA Local Unions #1101, #12143, #12215, and #12222 violated 2 U.S.C. §441b(a) by making contributions and expenditures from union treasury funds in connection with Federal elections.

Continued

17. Decided by a vote of 6-0 to find reason to believe that the American Income Life Insurance Company violated 2 U.S.C. §441b(a) by making corporate contributions in connection with Federal elections.
18. Decided by a vote of 6-0 to send Notifications of Reason to Believe Findings and letters, as revised.

Attest:

7/1/60

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary to the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *MWC*

FROM: MARJORIE W. EMMONS/MARGARET CHANEY *mc*

DATE: JUNE 25, 1980

SUBJECT: OBJECTION -  
MUR 1084 - General Counsel's Report dated 6-21-80;  
Received in OCS 6-23-80, 12:28

The above-named document was circulated on a 48  
hour vote basis at 4:00, June 23, 1980.

Commissioner Harris submitted an objection at 2:19,  
June 25, 1980.

This matter will be placed on the Executive Session  
Agenda for Tuesday, July 1, 1980.

Commissioner Aikens submitted her objection at 4:11,  
June 25, 1980.

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June 23, 1980

MEMORANDUM TO: Marjorie W. Emmons  
FROM: Jane Colgrove  
SUBJECT: MUR 1084

Please have the attached General Counsel's Report on  
MUR 1084 distributed to the Commission on a 48 hour tally  
basis.

Thank you.

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BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY

80 JUN 23 PM 12: 28

In the Matter of )  
 )  
Communication Workers of )  
America - C.O.P.E. - )  
Political Contributions )  
Committee (CWA-COPE-PCC) )  
 )  
CWA Local Union #1101 )  
 )  
CWA Local Union #12143 )  
 )  
CWA Local Union #12215 )  
 )  
CWA Local Union #12222 )  
 )  
American Income Life )  
Insurance Company )

MUR 1084

GENERAL COUNSEL'S REPORT

I. Generation of Matter

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters") <sup>1/</sup> and the subsequent audit of records maintained at CWA LOCAL #1101, #12215, #2336, #12143, and #12215. <sup>2/</sup> (See Attachment #1). The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directed the

1/ Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".

2/ Due to CWA-COPE PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained at these five local based on dollar value of contributions transferred during the period of audit. The selected locals transferred \$120,697.18 thereby enabling the audit staff to test 21% of the total contributions transferred to Headquarters.

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Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").<sup>3/</sup>

## II. Background

CWA is composed of 12 district offices and 876 local unions. Contributions to its political fund are mainly solicited at the local level, forwarded to the appropriate district office and transmitted to Headquarters for distribution to selected candidates and committees.

During the audit of CWA-COPE-PCC, auditors noted that the guidelines prepared by Headquarters failed to inform local treasurers of the recordkeeping or disclosure requirements relating to federal activity. (See Attachment #2) Written procedures suggested that each local forward contributions collected on a weekly basis, maintain the necessary records and transmit contributions prior to the annual convention.

Due to the maintenance of records at the local level, and the indication of possible commingling of treasury funds with political contributions,<sup>4/</sup> the audit fieldwork was expanded to include the records maintained by the following five union locals:

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<sup>3/</sup> The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

<sup>4/</sup> A possible commingling problem was discovered during the auditors' review of vouchers prepared upon receipt of checks from a local. Auditors identified 57 cases in which checks containing treasury money and checks containing political contributions were apparently sequentially numbered.

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- 1) CWA Local Union #1101  
New York, NY
- 2) CWA Local Union #12143  
San Antonio, TX
- 3) CWA Local Union #12222  
Houston, TX
- 4) CWA Local Union #12215  
Dallas, TX
- 5) CWA Local Union #2336  
Washington, DC

The next section of this report, "Factual Basis and Legal Analysis", will address each violation as it pertains to activity on both the national and local level. When referring to the Washington-based Communication Workers of America - C.O.P.E. - Political Contributions Committee, we will use the general designation of "Headquarters" or "CWA-COPE-PCC". In a discussion of CWA-COPE-PCC field operations, we will refer to "the local". <sup>5/</sup>

### III. Factual Basis And Legal Analysis

#### A. Maintenance and Disclosure of Campaign Depositories (2 U.S.C. §§ 434(h)(1) and 433(b)(6))

During the audits of CWA-COPE-PCC and Locals #1101, #2336 #12215 and #12143, the following was noted with regard to the maintenance and disclosure of campaign depositories:

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<sup>5/</sup> CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

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- 1) Contributions received by Locals #1101, #2336, and #12215 were deposited into saving accounts maintained for contributions to Headquarters. Separate checking accounts were not maintained for the deposit of contributions.
- 2) Contributions received by Local #12143 were deposited into the union local's treasury account (containing union dues and fees) and then transferred to a separate savings account maintained for contributions to Headquarters.
- 3) Contributions received by Headquarters were deposited into a separate savings account. When an expenditure was planned, the amount to be expended was transferred to a separate checking account.
- 4) Headquarters did not disclose the existence of the depositories described in (1) and (2) on their statement of organization. In addition, Headquarters did not disclose the existence of a separate checking account maintained by Local #12222 for contributions to CWA-COPE-PCC.

2 U.S.C. § 432(h)(1) makes mandatory the designation of a campaign depository by a political committee, the maintenance of a checking account at such depository and the deposit of all contributions into such account. No expenditure shall be made by the political committee except by check drawn on such account. In addition, 11 C.F.R. § 103.3 provides that funds may be transferred from the checking account for investment purposes, but must be returned to the account before expenditures are made. CWA-COPE-PCC's failure to maintain checking accounts for the deposit and transfer of contributions to Headquarters at the local level, and its failure to make initial deposits of contributions into a checking account appears to violated 2 U.S.C. § 432(h)(1).

Further, 2 U.S.C. § 433(b)(6) requires a political committee to include in its statement of organization a listing of all banks, safety deposit boxes, or other depositories used by the

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committee. CWA-COPE-PCC's failure to disclose all banks and depositories used by Locals #1101, #2336, #12215, #12143 and #12222 appears to violate this provision of the Act.

B. Recordkeeping of Contributions  
(Former 2 U.S.C. §§ 432(c)(1) and (2))

During the audit staff's review of receipt records maintained by Locals #1101, #2336, #12215, #12143 and #12222, it was determined that no records were maintained by the locals concerning the identification of individual contributors or contribution amounts received per contributor. <sup>6/</sup> Available contribution records consisted solely of the identification of union stewards selling tickets, jackets or caps, and the amount of net proceeds per fundraising event.

Former 2 U.S.C. §§ 432(c)(1) and (2) require the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee; the identification of every person making a contribution in excess of \$50, and the date and amount thereof. If an individual's contribution aggregates in excess of \$100 per calendar year, the treasurer is required to maintain an account of the individual's occupation, and principal place of business (if any). In that CWA-COPE-PCC failed to maintain an accounting of the identification of individual contributors and contribution amounts received per contributor, it appears that CWA-COPE-PCC violated former 2 U.S.C. §§ 432(c)(1) and (2).

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<sup>6/</sup> The exception to this was Local #12222, where the auditors found that 26.1% or \$9,891.55 of the contributions collected by Local #12222 for Headquarters were not adequately accounted for in local records.

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C. Solicitation of Non-Members  
(2 U.S.C. § 441b(b)(4)(A)(ii))

The audit staff's analysis of CWA-COPE-PCC's receipt records revealed the acceptance of contributions from non-union members through payroll deduction. It was determined that through this receipt method 23 non-union members contributed \$1,888 in 1977 and 20 non-union members contributed \$1,191 in 1978.

The solicitation of non-union members resulted from the establishment of a club system (COPE Quorum) designed to solicit contributions from union members and CWA staff. To be eligible for membership in the club, union members and CWA staff were invited to contribute either in lump sum or through payroll deduction, a minimum of \$120. (See Attachment #3)

In addition, discussions of solicitation practices between the auditors and the officials of Locals #1101 and #2336 revealed that ticket sales by union stewards were not restricted to union members and their families. Tickets to raffles and other fundraising events were sold to friends and associates of union stewards.

Finally, the auditors' review of contribution records maintained by Local #12222 revealed the receipt of contributions totaling \$330 from individuals identified as "retired members". The local official informed the auditors that the retired members do not pay union dues, but raise funds for CWA-COPE-PCC by holding sales and other similar events.<sup>7/</sup>

<sup>7/</sup> Due to the condition of the local's contribution records, whereby the local failed to maintain records concerning individual contributors, the auditors were unable to identify the retired members.

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2 U.S.C. § 441b(b)(4)(A)(ii) states, in relevant part, that it is unlawful for a separate segregated fund established by a labor organization to solicit contributions to such a fund from persons other than its members and their families. It appears that CWA-COPE-PCC violated this section of the Act by its general solicitation and receipt of \$3,879.00 in contributions from 43 non-union members between 1977 and 1978.

Regarding the sale of tickets to friends and associates of union stewards, the Office of General Counsel recognizes a need to obtain further information. From the information available we are unable to determine whether or not the contributions from these individuals resulted from a solicitation or were volunteered to the committee. Since neither the Act nor the Regulations prohibits a political committee from accepting unsolicited contributions, we are not recommending a finding of reason to believe on this particular issue. However, questions pertaining to this matter will be part of our investigation.

The receipt of \$330 from "retired members" raises legal and factual questions that would entail significant investigative efforts. In order for the solicitation of these retirees to be legal, we would have to establish that the retirees were members of the union by reviewing the union membership structure and the relationship of the retirees to the rest of the organization. Furthermore, if we determine that retirees are not members of the union, there are many factual issues raised as to the type of activity in which the retirees

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have been engaged and legal issues raised as to whether a request for retirees to encourage others to contribute constitutes a solicitation within the meaning of 2 U.S.C. § 441b(b)(4)(A)(ii). Inasmuch as the factual information pertaining to this transaction does not exist in records maintained by the local union, and that the total amount of contributions that may have been illegal was \$330, we recommend that compliance action not be pursued with regard to this transaction but that the auditors apprise the committee of potential problems in this area.

11 C.F.R. § 114.5(a)(5) states that a guideline for contributions may be suggested (by a labor organization or its separate segregated fund) provided that the person soliciting or the solicitation informs the person being solicited that:

- i) the guidelines are merely suggestions; and
- ii) an individual is free to contribute more or less than the guidelines suggest and that the (labor organization) will not favor or disadvantage anyone by reason of their contribution or their decision not to contribute.

This provision also requires the solicitor to inform the persons being solicited of the political purpose of the fund at the time of solicitation.

In that CWA-COPE-PCC established a guideline for contributions and failed to inform its solicitees of the above provisions, it appears that CWA-COPE-PCC violated 11 C.F.R. § 114.5(a)(5).

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D. Disclosure of Total Receipts  
(2 U.S.C. § 434(b)(2))

During the audit staff's reconciliation of the Headquarters' bank activity to their disclosure reports, the following disclosure errors were revealed:

	<u>1977</u>	<u>1978</u>	<u>1979</u>
1) Unreported interest			
(a) Certificates of Deposit	\$2,812.03	\$3,881.29	-0-
(b) Savings account	1,937.38	-0-	-0-
2) Unreported deposits	2,555.44	5,673.81	-0-
3) Reported NSF contributor checks	(713.42)	(137.31)	(102.00)
4) Committee addition errors	-0-	948.00	-0-
5) returned committee check	(1,500.00)	-0-	-0-

According to the auditors that conducted the field examinations, these errors, which contributed to the Committee's inaccurate disclosure of total receipts, resulted from inadequate reporting and recordkeeping practices. Subsequent to the audit of CWA-COPE-PCC, Headquarters submitted comprehensive amendment adjustments to account for the above errors. In view of CWA-COPE-PCC's demonstrated efforts to correct these reporting errors, the Office of General Counsel recommends no further action be taken with regard to the above.

In addition to disclosure errors revealed at the audit conducted at Headquarters, the review of receipt records during local field examinations determined that Locals #1101, #2336, #12222 and #12143 did not transmit the total of contributions received each year. Only those amounts needed to meet



a yearly quota, established by Headquarters were transferred <sup>8/</sup>  
The remaining balances were maintained in the local accounts  
resulting in an understatement by Headquarters of cash on hand  
maintained at the locals and contributions received during  
calendar years 1977 and 1978.

In 1977, contributions received by Locals #1101, #12222  
and #2336, totalling \$18,216.09, were received in excess of  
established quotas. <sup>9/</sup> These funds were held in savings accounts  
until they were transferred to Headquarters and reported in the  
following year. In 1978, contributions totalling \$9,031.81 were  
similarly held in savings accounts by Locals #1101 and #2336,  
and therefore not included as cash on hand or receipts received  
during calendar year 1978. <sup>10/</sup>

2 U.S.C. § 434(b)(2) requires a political committee to  
disclose the total sum of all receipts by or for such committee  
or candidate during the reporting period or for the calendar  
year. CWA-COPE-PCC's failure to disclose total contributions  
collected at the local level on its behalf appears to violate  
this provision of the Act.

<sup>8/</sup> To encourage locals to actively solicit by members for con-  
tributions, a quota system was established whereby locals  
were assigned a target amount equivalent to \$2 per member.  
Each May or June, during the annual convention, awards were  
given to those locals who had successfully met their quota.

<sup>9/</sup> In 1977, Local #1101 received \$8,152.52 in excess of its  
established quota (\$22,074) and Local #2336 received \$5,009.76  
in excess of its established quota (\$6,785.18). In this same  
year, Local #12222 received \$5,053.81 in excess of its quota  
(\$17,300.00).

<sup>10/</sup> In 1978 Local #1101 exceeded its quota (\$25,000) by \$5,672.04  
and Local #2336 exceeded its quota (\$6,128.77) by \$3,359.77.

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Further, 11 C.F.R. § 103.3 makes mandatory the deposit of contributions to federal accounts within 10 days of receipt by union representatives. Thus, failure by locals to transfer contributions to CWA-COPE-PCC for deposit into its campaign depository within the 10 day period appears to be a violation of the Commission's Regulation.

E. Disclosure of Proceeds From Fundraising Events  
(Former 2 U.S.C. § 434(b)(6))  
Disclaimer Required on Solicitation Notices  
(Former 2 U.S.C. § 435(b))

The auditors' review of Local #2336's fundraising records revealed four raffles which accounted for 77% or \$9,834.05 of its contributions collected for Headquarters. None of these events were disclosed on Schedule D's filed by CWA-COPE-PCC as required. The raffles and amounts collected were as follows:

1) Truckload of Cheer	5/5/77	\$2,655.05
2) Side of Beer	11/15/77	\$2,041.00
3) Fist Full of Dollars	2/21/78	\$2,151.00
4) Bahamas Raffle	1/12/79	\$2,987.00

In addition, during the Audit staff's review of Local #12143's receipt records, they found that annual fundraising events such as Las Vegas nights employing auctions, gift tables, cash bars, and other casino-type activities were held to obtain contributions for Headquarters. These events were not disclosed on reports filed by Headquarters. Las Vegas nights for 1977 and 1978 raised contributions totalling \$1,416.00 and \$980.00 respectively.

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Finally, auditors noted that tickets<sup>11/</sup> sold by Locals #1101 and #2336 to fundraising picnics and raffles did not provide the notice as required by former 2 U.S.C. § 435(b).

Former 2 U.S.C. § 434(b)(6) requires political committees and candidates to disclose the total amount of proceeds from (a) the sale of tickets to each rally and other fundraising event; and (b) mass collections made at such events. In that CWA-COPE-PCC failed to disclose the total amount of proceeds from local fundraising events and raffles, it appears that CWA-COPE-PCC violated former 2 U.S.C. § 434(b)(6).

Further, former 2 U.S.C. § 435(b) requires each political committee to include on the face or front page of all literature and advertisements soliciting contributions the following notice:

"A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C."

In that tickets sold by agents of CWA-COPE-PCC to fundraising events and raffles failed to include the above notice, it appears that CWA-COPE-PCC violated 2 U.S.C. § 435(b). However, the Office of General Counsel recommends that the Commission find reason to believe and take no further action against CWA-COPE-PCC with regard to this matter, since the FECA, as amended in 1979, no longer requires committees to include this notice.

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<sup>11/</sup> Tickets, in this instance, represent the only written instruments used to solicit contributions to CWA's political fund.

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F. Itemization of Contributions in Excess of \$100  
(Former 2 U.S.C. § 434(b)(2))

The auditors' review of Headquarters' payroll deduction records revealed the receipt of \$14,043.78 from 120 individuals whose contributions for calendar year 1977 exceeded an aggregate of \$100. Contributions totalling \$14,841.24 from 118 individuals exceeded \$100 in the aggregate for calendar year 1978. CWA-COPE-PCC did not itemize any contributions in 1977 and 1978.

In addition, auditors noted during the review of Local #12222's contributor records that contributions totalling \$992.50 from 7 individuals in 1977 and contributions totalling \$620 from 5 individuals in 1978 were not itemized in reports filed by CWA-COPE-PCC as required.

Former 2 U.S.C. § 434(b)(2) requires each political committee to disclose the full name and mailing address (occupation and principal place of business, if any) of any person who has made one or more contributions to or for such committee or candidate (including the purchase of tickets for events such as dinners, luncheons, rallies and similar fundraising events) within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Failure by CWA-COPE-PCC to itemize receipts from 127 individuals in 1977 and 123 individuals in 1978, when contributions from these individuals exceeded \$100 in the aggregate, appears to violate this section of the Act.

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G. Presentation of Receipted Bills  
Former (2 U.S.C. § 432(d))  
Disclosure of Total Expenditures  
Former (2 U.S.C. § 434(b)(9) and (11))

During the Audit staff's reconciliation of CWA-COPE-PCC's bank records to its disclosure reports, the following disclosure errors were revealed:

	<u>1977</u>	<u>1978</u>
1) Unreported expenditures	\$6,082.07	-0-
2) Reported void expenditures	(\$4,350.00)	(\$6,054.00)

According to the auditors conducting the field examination, these errors resulted from inadequate reporting and recordkeeping practices. Subsequent to the audit, CWA-COPE-PCC submitted comprehensive amendment adjustments to account for the above errors. In view of CWA-COPE-PCC's demonstrated attempts to correct the reporting errors, the Office of General Counsel recommends no further action be taken.

In addition, the audit staff's reconciliation of Local #1101's bank records to CWA-COPE-PCC's disclosure reports identified 90 expenditures totalling \$9,120.89 which were made from CWA #1101 Union Local's treasury account and reimbursed by the local's savings account (maintained for the deposit and transfer of contributions to Headquarters) during the audit period 1/1/77 through 1/31/79.<sup>12/</sup> Sixteen of the expenditures, totalling \$4,450.61, were each in excess of \$100 and were required to be itemized. None of these expenditures which included payments for printing, tankards, raffle prizes and a

<sup>12/</sup> See Finding I of this report for further analysis of this activity.



contribution to the Committee to Re-elect Governor Carey, were disclosed in reports filed by Headquarters.

Further, auditors noted during the review of Local #12215's bank statement for 1977, that a withdrawal of \$1,392.80 was made from the local's savings account with no explanation on record as the use of funds withdrawn. On August 7, 1979, the treasurer of Local #12215 telephoned the audit staff and informed them that the funds had been used to purchase T-shirts for sale during local functions. The expenditure was not disclosed in reports filed by CWA-COPE-PCC.

Former 2 U.S.C. § 434(b)(9) and (11) require the disclosure of all expenditures made by or on behalf of a political committee during the reporting period, and the identification of each person to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100 together with the amount, date, and purpose of each expenditure. CWA-COPE-PCC's failure to 1) itemize seventeen expenditures, each in excess of \$100 and 2) disclose seventy-four additional expenditures, totalling \$4,670.28, appears to violate these provisions of the Act.

Former 2 U.S.C. § 432(d) requires the treasurer of a political committee to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of such committee in excess of \$100 in amount, and for any such expenditure to the same person during a calendar year exceeds \$100. CWA-COPE-PCC's failure to preserve a receipted bill for the purchase of T-shirts which cost a total of \$1,392.80 appears to violated 2 U.S.C. § 432(d).

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H. Receipt of Corporate Contributions  
(2 U.S.C. § 441b(a))

During the audit of CWA-COPE-PCC locals, auditors noted the receipt of corporate contributions, totalling \$1,226.00, which were made available for use in connection with federal elections. The auditors' review of Local #2336's deposit tickets indicated a receipt of \$226.00 from the American Income Life Insurance Company.<sup>13/</sup> A memo from the local to its members indicated that the company promised to donate \$1.00 to CWA's political fund for every contact they received from a union member concerning life insurance. The funds were deposited into the local's savings account which was maintained for the deposit and transfer of contributions to Headquarters.

In addition, the auditors' analysis of Local #12222's contribution records revealed that in 1977 the local received two contributions totalling \$1000 from the American Income Life Insurance Company.<sup>13/</sup> These funds were deposited into the local's savings account maintained for contributions to CWA-COPE-PCC.

2 U.S.C. § 441b prohibits corporations from making "any direct or indirect payment. . . or gift money . . . to any candidate, campaign committee,. . . in connection with any" Federal election. It appears the American Income Life Insurance Company violated this provision of the Act by contributing a total of \$1,226.00 to CWA's political fund.

<sup>13/</sup> The Indiana Secretary of State's Office has verified that the American Income Life Insurance Company was incorporated on July 16, 1954 and was licensed to operate in the state of Texas.

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In addition, 2 U.S.C. § 441b(a) prohibits a political committee from accepting corporate contributions. Accordingly, it appears that CWA-COPE-PCC violated this provision of the Act when it accepted \$1,226.00 from the American Income Life Insurance Company (an incorporated entity).

I. Receipt of Union Contributions  
(2 U.S.C. § 441b(a))

The audit of records maintained at Locals #1101, #12222, #12215, and #12143 revealed the receipt of union contributions totalling \$86,784.34 which were either transferred directly to Headquarters or deposited into accounts maintained for the transfer of voluntary funds to CWA-COPE-PCC. The evidence, as revealed during field examinations conducted at each local, is provided below:

Local #1101

A review of Local #1101's bank records revealed that on May 25, 1977, CWA Local Union #1101 transferred \$22,074.00 from its general treasury account (containing union dues and fees) to Headquarters when the balance in the local's savings account (maintained for voluntary contributions to Headquarters) was only \$6,953.65. In addition, 45 expenditures, totalling \$3,000 were made from the union treasury account and later reimbursed by the savings account. <sup>14/</sup> Reimbursement to the local's savings account occurred approximately 4 months after the transfer and expenditures had been made.

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<sup>14/</sup> These expenditures included payments for printing, tankards, and raffle prizes.

On May 9, 1978, CWA Local Union #1101 transferred \$25,000 from its general treasury account to Headquarters with a balance of only \$10,876.91 in the local's saving account. Again, 45 expenditures, this time totalling \$6,120.89, were made from the union treasury account. <sup>15/</sup> Full reimbursement to the local's savings account for the 1978 transfer and expenditures was not made until August 16, 1978.

The audit staff also noted that in 1977 CWA Local Union #1101 contributed \$3,304.75 from its treasury account to the local. These funds represented proceeds from the sale of jackets previously purchased by the union local.

Local #12222

In 1977 and 1978 CWA Local Union #12222 transferred a total of \$3,195.00 from its general treasury account (containing union dues and fees) to its checking account (maintained for voluntary contributions to CWA-COPE-PCC). According to a local official, these funds, representing receipts for advertisements in the union's June and December issues of their newsletter, were earmarked by their union for CWA-COPE-PCC's local field operations.

Also in 1977, a check for \$3,500 from the union treasury, noted on the deposit slip as a loan repayment, was deposited into the local's checking account (maintained for contributions to Headquarters). According to a local official, this check represented reimbursement for the jackets purchased by the

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<sup>15/</sup> These expenditures included payments for printing, tankards, and raffle prizes.

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local for the union. The local paid for the jackets due to a shortage of treasury funds.

Local #12215

The auditors' review of Local #12215's contribution records revealed the following receipts from CWA Local Union #12215:

- 1) Proceeds totalling \$3,542.90, from a snack bar operated by the union during union functions, were transferred from the union's snack bar account to the local's savings account (maintained for contributions to Headquarters). These funds were transferred to cover an overdraft and to meet Local #12215's quota. <sup>16/</sup>
- 2) Approximately \$511.39, representing proceeds from a pool table purchased by the union and a percentage of collections from various vending machines, were donated by the union and deposited into the local's savings account (maintained for contributions to Headquarters).
- 3) Payments totalling \$875.00, received from the rental of a billboard owned by the local union were donated to the local in 1978.
- 4) Approximately \$2,615.00 was obtained by the union from the rental of a union hall to other area unions and businesses. Rental payments received by the union were then donated to Local #12215.

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<sup>16/</sup> See Finding D. for further discussion of the quota system.

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- 5) On July 22, 1977, \$645.33 was deposited into Local #12215's savings account (maintained for contributions to Headquarters). The deposit was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.
- 6) Also in 1977, the union donated \$3,500 to Local #12215. These funds were received as a result of the death of a union member who named the local union as the beneficiary on his life insurance policy.

Local #12143

During the audit of Local #12143, auditors determined that all contributions were initially deposited into CWA Local Union #12143's treasury account. Periodic transfers were made from the union treasury to the local's savings account (maintained for contributions to Headquarters).

On May 9, 1977, the union transferred \$6,468.00 directly by check from their union treasury account to Headquarters. On May 2, 1978, the union transferred \$6,881.25 from the union's education account (containing union dues and fees) to the local's savings account. An amount of \$6,650.00 was then transferred from the savings account to Headquarters to meet the local's quota. Auditors noted that prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

On June 9, 1979, Local #12143 wrote to Headquarters and informed them that in preparing for the audit of their records, they had discovered that in 1977 and 1978 a total of \$4,671.73

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in treasury funds (union dues and fees) had been incorrectly forwarded and reported as individual contributions. <sup>17/</sup> This, according to local officials, had resulted from their misunderstanding of 11 C.F.R. § 114.5(b)(2). <sup>18/</sup> The local had interpreted this provision to mean that they could contribute twice the amount collected in contributions and forward the entire amount to Headquarters.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any" Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C). It appears that Local Unions #1101, #2336, #12143, #12222, and #12215 violated 2 U.S.C. § 441b(a) by making contributions and expenditures in connection with Federal elections.

Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies

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<sup>17/</sup> The audit staff was unable to verify this amount due to the local's failure to maintain contribution records.

<sup>18/</sup> This regulation states that a corporation, labor organization, membership organization, cooperative, or corporation without capitol stock may, subject to the provisions of § 3005 and chapter 61, Title 18, United States Code, utilize a raffle or other fundraising device which involves a prize, so long as State law permits and the prize is not disproportionately valuable. When using raffles or entertainment to raise funds, a reasonable practice to follow is for the separate segregated account to reimburse the corporation or labor organization for the costs which exceed one-third of the money contributed.

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secured as a condition of membership in a labor organization.  
2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once " 'voluntary' or 'involuntary' money is expended. . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973). In light of evidence which indicates that CWA-COPE-PCC deposited non-federal funds totalling \$86,784.35 from union treasury, educational and snack bar accounts into its separate segregated account, it appears CWA-COPE-PCC violated 2 U.S.C. § 441b(a).

J. Commingling of Committee Funds  
(2 U.S.C. § 432(b)(3))

During the audit of records maintained at Local #12215, the auditors determined that contributions collected by union stewards were, in many cases, deposited into personal checking accounts prior to transferral to the local's saving account (maintained for contributions to Headquarters). Four checks totalling \$54.62 were from members who had sold merchandise and had written personal checks to the local.<sup>19/</sup>

2 U.S.C. § 432(b)(3) states that funds for a political committee shall be segregated from and not commingled with the personal funds of any officers, members or associates of such committee. CWA-COPE-PCC's acceptance of commingled funds appears to violate this section of the Act. However, in view

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<sup>19/</sup> Due to the inadequacy of receipt records maintained, the audit staff was unable to determine the extent of the use of personal accounts for the collection of contributions to CWA-COPE-PCC.

of the limited extent to which this activity appears to have occurred, the Office of General Counsel recommends the Commission find reason to believe the CWA-COPE-PCC violated 2 U.S.C. §432(b) (3) and take no further action.

IV. Recommendations

1) The Office of General Counsel recommends that the Commission find reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated:

2 U.S.C. § 432(h)(1) by failing to maintain checking accounts into which the initial deposit of voluntary contributions shall be made; and

2 U.S.C. § 433(b)(6) by failing to include in its Statement of Organization a listing of all banks and other depositories used; and

Former 2 U.S.C. §§ 432(c)(1) and (2) by failing to keep a detailed and exact account of all contributions received; and

Former 2 U.S.C. § 432(d) by failing to keep a receipted bill or other contemporaneous memorandum stating the particulars for an expenditure made by the political committee in excess of \$100; and

2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions to its separate segregated account from persons other than its members and their families; and

2 U.S.C. § 434(b)(2) by failing to disclose the total sum of all receipts for its committee; and

11 C.F.R. § 103.3 by failing to deposit voluntary contributions into authorized accounts within ten days of receipt by union representatives; and

Former 2 U.S.C. § 434(b)(6) by failing to disclose fund-raising activities and the total amount of proceeds from such events; and

Former 2 U.S.C. § 434(b)(2) by failing to itemize contributions from individuals which, in the aggregate for the calendar year, exceed \$100; and

Former 2 U.S.C. § 434(b)(9) and (11) by failing to report total expenditures and itemize those aggregating in excess of \$100 per payee in a calendar year; and

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2 U.S.C. § 441b(a) by accepting contributions from labor organizations for use in connection with Federal elections, and

2 U.S.C. § 441b(a) by accepting contributions from a corporation for use in connection with Federal elections, and

11 C.F.R. § 114.5(a) by failing to inform solicitees of the provisions therein.

2) The Office of General Counsel recommends that the Commission find reason to believe CWA-COPE-PCC violated 2 U.S.C. § 432(b)(3) by commingling funds of a political committee with personal funds of committee members and take no further action.

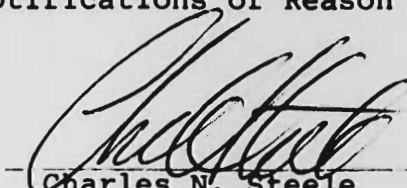
3) The Office of General Counsel recommends that the Commission find reason to believe and take no further action against CWA-COPE-PCC regarding a violation former 2 U.S.C. § 435(b).

4) The Office of General Counsel recommends that the Commission find reason to believe that CWA Local Unions #1101, #12143, #12215, and #12222 violated 2 U.S.C. § 441b(a) by making labor contributions and expenditures in connection with Federal elections.

5) The Office of General Counsel recommends that the Commission find reason to believe the American Income Life Insurance Company violated 2 U.S.C. § 441b(a) by making corporate contributions in connection with Federal elections.

6) Approve and send the attached Notifications of Reason to Believe Findings and letters.

21 June 1980  
Date

  
Charles N. Steele  
General Counsel

Attachments

Attachments #1, #2 and #3  
Notification of Reason to Believe Findings - 6  
Letters - 6

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FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

February 26, 1980

MEMORANDUM

TO: CHARLES STEELE  
GENERAL COUNSEL

THROUGH: ORLANDO B. POTTER  
STAFF DIRECTOR

FROM: BOB COSTA *RC*

SUBJECT: INTERIM AUDIT REPORT ON COMMUNICATION  
WORKERS OF AMERICA - C.O.P.E. -  
POLITICAL CONTRIBUTIONS COMMITTEE

Attached please find the interim audit report on the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("the Committee"). As a result of the referencing process, additional information has been added to the report. All additions to the report have been underlined, and the following deletions made:

- page 4 - 2 U.S.C. 434(b)(3) cite deleted
- page 9 - 11 CFR 102.8 cite deleted
- page 12 - 11 CFR 102.8 cite deleted
- page 17 - 11 CFR 102.8 cite deleted
- page 17 - Recommendations to refund \$4,671.73 deleted
- page 21 - 11 CFR 102.8 cite deleted
- page 24 - Recommendation to refund \$330.00 deleted; and,
- page 25 - 11 CFR 102.8 cite deleted.

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MEMORANDUM TO CHARLES STEELE  
Page 2

In addition, to further detail the flow of voluntary and prohibited contributions through the various accounts, additional wording changes (underlined) have been made to explicitly state which accounts have been referred to. Also, please note that staff recommendations do not reflect changes resulting from the passage of H.R. 5010, and will be revised upon adoption of Commission Regulations.

Attachment as stated

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**FEDERAL ELECTION COMMISSION**  
WASHINGTON, D.C. 20463

**INTERIM REPORT OF THE AUDIT DIVISION  
ON THE  
COMMUNICATION WORKERS OF AMERICA - C.O.P.E.  
POLITICAL CONTRIBUTIONS COMMITTEE**

**I. Background**

**A. Overview**

This interim report is based on an audit of the Communication Workers of America-C.O.P.E.-Political Contributions Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Office of the Clerk of the United States House of Representatives on April 17, 1972, and maintains its headquarters in Washington, D.C.

The audit covered the period from January 1, 1977 through January 31, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance on January 1, 1977 of \$117,096.22, total receipts for the period of \$569,578.95, total expenditures for the period of \$659,665.04 and a closing cash balance on January 31, 1979 of \$27,010.13.

The Union is composed of twelve District offices and 876 LOCAL Unions. Contributions are solicited by the Committee at the LOCAL level, forwarded to the appropriate District office and then transmitted to the Committee for distribution to selected candidates and committees.

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Due to the Committee's structure, all contributor records are maintained at the LOCAL level. Therefore, to test disclosure and compliance provisions relating to solicitation and recordkeeping for contributions, the Audit staff selected for audit, the records maintained by five (5) Union locals based on dollar value of contributions transferred during the period of the audit. The selected LOCALS transferred a total of \$120,697.18 thereby enabling the Audit staff to test 21% of the total contributions transferred to the Committee. The five (5) LOCALS audited were:

- (1) CWA LOCAL Union No. 1101  
New York, NY
- (2) CWA LOCAL Union No. 12143  
San Antonio, TX
- (3) CWA LOCAL Union No. 12222  
Houston, TX
- (4) CWA LOCAL Union No. 12215  
Dallas, TX
- (5) CWA LOCAL Union No. 2336  
Washington, D.C.

The findings obtained during the audit of the above LOCALS will be presented individually following the CWA-COPE-PCC (Headquarters) section of this interim report.

The audit 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 the report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period of the audit were Mr. Glenn E. Watts, Chairman and Mr. Louis B. Knecht, Treasurer.

C. Scope

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

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## II. Interim Findings and Recommendations

### A. Limitations on Solicitation

Section 441b(a)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a separate segregated fund established by a labor organization, to solicit contributions to such a fund from any person other than its members and their families.

During the Audit staff's analysis of the Committee's receipt records, it was determined that 23 non-union members contributed \$1,888 in 1977 and 20 non-union members contributed \$1,991 in 1978 through payroll deduction.

The solicitation of non-union members resulted from the establishment of a club system (COPE Quorum) designed to solicit contributions from union members and CWA staff. By letter, the Union invites members and staff to join the club, by contributing \$120 either in one lump sum contribution, or through payroll deduction. The Committee did not have records available indicating any contributions received other than through payroll deduction. A membership list is then prepared annually to give recognition to individuals contributing to the Committee.

When advised of the Audit finding, Committee representatives stated that they felt no actual solicitation had occurred, and that individuals contributing to the fund chose payroll deduction as an available method.

### Recommendation

The Audit staff recommends that all contributions received from non-union members be refunded, that the Committee discontinue the practice of sending solicitation letters to non-union members, and that the matter be referred to the Commission's Office of General Counsel.

### B. Use of Campaign Depositories

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that all contributions received by a committee be deposited into a checking account and that no expenditure may be made by a committee except by check drawn on such account.

In addition, Section 103.3(a) of Title 11 of the Code of Federal Regulations provides that funds may be transferred from the checking account for investment purposes, but also states those funds should be returned to the account before expenditures are made.

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The Audit staff's review of the Committee's bank records revealed that the Committee maintained a savings account into which all funds were deposited when received. When an expenditure was planned, the amount to be expended was transferred to the Committee checking account.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report that the Committee amend its procedures to initially deposit all receipts into a Committee checking account.

C. Disclosure of Individual Contributions

Section 434(b)(2) of Title 2 of the United States Code states, that each report under this section shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions.

Our review of the Committee's payroll deduction records disclosed contributions totaling \$14,043.78 from 120 individuals in 1977 and \$14,841.24 from 118 individuals in 1978 aggregating in excess of \$100. The Committee did not itemize any contributions for 1977 or 1978.

The Committee offered no explanation as to why these contributions were not itemized as required.

Recommendation

The Audit staff recommends that within 30 days of receipt of this report that CWA-COPE-PCC file comprehensive amendments for 1977 and 1978 itemizing the 238 contributions.

D. Disclosure of Total Receipts and Expenditures

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the total sum of all receipts by or for such committee during the reporting period.

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Section 434(b)(9) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the identification of each person to whom expenditures have been made by such committee or on behalf of such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure and the name and address of, and office sought by each candidate on whose behalf such expenditures were made.

During the Audit staff's reconciliation of the bank activity to the disclosure reports, the following disclosure errors were revealed:

	<u>1977</u>	<u>1978</u>	<u>1979</u>
(1) Unreported Interest			
(a) Certificates of Deposit	\$2,812.03	\$3,881.29	- 0 -
(b) Savings account	1,937.38	- 0 -	- 0 -
(2) Unreported Deposits	2,555.44	5,673.81	- 0 -
(3) Reported NSF Contributor Checks	(713.42)	(137.31)	(102.00)
(4) Committee addition errors	-0-	948.00	- 0 -
(5) Returned Committee Check	(1,500.00)	- 0 -	- 0 -
(6) Unreported Expenditures	6,082.07	- 0 -	- 0 -
(7) Reported Void Expenditures	(4,350.00)	(6,054.00)	- 0 -

In general, the above errors resulted from inadequate reporting and recordkeeping practices.

The Committee filed comprehensive amendments for 1977 and 1978 and an amended report for January, 1979 to correct the above items.

#### Recommendation

The Audit staff recommends no further action on this matter.

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Other Matter

Presented below is another matter noted during the audit for which the Audit staff feels no action is warranted. The Committee has been advised of the matter and informed of the related requirements of the Act.

(1) Solicitation material for membership to the COPE Quorum does not contain the statements required for written solicitations by 2 U.S.C. 435(b) and 11 C.F.R. 114.5(a)(5).

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### III. LOCAL Background 1/

#### A. Overview

Contributions are mainly solicited at the Union LOCAL level. To encourage LOCALS to actively solicit members for contributions to the Committee, a quota system was established whereby LOCALS are assigned a target amount, equivalent to \$2.00 per member, with a system of recognition for those LOCALS who meet their assigned quotas. Written procedures suggest that each LOCAL forward contributions collected on a weekly basis, maintain the necessary records, and emphasize the need to transmit contributions prior to the annual convention. Each May or June, during the annual convention, awards are given to those LOCALS who have successfully met their quota.

Guidelines prepared by the Committee concerning CWA-COPE-PCC operations do not inform LOCAL officials of the recordkeeping or disclosure requirements relating to Federal election activity. Therefore, due to the lack of records maintained at CWA-COPE-PCC ("the Committee"), and the indication of possible commingling of Treasury funds with political contributions, 2/ the decision was made to expand audit fieldwork to include five (5) LOCALS.

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- 1/ Unless specified otherwise, the use of LOCAL refers to CWA-COPE PCC ("the Committee") field operations, and does not refer to the Union organization or its operations.
- 2/ Review of vouchers prepared upon receipt of checks from a Union LOCAL, both Treasury funds and contributions for CWA-COPE-PCC, identified 57 cases where checks containing Treasury money and checks containing political contributions were apparently sequentially numbered. The test performed was limited in nature, but indicated a possible commingling problem.

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IV. Interim Findings and Recommendations  
Concerning Audited Union LOCALS

A. CWA-COPE-PCC  
LOCAL #1101

1. Prohibited Contributions

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

LOCAL #1101 made expenditures for and transfers to the Committee by issuing a check from the Union treasury account, and then reimbursing the treasury by money order from a savings account maintained at the LOCAL for contributions for the Committee. A review of bank records revealed that on May 25, 1977, the Union treasury transferred \$22,074.00 from its account to the Committee Headquarters when the balance in the savings account was only \$6,953.65. In addition, 45 expenditures totaling \$3,000 were also made from the Union treasury account and later reimbursed from the savings account. Reimbursement of the Union treasury account occurred approximately four (4) months after the transfer and expenditures had been made.

On May 9, 1978, the Union treasury transferred \$25,000 from its account to the Committee with a balance of only \$10,876.91 in the LOCAL savings account. As in 1977, an additional 45 expenditures totaling \$6,120.89 were first made from the Union treasury account and then later reimbursed. Full reimbursement for the transfer and expenditures in 1978, was not made until August 16, 1978. This in effect, results in a loan from the Union treasury, until the date of reimbursement.

The Audit staff also noted that in 1977, the Union treasury donated \$3,304.75 to the LOCAL, which represented the proceeds from the sale of jackets previously purchased by the Union.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee refund \$3,304.75 to the Union treasury, and submit copies of both sides of the cancelled refund check to the Audit staff for review. In addition, the staff recommends that both matters be referred to the Commission's Office of General Counsel for their consideration.

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## 2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the Committee.

In addition, Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code provides that it is unlawful for a separate segregated fund, established by a labor organization, to solicit contributions from persons other than its members and their families.

For the period of audit, LOCAL #1101 collected \$60,273.43 in contributions for the Committee. No records were maintained by the LOCAL concerning individual contributors.

Approximately 85% of LOCAL receipts were raised through the sale of \$2.00 COPE tickets (contribution booklets printed and distributed by CWA-COPE-PCC) and tickets to the LOCAL's annual picnic. Records maintained by the LOCAL consisted solely of the identification of Union stewards selling tickets, and totals of contributions collected per event. According to a LOCAL official, ticket stubs had been kept by the LOCAL, but these had recently been disposed of. Further, the official stated that stewards were allowed to solicit friends and associates in addition to Union members.

### Recommendation

The Audit staff recommends that the LOCAL'S failure to maintain adequate records, and possible solicitation of non-members be referred to the Commission's Office of General Counsel for their consideration.

## 3. Designation of Depositories and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code requires that a political committee designate a campaign depository, and maintain a checking account at such depository. All contributions received shall be deposited into such account, and no expenditures, except for petty cash expenditures, may be made except by check drawn on such account.

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Section 433(b)(9) of Title 2 of the United States Code requires the Committee to include on its statement of organization a listing of all banks and repositories used.

In addition, Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee or candidate during the reporting period.

Contributions received by LOCAL #1101 were deposited into a savings account maintained for contributions to the Committee. No separate checking account was maintained by the LOCAL for the contributions, and the repository was not disclosed on the Committee's statement of organization.

In addition, review of bank records indicated that funds were maintained in this account in excess of amounts transmitted to the Committee. During 1977, contributions totaling \$8,152.52 were received in excess of the established quota (\$22,074.00), and not transmitted to or contained in reports filed for the calendar year by the Committee. This amount was held in the savings account at the LOCAL, and applied to the quota amount established for 1978.

In 1978, contributions totaling \$5,672.04 were similarly held in the savings account by the LOCAL, and therefore not included as cash on hand or receipts received during calendar year 1978. This results in either an understatement or overstatement of contributions received during the calendar year, and a failure to disclose contributions on a timely basis.

Also, review of bank records indicated that expenditures had been made from the account (see Finding 4).

#### Recommendation

The Audit staff recommends that the Committee within 30 days of receipt of this interim report either:

A. establish a "transmittal" account (checking) to be used solely for the deposit and transmittal of contributions to the Committee. No disbursement may be made from the account except for the transmittal of contributions, and the "transmittal" account need not be disclosed on the Committee's statement of organization; or

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B. designate a campaign depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be reported on the report covering the period in which the transaction occurs.

In addition, the staff recommends that the Committee file an amended report disclosing funds currently on hand in the LOCAL savings account and not previously disclosed within 30 days of receipt of this report.

#### 4. Disclosure of Expenditures

Section 434(b)(9) and (10) of Title 2 of the United States Code requires the disclosure of all expenditures made by the committee during the reporting period, and the identification of each person to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100, the amount, date and purpose of each such expenditure.

Section 434(b)(11) of Title 2 of the United States Code requires the disclosure of the total sum of expenditures made by such committee during the calendar year.

Review of records at the LOCAL level identified 90 expenditures made from the treasury account totaling \$9,120.89 which were required to be reported on Committee reports. Sixteen (16) of these expenditures totaling \$4,450.61 aggregated in excess of \$100 and were required to be itemized. Expenditure purposes included payments for printing, tankards, raffle prizes, and a contribution to the Committee to Re-Elect Governor Carey. None of these expenditures were disclosed in Committee reports.

#### Recommendation

The Audit staff recommends that the Committee file a comprehensive amendment disclosing the 90 expenditures, within 30 days of receipt of this interim report.

#### 5. Other Matters

The following matter was noted during the audit of LOCAL #1101 of CWA-COPE-PCC for which the Audit staff recommends no further action.

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1) Tickets sold by LOCAL #1101 to fundraising picnics and raffles did not have the disclaimer as required by 2 U.S.C. 435(b), or the information required by 11 C.F.R. 114.5(a)(5).

B. CWA-COPE-PCC  
LOCAL #2336

1. Prohibited Contributions

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

A review of deposit tickets at the LOCAL level indicated the receipt of a \$226.00 contribution from the American Income Life Insurance Company. When questioned concerning the receipt of this contribution, the LOCAL official stated that a company representative had contacted the Union and promised to donate \$1 for every contact they received from a Union member concerning life insurance. The Union then sent a memo stating such to its members, and sometime later, a check for \$226.00 was received and deposited into a LOCAL savings account maintained for contributions to the Committee. A phone call to the Indiana Secretary of State's Office found that the insurance company was incorporated in Indiana on July 16, 1954.

Recommendation

The Audit staff recommends that the Committee refund the \$226.00 contribution, and submit copies of both sides of the cancelled refund check to the Audit staff for review within 30 days of receipt of this interim report. In addition, the staff recommends that the matter be referred to the Commission's Office of General Counsel for their consideration.

2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

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LOCAL #2336 collected contributions for the Committee totaling \$12,349.08, but failed to maintain records concerning the individual contributors. Records were maintained concerning dollars collected per event and collections per steward, but no record existed as to the actual contributor..

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

3. Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a labor organization, or a separate segregated fund established by a labor organization, to solicit contributions from any person other than its members and their families.

Discussion of solicitation practices with a LOCAL official revealed that ticket sales by union stewards were not restricted to union members and their families. Sale of tickets to raffles and other fundraising events were open, and included friends and neighbors of stewards selling tickets. In fact, according to the official, the last raffle held was won by a non-member.

When informed of the solicitation prohibition, the treasurer stated that he felt a conflict existed between Federal election law, and the National Labor Relations Act (NLRA). The official stated that he worked in an agency shop, which required all workers to pay dues to the Union, whether an actual member or not. As a result, the official felt that since prizes and other administrative costs were being paid by the Union, these non-members could not be eliminated from the fundraising raffles held. According to the official, dues equivalent members were to receive all benefits negotiated by the Union, and were by law, restricted only in their right to vote for Union officials; delegates, and in general strike votes.

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

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4. Designation of Campaign Depository and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code requires that a political committee designate a campaign depository, and maintain a checking account at such depository. All contributions received shall then be deposited into such account.

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee during the reporting period.

In addition, Section 433(b)(9) of Title 2 of the United States Code states that the committee's statement of organization shall include a listing of all banks and repositories used.

A review of bank records at the LOCAL level determined that all contributions to the Committee were deposited into a savings account maintained by the LOCAL. A separate checking account was not maintained for the contributions, and the Committee did not disclose the existence of this savings account on its statement of organization.

Though the account was used solely for the transmittal of funds, a substantial balance was maintained in the account and not disclosed during the calendar year of receipt. During 1977, the LOCAL received contributions totaling \$5,009.76, which were not transmitted to the Committee until May of 1978, and therefore not included in reports filed by the Committee for calendar year 1977. This resulted in an understatement of cash on hand and contributions received in calendar year 1977.

In 1978, the LOCAL received contributions totaling \$3,359.77, which were not transmitted, and therefore not disclosed on Committee reports filed for 1978.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee either:

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A. establish a "transmittal" account (checking) to be used solely for the deposit and transmittal of contributions to the Committee. No disbursements may be made from the account except for the transmittal of contributions and the "transmittal" account need not be disclosed on the Committee statement of organization; or

B. designate a campaign depository, and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the report filed for the period in which the transaction occurs.

In addition, the staff recommends that the Committee file an amended report disclosing funds currently on hand in the LOCAL savings account and not previously disclosed, within 30 days of receipt of this interim report.

#### 5. Disclosure of Fundraising Events

Section 434(b)(6) of Title 2 of the United States Code states, in part, that each report shall disclose the total proceeds from the sale of tickets to fundraising events, mass collections and sales of items.

Review of LOCAL fundraising records revealed four (4) raffles which accounted for 77% or \$9,834.05 of CWA-COPE-PCC contributions collected by LOCAL #2336. None of these events were disclosed on Schedule D's filed by the Committee.

The raffles and amounts collected, were as follows:

1)	Truckload of Cheer	5/5/77	\$2,655.05
2)	Side of Beef	11/15/77	\$2,041.00
3)	Fist Full of Dollars	2/21/78	\$2,151.00
4)	Bahama Raffle	1/12/79	\$2,987.00

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Recommendation

The Audit staff recommends that the Committee file Schedule D's for 1977 and 1978, and 1979 disclosing these events within 30 days of receipt of this interim report.

6. Other Matters

The following matter was noted during the audit of LOCAL #2336 for which the Audit staff recommends no further action.

1) Tickets sold for LOCAL raffles did not contain the disclaimer as required by 2 U.S.C. 435(b), or the 11 C.F.R. 114.5(a)(5) information required for written solicitations.

C. CWA-COPE-PCC  
LOCAL #12143

1. Prohibited Contributions

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any labor organization to make a contribution or expenditure in connection with any Federal election or to knowingly accept or receive any contribution prohibited by this Section.

In addition, Section 432(b) of Title 2 of the United States Code states, in part, that all funds of a political committee shall be segregated from, and may not be commingled with, any personal funds of officers, members or associates of such committee.

According to LOCAL officials, all contributions collected for the Committee were deposited into a savings account maintained at the LOCAL level for deposit and transmittal of funds to the Committee. Analysis of bank records maintained by the LOCAL determined the following:

a) Contributions to the Committee were initially deposited into the Union treasury account, and periodic transfers were then made from the treasury account to the Committee savings account mentioned above.

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b) On May 9, 1977, the LOCAL transferred \$6,468.00 directly by check from the Union treasury account to the Committee Headquarters; and

c) On May 2, 1978, the LOCAL transferred \$6,881.25 from the Union education account to the savings account, and then transferred \$6,560.00 from the savings account to the Committee. Prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

In addition, on June 7, 1979, the LOCAL wrote to the Committee informing them that in preparing for the audit, the LOCAL discovered that in 1977 and 1978 a total of \$4,671.73 in treasury money had been incorrectly forwarded as individual contributions. This, according to the LOCAL, had resulted from the LOCAL's misunderstanding of 11 CFR 114.5(b)(2).

The Audit staff was unable to verify this amount due to the LOCAL's failure to maintain contribution records (see Finding 2).

#### Recommendation

The Audit staff recommends that the initial deposit of contributions into a Union Treasury account and the transmittal of Union treasury funds to the Committee be referred to the Office of General Counsel for their consideration.

#### 2. Recordkeeping of Contributions

Section 432(c) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

During the Audit staff's review of receipt records maintained by LOCAL #12143, it was determined that no records were maintained identifying individual contributors. Receipt records maintained were those identifying the steward selling the COPE tickets, and the amount and net proceeds from fundraising events. Therefore, the Audit staff was unable to trace to its source, the \$6,468.00 transferred in 1977 and the \$6,560.00 transferred in 1978 by the LOCAL to the Committee.

#### Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel for their consideration.

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3. Designation of Depositories and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that the treasurer of each political committee shall designate one or more national or State banks as campaign depositories, and shall maintain a checking account for the committee at each such depository. All contributions received shall be deposited in such accounts.

Section 433(b)(9) of Title 2 of the United States Code states, in part, that the committee's statement of organization shall include a listing of all banks or other repositories used.

In addition, Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee during the reporting period.

During the Audit staff's review of LOCAL #12143's bank records, it was determined that contributions collected for the Committee were deposited into the Union treasury account, and then transferred to a savings account maintained for contributions to the Committee (see Finding 1). The savings account was not disclosed on the Committee's statement of organization.

In addition, review of LOCAL #12143's receipt records determined that the LOCAL did not transmit the total of receipts for the Committee deposited during each reporting period. Therefore reports filed by the Committee failed to disclose the total of contributions raised, and the amount of cash on hand maintained at the LOCAL. In addition, due to the LOCAL's failure to maintain separate accounts, and maintain contributor records for those contributions received, the Audit staff was unable to determine the total amount of contributions actually collected by the LOCAL and required to be disclosed.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report that the Committee either:

A. establish a "transmittal" (checking) account to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursement may be made from the account except for the transmittal of contributions and the "transmittal" account need not be disclosed on the Committee's statement of organization; or

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B. designate a campaign depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee report filed for the period in which the transaction occurs, and may not be first deposited into the Union Treasury Account.

In addition, the staff recommends that the Committee file an amended report disclosing all funds currently on hand in the LOCAL savings account which have not been previously disclosed, within 30 days of receipt of this interim report.

#### 4. Disclosure of Fundraising Events

Section 434(b)(6) of Title 2 of the United States Code states, in part, that each report under this Section shall disclose the total amount of proceeds from (a) the sale of tickets to each rally and other fundraising event; and (b) mass collections made at such events.

During the Audit staff's review of LOCAL #12143's receipt records, it was revealed that fundraising events such as Las Vegas nights employing auctions, gift tables, cash bars and other casino-type activities were held annually to obtain contributions for the Committee. These events were not disclosed on Schedule D's. Las Vegas nights for 1977 and 1978 raised contributions for the Committee totaling \$1,416.00 and \$980.00 respectively.

#### Recommendation

The Audit staff recommends that the Committee file Schedule D's for 1977 and 1978 disclosing the noted events along with the total of proceeds collected, within 30 days of receipt of this interim report.

#### D. CWA-COPE-PCC LOCAL #12215

##### 1. Prohibited Contributions

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

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A review of the LOCAL's contribution records indicated the following questionable sources of contributions to the Committee.

Hall Rental - Approximately \$2,615.00 was obtained by the LOCAL from rental of a Union hall to other area unions and businesses. Rent payments received were then donated by the Union to the LOCAL.

Snack Bar - During Union functions, the Union operated a snack bar, the proceeds from which were deposited into a Union account. Records indicated that \$3,542.90 was transferred from the Union snack bar account to the LOCAL account to cover an overdraft, and to meet the LOCAL's quota.

Pool Table, Juke Box, Vending Machines - The Union purchased a pool table, and the proceeds from the table, and a percentage of collections from various vending machines was donated by the Union (approximately \$511.39) and deposited into the LOCAL account.

Sign Rental - In 1978, the Union donated to the LOCAL rental payments totaling \$875.00 received from the rental of a bill board owned by the Union.

Advertising - A deposit of \$645.33 was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.

Life Insurance - In 1977, the Union donated to the LOCAL, \$3,500.00 received as a result of the death of a Union member who had named the Union as the beneficiary on his life insurance policy.

#### Recommendation

The Audit staff recommends that the Committee refund \$11,689.62 to the Union treasury, and submit copies of both sides of the cancelled refund check for our review within 30 days of receipt of this interim report.

In addition, the Audit staff recommends that the LOCAL's acceptance of Union contributions be referred to the Office of General Counsel for their consideration.

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2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer of a political committee to keep a detailed and exact account of all contributions received by the Committee.

During the period of audit, LOCAL #12215 collected contributions for the Committee totaling \$15,167.95. No records were maintained concerning individual contributors. Available contribution records consisted of the dollar value of contributions collected by stewards, and totals collected per fundraising event. Therefore, the Audit staff was unable to verify the source of funds transferred to the Committee.

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel.

3. Designation of Depositories

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that each political committee shall designate a campaign depository, maintain a checking account at such depository, and that all contributions received shall be deposited into such account. No expenditure may be made by such committee except by check drawn on such account.

Section 433(b)(9) of Title 2 of the United States Code states, in part, that the committee statement of organization shall include a listing of all banks, and other repositories used by the committee.

LOCAL #12215 raised contributions for the Committee totaling \$15,167.95, and deposited them into a savings account maintained for the Committee. A checking account was not maintained for the deposit of contributions, and the Committee failed to disclose the savings account on its statement of organization. Further, expenditures were made from the account other than for the transmittal of funds to the Committee (see Finding 5).

Recommendation

The Audit staff recommends that the Committee within 30 days of receipt of this interim report, either:

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A. establish a "transmittal" account (checking) to be used solely for the deposit and transmittal of contributions to the Committee. No disbursement may be made from the account except for the transmittal of contributions and the "transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee report filed for the period in which the transaction occurs.

#### 4. Commingling of Committee Funds

Section 432(b) of Title 2 of the United States Code states, in part, that funds for a political committee shall be segregated from and may not be commingled with the personal funds of any officers, members or associates of such committee.

Records maintained at the LOCAL indicated that contributions are collected by union stewards, and in many cases, deposited in personal checking accounts prior to transferral to the LOCAL. The Audit staff noted four (4) checks totaling \$54.62 listed on LOCAL deposit slips as from area banks. When questioned, a LOCAL official stated that the checks were from members who had sold merchandise and written personal checks to the Committee.

Due to the inadequacy of receipt records maintained, the Audit staff was unable to determine the extent of the use of personal accounts for the collection of contributions to the Committee.

#### Recommendation

The Audit staff recommends that this matter be referred to the Commission's Office of General Counsel.

#### 5. Recordkeeping and Disclosure of Expenditures

Section 432(d) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political

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committee in excess of \$100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

In addition, Section 102.9(c)(4) of the Code of Federal Regulations states, in part, that when a receipted bill is not available the treasurer may keep the cancelled check showing payment of the bill; and the bill, invoice, or other contemporaneous memorandum.

Section 434(b)(9) and (11) of Title 2 of the United States Code states, in part, that each report shall include the identification of each person to whom expenditures have been made by such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure, and the total sum of expenditures made by such committee during the calendar year.

Review of bank statements at the LOCAL level determined that in 1977, a \$1,392.80 withdrawal was made from the saving account with no explanation in LOCAL records as to the use of funds withdrawn.

In addition, no expenditures were disclosed on reports filed by the Committee relating to this withdrawal.

On August 7, 1979, a LOCAL official informed the Audit staff, by telephone, that the funds had been used to purchase T-shirts for sale during LOCAL functions.

#### Recommendation

The Audit staff recommends that the Committee obtain the supporting documentation and submit it to the Audit staff for review, or present evidence of their efforts to do so, and file an amendment disclosing the expenditure within 30 days of receipt of this interim report.

#### E. CWA-COPE-PCC - LOCAL #12222

##### 1. Prohibited Contributions

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

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An analysis of contribution records maintained at the LOCAL identified the following questionable sources of contributions:

a) LOCAL #1222? received \$3,195.00 for advertisements in the Union newsletter, which was donated to the LOCAL by the Union. According to a LOCAL official, advertising receipts for the June and December issue of the newsletter are earmarked by the Union for the LOCAL.

b) In 1977, the LOCAL deposited into its checking account, a \$3,500 check from the Union treasury, noted on the deposit slip as a loan repayment. According to a LOCAL official, the LOCAL had purchased jackets for the Union, and the noted check was reimbursement for that expenditure. The LOCAL paid for the jackets due to a shortage of treasury funds.

c) In 1977, the LOCAL received two (2) contributions totaling \$1,000.00 from an insurance company found to be incorporated, and licensed to operate in the state of Texas. 3/ No additional information was available.

#### Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the contributions in (a) and (b) be refunded to the Union, and that the contributions in (c) be refunded to the noted corporation.

In addition, the staff recommends that each matter be referred to the Office of General Counsel for their consideration.

#### 2. Solicitation of Non-Members

Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a labor organization, or a separate segregated fund established by a labor organization, to solicit contributions from any person other than its members and their families.

Review of contribution records at the LOCAL level revealed the receipt of contributions totaling \$330.00 from individuals identified as "retired members." A LOCAL official stated that retired members do not pay Union dues, and generally raise funds for the LOCAL by holding sales, and other similar events. Due to the condition of the contribution records (see Finding 3), the Audit staff was unable to identify the actual contributors.

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3/ See Finding 1 LOCAL #2336 for additional contributions and information concerning this company.

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Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

3. Recordkeeping for Contributions

Section 432(c)(2) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

During the review of LOCAL contribution records; ticket stubs, deposit tickets, and contribution journals, the Audit staff determined that 26.2% or \$9,891.55 of the contributions collected for the Committee were not adequately accounted for in LOCAL records. Records were maintained as to total collections per event, but no information was available concerning individual contributors or contribution amounts. Review of event records determined that contributions were mainly collected through the sale of jackets and caps, mass collections, and the sale of \$2 raffle tickets.

Recommendation

The Audit staff recommends that due to the LOCAL's failure to maintain adequate contributor records, that the matter be referred to the Office of General Counsel.

4. Designation of Depositories and Disclosure of Receipts

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee during the reporting period.

Section 433(b)(9) of Title 2 of the United States Code requires the committee to disclose all repositories used on its statement of organization.

During the period of audit, LOCAL #12222 deposited \$37,766.55 into a checking account maintained for the Committee. Of the amount \$35,800.00 was subsequently transferred to the Committee. The account was used solely for transmitting funds to the Committee, but due to the practice of transferring contributions annually, a sizeable balance was maintained in the account at all times.

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In addition, due to the quota system established by the Committee, during 1977 the LOCAL received contributions totaling \$5,053.81 which were not disclosed on reports filed by the Committee during the calendar year received.

In 1978, due to the failure to disclose contributions from 1977, Committee reports disclosed contributions totaling \$3,216.26 in excess of contributions actually received in 1978.

#### Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee either:

A. establish a "transmittal" (checking) account to be used solely for the deposit and transmittal of contributions to the national headquarters. No disbursement may be made from the account except for the transmittal of contributions and the "transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee's report filed for the period in which the transaction occurs.

In addition, the Audit staff recommends that the Committee file an amended report disclosing funds currently on hand at the LOCAL and not previously disclosed, within 30 days of receipt of this interim report.

#### 5. Itemization of Contributors

Section 434(b)(2) of Title 2 of the United States Code requires a committee to disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made contributions within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and dates of such contributions.

During the review of LOCAL contributor records, the Audit staff determined that in 1977 and 1978, the LOCAL received contributions from 12 individuals totaling \$1,612.50 which were not itemized as required.

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### Recommendation

The Audit staff recommends that the Committee file amended reports itemizing the noted contributors within 30 days of receipt of this interim report.

### Procedural Recommendations

Analysis of the audit findings contained in this report indicate consistent violations of specific provisions of the Federal Election Campaign Act of 1971, as amended. In general, it is the opinion of the Audit staff that many of these problems can be corrected through development of specific guidelines to be given to LOCAL treasurers responsible for CWA-COPE-PCC activity.

Guidelines prepared should include the following:

- a) Deposit of Contributions - All contributions shall be deposited into a committee checking account, either designated depository or transmittal account, within 10 days of receipt by the designated treasurer at the LOCAL. No disbursements may be made, prior to deposit into the Committee account.
- b) Recordkeeping for Contributions - The Committee is required to maintain a detailed and exact account of all contributions made to the Committee. Stewards collecting contributions, must provide the treasurer with an accounting of those contributions collected.
- c) Current Reporting - All contributions received, and expenditures made at the LOCAL level, must be disclosed on reports filed by the Committee covering that period. Specific information; such as the name, date, and amount of the contribution; or payee, date, and purpose of expenditures; shall also be disclosed if the contribution or expenditure is in excess of, or aggregates in excess of \$100 during the reporting period.
- d) Solicitation - Union political action committees may not solicit contributions from individuals other than members and their families.
- e) Separation of Funds - Contributions to the Committee may not be commingled with personal funds of officers or associates of the Committee.
- f) Union Funds - Union treasury funds may be used solely for the establishment, administration, and solicitation of contributions to the separate segregated fund. Contributions from the Union are prohibited.

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In addition, the Audit staff recommends that the Committee file an amended report to disclose all Committee funds currently on hand at the 876 participating LOCALS, identifying the LOCAL and the amount, within 30 days of receipt of this interim report.

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ELIGIBILITY RULES - CONVENTION AWARDS

CWA-COPE PROGRAM - 1977

1. GENERAL ELIGIBILITY

To be eligible for any Convention or District Awards, the Local will be credited only with the full amount of dollars collected and transmitted to the Headquarters Office.

2. SPECIAL LOCAL AWARDS

- (a) The Local which has contributed the most CWA-COPE dollars by the deadline established for Convention recognition shall receive a Special Local Award.
- (b) The Local which has contributed the highest percentage of its CWA-COPE quota by the deadline established for Convention recognition shall receive a Special Local Award.

3. THE GOLD SCROLL

To be eligible for a CWA "Gold Scroll", a Local must transmit through the appropriate District Office an amount equivalent to a \$2.00 contribution for each member.

4. POLITICAL AND LEGISLATIVE (PAL) ACHIEVEMENT AWARDS

BRONZE PAL

Each CWA Local which has received the "Gold Scroll" each year for five consecutive years, including the current year, will be eligible to receive CWA's PAL for POLITICAL AND LEGISLATIVE ACHIEVEMENT. This Bronze PAL trophy is appropriately represented by the figure of Mercury, the messenger of the Gods and the symbol of communications.

8104030946



If a Local has a consecutive record which exceeds the five-year minimum, the award will display a star for every year over and above the five-year minimum, up to ten years.

5. SILVER PAL

Those Locals which have received the "Gold Scroll" for ten consecutive years or more, including the current year, will receive a Silver PAL Award. If the record is in excess of ten consecutive years, the Silver PAL plaque will be inscribed with the number of consecutive years, up to twenty years.

6. SPECIAL SILVER PAL

Those Locals which have received the "Gold Scroll" for twenty consecutive years or more, including the current year, will receive a Special Silver PAL Award.

7. HALL OF FAME PLAQUE

Beginning with the 1965 Convention, those Locals which received a PAL for ten-year achievement will be listed in the CWA's Hall of Fame represented by a Bronze Plaque which will be on display in the Union's Washington Headquarters as a permanent record of achievement.

8. RECOGNITION OF STAFF ACHIEVEMENT

As in the past, individual Staff will be eligible to receive a Bronze Plaque if every Local assigned to that Staff person has met its minimum \$2.00 per member quota in full.

9. DISTRICT SWEEPSTAKES AWARD

The Bronze Plaque will be awarded to the District which has achieved the highest percentage of its CWA-COPE quota by the deadline established for Convention recognition.

10. ANNUAL AWARD FOR DISTRICT ACHIEVEMENT

The District which achieves the highest percentage of its CWA-COPE quota at the end of the calendar year will be awarded a District Achievement Trophy at the subsequent CWA Convention.

11. SPECIAL DISTRICT CONVENTION AWARDS

- (a) The District which has raised the most CWA-COPE dollars by the deadline established for Convention recognition will receive a Special Achievement Award at the Convention.
- (b) The District which has raised the most CWA-COPE dollars by the end of the calendar year will receive a Special Annual Achievement Award at the subsequent CWA Convention.

12. PRESIDENT'S AWARD

The President's Award shall be presented to the Local which has met its quota with the highest percentage of voluntary dollars by the deadline established for Convention recognition.

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4

ADMINISTRATIVE PROCEDURES -CHECK LIST

CWA-COPE PROGRAM - 1977

1. DATES OF PROGRAM

The 1977 CWA-COPE Program will be conducted on a calendar year basis beginning January 1, 1977 through December 31, 1977. For Convention recognition, however, the deadline shall be Friday, May 27, 1977.

Check: For a Local to receive Convention award credit, last minute contributions must be forwarded through the District office on/or before mid-night Friday, May 27, 1977.

2. CWA-COPE RECEIPT BOOKS

Bulk shipments of 1977 CWA-COPE Receipt Books to each District Office were made in December 1976 for distribution to the Locals. When you receive the 1977 books, we would appreciate very much your filling in the attached form and returning it promptly to this office.

Check: Please do not return the form without completing the requested information concerning the Chairperson of your Local's Legislative Committee and/or Legislative-Political Committee.  
Please retain the CWA-COPE Receipt Book stubs, properly filled out, in your Local for a period of five (5) years. Do not send them to the District or Headquarters Office. This is very important in the event that you are audited by the government.

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3. TRANSMITTAL OF CONTRIBUTIONS

Contributions must be forwarded through your District Office on a weekly basis in order to avoid an avalanche of CWA-COPE dollars at the last minute. This will provide for a more orderly procedure for Convention recognition during the final weeks of the program.

Check: Make a habit of contacting your Secretary-Treasurer regularly each week, not only to insure a steady flow of dollars to your District Office, but to check the progress of your Local's program.

4. ASSIGNED QUOTAS

The Union's Executive Board has established a minimum CWA-COPE quota for each Local equivalent to \$2.00 for each member of the Local.

This amount, of course, reflects the minimum objective of other Unions as well as CWA.

5. ALLOCATION OF CWA-COPE DOLLARS

Fifty percent of each dollar contributed to CWA-COPE and CWA-COPE PCC and forwarded to the Headquarters Office shall be credited to the District from which the contribution is received.

6. CREDITING FOR CWA-COPE AWARDS

For the CWA-COPE Awards Program, the Local will be credited only with the full amount of dollars collected and transmitted to the Headquarters Office.

7. IDENTIFICATION OF CONTRIBUTIONS

Check: (1) All checks which represent individual contributions from members must be made payable to: "CWA-COPE Political Contributions Committee", or "CWA-COPE PCC"

81040301950

- (2) All checks which represent contributions from the Local Treasury must be made payable to: "CNA-COPE".
- (3) Be sure that the form or letter transmitting your Local's contributions clearly identifies whether the funds transmitted are Individual Contributions or Local Treasury Contributions, and the checks or money orders made payable as described in (1) and (2) above.

81040307951





OFFICE OF  
THE PRESIDENT

1925 K STREET, N.W., WASHINGTON, D.C. 20006  
Tel. 785-6700

January 2, 1978

File: 1.34

To: All Local Presidents

Subject: CWA-COPE Program -- 1978

Fellow Officers:

This letter officially launches the 1978 CWA-COPE Dollars Drive.

Attached are the Eligibility Rules which were adopted by the CWA Executive Board at its meeting December 5-6, 1977. Also attached are the Administrative Procedures for the 1978 Drive. Please read them carefully and follow the instructions on the Administrative Procedures Check List.

The 1978 CWA-COPE Receipt Books were shipped to the District Offices in December 1977 for distribution to the Locals. Please complete the form attached to the Administrative Procedures Check List and return it to me at your earliest convenience.

The deadline for awards at our June 1978 Convention in San Francisco is Friday, May 19, 1978; so be sure to meet your quota in sufficient time to be recognized as 100% at the Convention!

Sincerely and fraternally,

*Glenn E. Watts*

Glenn E. Watts  
President

NP-5138  
Attachments

ELIGIBILITY RULES - CONVENTION AWARDS

CWA-COPE PROGRAM - 1978

1. GENERAL ELIGIBILITY

To be eligible for any Convention or District Awards, the Local will be credited only with the full amount of dollars collected and transmitted through the District Office to the Headquarters Office and must have met 100 percent of its quota.

2. SPECIAL LOCAL AWARDS

- (a) The Local that has contributed the most CWA-COPE dollars by the deadline established for Convention recognition shall receive a Special Local Award.
- (b) The Local that has contributed the highest percentage of its CWA-COPE quota by the deadline established for Convention recognition shall receive a Special Local Award.

3. THE GOLD SCROLL

To be eligible for a CWA "Gold Scroll", a Local must transmit through the appropriate District Office an amount equivalent to a \$2.00 contribution for each member of that Local, which would be 100 percent of its quota.

4. POLITICAL AND LEGISLATIVE (PAL) ACHIEVEMENT AWARDS

BRONZE PAL

Each CWA Local that has received the "Gold Scroll" each year for five through nine consecutive years, including the current year, will be eligible to receive CWA's PAL for POLITICAL AND LEGISLATIVE ACHIEVEMENT. This Bronze PAL Plaque will have the number of consecutive years of 100% participation inscribed thereon.

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5. SILVER PAL

Those Locals that have received the "Gold Scroll" for ten through fourteen consecutive years, including the current year, will receive a Silver PAL Award. The Silver PAL Plaque will be inscribed with the number of consecutive years.

6. SPECIAL SILVER PAL

Those Locals that have received the "Gold Scroll" for fifteen through nineteen consecutive years, including the current year, will receive a Special Silver PAL Award. The Silver PAL Plaque will be inscribed with the number of consecutive years.

7. SILVER PAL FOR OUTSTANDING ACHIEVEMENT

Those Locals that have received the "Gold Scroll" for twenty consecutive years or more, including the current year, will receive a Silver PAL Award for Outstanding Achievement. The Silver Plaque will be inscribed with the number of consecutive years.

8. HALL OF FAME PLAQUE

Beginning with the 1965 Convention, those Locals that received a PAL for ten-year achievement will be listed in the CWA's Hall of Fame represented by a Bronze Plaque which will be on display in the Union's Washington Headquarters as a permanent record of achievement.

9. RECOGNITION OF STAFF ACHIEVEMENT

Individual Staff will be eligible to receive a Bronze Plaque if every Local assigned to that Staff person has met its minimum \$2.00 per member quota in full.

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10. DISTRICT SWEEPSTAKES AWARD

The Sweepstakes Award will be presented to the District which has achieved the highest percentage of its CWA-COPE quota by the deadline established for Convention recognition.

11. ANNUAL AWARD FOR DISTRICT ACHIEVEMENT

The District which achieves the highest percentage of its CWA-COPE quota at the end of the calendar year will be awarded a District Achievement Award at the subsequent CWA Convention.

12. SPECIAL DISTRICT CONVENTION AWARDS

(a) The District which has raised the most CWA-COPE dollars by the deadline established for Convention recognition will receive a Special Achievement Award at the Convention.

(b) The District which has raised the most CWA-COPE dollars by the end of the calendar year will receive a Special Annual Achievement Award at the subsequent CWA Convention.

13. PRESIDENT'S AWARD

The President's Award shall be presented to the Local that has met its quota with the highest percentage of voluntary dollars by the deadline established for Convention recognition.

8104030955

COMMUNICATIONS WORKERS OF AMERICA  
1925 K Street, Northwest  
Washington, D.C. 20006

File: 1.34

Date \_\_\_\_\_

To: Glenn E. Watts, President  
Communications Workers of America  
1925 K Street, Northwest  
Washington, D. C. 20006

Local \_\_\_\_\_ received its supply of 1978 CWA-COPE

Receipt Books on \_\_\_\_\_  
(Date)

Our Local's program is now under way and is being conducted  
by: (Please check where appropriate)

\_\_\_\_\_ A special CWA-COPE collection committee.

\_\_\_\_\_ The Local's Legislative Committee.

\_\_\_\_\_ The Local Steward organization.

\_\_\_\_\_ Other Local Committee. (Please identify)

The name and address of the Local's Legislative Committee  
Chairperson is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Local President

810493655



ADMINISTRATIVE PROCEDURES - CHECK LIST

CWA-COPE PROGRAM - 1978

1. DATES OF PROGRAM

The 1978 CWA-COPE Program will be conducted on a calendar year basis beginning January 1, 1978 through December 31, 1978. For Convention recognition, however, the deadline shall be Friday, May 19, 1978.

Check: For a Local to receive Convention award credit, last minute contributions must be forwarded through the District office on/or before midnight Friday, May 19, 1978.

2. CWA-COPE RECEIPT BOOKS

Bulk shipments of 1978 CWA-COPE Receipt Books to each District Office were made in December 1977 for distribution to the Locals.

When you receive the 1978 books, we would appreciate very much your filling in the attached form and returning it promptly to this office.

Check: Please do not return the form without completing the requested information concerning the Chairperson of your Local's Legislative Committee and/or Legislative-Political Committee.

Please retain the CWA-COPE Receipt Book stubs, properly filled out, in your Local for a period of five (5) years. Do not send them to the District or Headquarters Office. This is very important in the event that you are audited by the government.

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3. TRANSMITTAL OF CONTRIBUTIONS

Contributions must be forwarded through your District Office on a weekly basis in order to avoid an avalanche of CWA-COPE dollars at the last minute. This will provide for a more orderly procedure for Convention recognition during the final weeks of the program.

Check: Make a habit of contacting your Secretary-Treasurer regularly each week, not only to insure a steady flow of dollars to your District Office, but to check the progress of your Local's program.

4. ASSIGNED QUOTAS

The Union's Executive Board has established a minimum CWA-COPE quota for each Local equivalent to \$2.00 for each member of the Local.

This amount, of course, reflects the minimum objective of other Unions as well as CWA.

5. ALLOCATION OF CWA-COPE DOLLARS

Fifty percent of each dollar contributed to CWA-COPE and CWA-COPE PCC and forwarded to the Headquarters Office shall be credited and allocated to the District from which the contribution is received.

6. CREDITING FOR CWA-COPE AWARDS

For the CWA-COPE Awards Program, the Local will be credited only with the full amount of dollars collected and transmitted to the Headquarters Office.

7. IDENTIFICATION OF CONTRIBUTIONS

Check: (1) All checks which represent individual contributions from members must be made

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payable to: "CWA-COPE Political Contributions Committee", or "CWA-COPE PCC".

- (2) All checks which represent contributions from the Local Treasury must be made payable to "CWA-COPE".
- (3) Be sure that the form or letter transmitting your Local's contributions clearly identifies whether the funds transmitted are Individual Contributions or Local Treasury Contributions, and the checks or money orders made payable as described in (1) and (2) above.

8104030959

Communications

Workers of America

(AFFILIATED WITH AFL-CIO)

OFFICE OF  
THE PRESIDENT

1025 K STREET, N.W., WASHINGTON, D.C. 20004  
Tel. 785-6700

January 1, 1979

File: 1.34

To: All Local Presidents

Subject: CWA-COPE Program -- 1979

Fellow Officers:

This letter officially launches the 1979 CWA-COPE Dollars Drive.

Attached are the Eligibility Rules and Administrative Procedures for the 1979 Drive. Please read them carefully and follow the instructions on the Administrative Procedures Check List.

The 1979 CWA-COPE Receipt Books will be shipped to the District Offices in early January 1979 for distribution to the Locals. Please complete the form attached to the Administrative Procedures Check List and return it to me at your earliest convenience.

The deadline for awards at our July 1979 Convention in Detroit is Friday, June 15, 1979; so be sure to meet your quota in sufficient time to be recognized as 100% at the Convention!

Sincerely and fraternally,

Glenn E. Watts  
President

Attachments

NP- 5302

ELIGIBILITY RULES - CONVENTION AWARDS

CWA-COPE PROGRAM - 1979

1. GENERAL ELIGIBILITY

To be eligible for any Convention or District Awards, the Local will be credited only with the full amount of dollars collected and transmitted through the District Office to the Headquarters Office and must have met 100 percent of its quota.

2. SPECIAL LOCAL AWARDS

- (a) The Local that has contributed the most CWA-COPE dollars by the deadline established for Convention recognition shall receive a Special Local Award.
- (b) The Local that has contributed the highest percentage of its CWA-COPE quota by the deadline established for Convention recognition shall receive a Special Local Award.

3. THE GOLD SCROLL

To be eligible for a CWA "Gold Scroll," a Local must transmit through the appropriate District Office an amount equivalent to a \$2.00 contribution for each member of that Local, which would be 100 percent of its quota.

4. POLITICAL AND LEGISLATIVE (PAL) ACHIEVEMENT AWARDS

BRONZE PAL

Each CWA Local that has received the "Gold Scroll" each year for five through nine consecutive years, including the current year, will be eligible to receive CWA's PAL for POLITICAL AND LEGISLATIVE ACHIEVEMENT. This Bronze PAL Plaque will have the number of consecutive years of 100 percent participation inscribed thereon.

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5. SILVER PAL

Those Locals that have received the "Gold Scroll" for ten through fourteen consecutive years, including the current year, will receive a Silver PAL Award. The Silver PAL Plaque will be inscribed with the number of consecutive years.

6. SPECIAL SILVER PAL

Those Locals that have received the "Gold Scroll" for fifteen through nineteen consecutive years, including the current year, will receive a Special Silver PAL Award. The Silver PAL Plaque will be inscribed with the number of consecutive years.

7. SILVER PAL FOR OUTSTANDING ACHIEVEMENT

Those Locals that have received the "Gold Scroll" for twenty consecutive years or more, including the current year, will receive a Silver PAL Award for Outstanding Achievement. The Silver Plaque will be inscribed with the number of consecutive years.

8. HALL OF FAME PLAQUE

Beginning with the 1965 Convention, those Locals that received a PAL for ten-year achievement will be listed in the CWA's Hall of Fame represented by a Bronze Plaque which will be on display in the Union's Washington Headquarters as a permanent record of achievement.

9. RECOGNITION OF STAFF ACHIEVEMENT

Individual Staff will be eligible to receive a Bronze Plaque if every Local assigned to that Staff person has met its minimum \$2.00 per member quota in full.

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10. DISTRICT SWEEPSTAKES AWARD

The Sweepstakes Award will be presented to the District that has achieved the highest percentage of its CWA-COPE quota by the deadline established for Convention recognition.

11. ANNUAL AWARD FOR DISTRICT ACHIEVEMENT

The District that achieves the highest percentage of its CWA-COPE quota at the end of the calendar year will be awarded a District Achievement Award at the subsequent CWA Convention.

12. SPECIAL DISTRICT CONVENTION AWARDS

(a) The District that raised the most CWA-COPE dollars by the deadline established for Convention recognition will receive a Special Achievement Award at the Convention.

(b) The District that has raised the most CWA-COPE dollars by the end of the calendar year will receive a Special Annual Achievement Award at the subsequent CWA Convention.

13. PRESIDENT'S AWARD

The President's Award shall be presented to the Local that has met its quota with the highest percentage of voluntary dollars by the deadline established for Convention recognition.

14. SPECIAL STATE AWARD

This state award will be presented to the State which has more than one Local, and where all the Locals in that State have contributed 100 percent or more of their CWA-COPE quota by Convention deadline.

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COMMUNICATIONS WORKERS OF AMERICA  
1925 K Street, Northwest  
Washington, D. C. 20006

File: 1.34

Date \_\_\_\_\_

To: Glenn E. Watts, President  
Communications Workers of America  
1925 K Street, Northwest  
Washington, D. C. 20006

Local \_\_\_\_\_ received its supply of 1979 CWA-COPE  
Receipt Books on \_\_\_\_\_  
(Date)

Our Local's program is now under way and is being conducted  
by: (Please check where appropriate)

- \_\_\_\_\_ A special CWA-COPE collection committee.  
\_\_\_\_\_ The Local's Legislative Committee.  
\_\_\_\_\_ The Local Steward organization.  
\_\_\_\_\_ Other Local Committee. (Please Identify)

The name and address of the Local's Legislative Committee  
Chairperson is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Local President

81040301964

ADMINISTRATIVE PROCEDURES - CHECK LIST

CWA-COPE PROGRAM - 1979

1. DATES OF PROGRAM

The 1979 CWA-COPE Program will be conducted on a calendar year basis beginning January 1, 1979 through December 31, 1979. For Convention recognition, however, the deadline shall be Friday, June 15, 1979.

Check: For a Local to receive Convention award credit, last minutes contributions must be forwarded through the District Office on/or before midnight Friday, June 15, 1979.

2. CWA-COPE RECEIPT BOOKS

Bulk shipments of 1979 CWA-COPE Receipt Books to each District Office will be made in early January, 1979 for distribution to the Locals.

When you receive the 1979 books, we would appreciate very much your filling in the attached form and returning it promptly to this office.

Check: Please do not return the form without completing the requested information concerning the Chairperson of your Local's Legislative Committee and/or Legislative-Political Committee.

Please retain the CWA-COPE Receipt Book stubs, properly filled out, in your Local for a period of five (5) years. Do not send them to the District or Headquarters Office. This is very important in the event that you are audited by the government.

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3. TRANSMITTAL OF CONTRIBUTIONS

Contributions must be forwarded through your District Office on a weekly basis in order to avoid an avalanche of CWA-COPE dollars at the last minute. This will provide for a more orderly procedure for Convention recognition during the final weeks of the program.

Check: Make a habit of contacting your Secretary-Treasurer regularly each week, not only to insure a steady flow of dollars to your District Office, but to check the progress of your Local's program.

4. ASSIGNED QUOTAS

The Union's Executive Board has established a minimum CWA-COPE quota for each Local equivalent to \$2.00 for each member of the Local.

This amount, of course, reflects the minimum objective of other Unions as well as CWA.

5. ALLOCATION OF CWA-COPE DOLLARS

Fifty percent of each dollar contributed to CWA-COPE and CWA-COPE PCC and forwarded to the Headquarters Office shall be credited and allocated to the District from which the contribution is received.

6. CREDITING FOR CWA-COPE AWARDS

For the CWA-COPE Awards Program, the Local will be credited only with the full amount of dollars collected and transmitted to the Headquarters Office

7. IDENTIFICATION OF CONTRIBUTIONS

Check: (1) All checks which represent individual contributions from members must be made

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payable to: "CWA-COPE Political Contributions Committee" or "CWA-COPE PCC".

- (2) All checks which represent contributions from the Local Treasury must be made payable to "CWA-COPE".
- (3) Be sure that the form or letter transmitting your Local's contribution clearly identifies whether the funds transmitted are Individual Contributions or Local Treasury Contributions, and the checks or money orders made payable as described in (1) and (2) above.

81040301967



OFFICE OF  
THE PRESIDENT

1925 K STREET, N.W., WASHINGTON, D.C. 20006  
TELEPHONE FEDERAL 7-7711

February 27, 1975

File: 1.34

To: All CWA Staff

Subject: COPE QUORUM

Fraternal Greetings:

You are hereby cordially invited to join the COPE QUORUM, a new program now underway to give recognition for contributions by elected officers and staff to our CWA-COPE voluntary dollars drive. The Eligibility Rules and Administrative Procedures of the COPE QUORUM are attached, along with a payroll deduction card for your convenience in signing up in the QUORUM.

You will note from the Rules that you can make your contribution of \$120 either in a lump sum or through payroll deductions.

We are certainly excited by the enthusiasm and interest the COPE QUORUM has generated among officers and staff so far and will be delighted to have you become a member of our "Club."

With warmest personal regards.

Sincerely and fraternally,

Glenn E. Watts  
President

P.S. When you sign up, don't forget to designate the Local you want to have receive the credit for your contribution.

Attachment

NP-4649

CMA DEDUCTION AUTHORIZATION

Secretary-Treasurer  
International Workers of America  
1425 K Street, Northwest  
Washington 6, D. C.

I am authorizing deduction from my salary for a total amount of \$ \_\_\_\_  
 ( ) Weekly ( ) Semi-Monthly ( ) Monthly in the amount of \$ \_\_\_\_  
 Each, beginning with the payroll period ending \_\_\_\_ and ending with the  
 period \_\_\_\_ for the purpose of \_\_\_\_  
 Deductions to be Credited or Paid To: \_\_\_\_  
 Approved: \_\_\_\_\_ Date: 12/59 Signature: \_\_\_\_\_ Title: \_\_\_\_\_

*The above card is not designed to obtain the following information: address, occupations and principal place of business. Address can be obtained through, though the fact that the contributors are payroll deductions and checks must be sent somewhere*

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**ELIGIBILITY RULES  
AND  
ADMINISTRATIVE PROCEDURES**

**1. Eligibility**

The COPE QUORUM was formed to give recognition for contributions by elected officers and staff to the CWA-COPE Political Contributions Committee.

To be eligible for membership in the COPE QUORUM, you must contribute, either in a lump sum or through payroll deduction the sum of not less than \$120 in any given calendar year.

**2. Official Membership Card**

Each member of the COPE QUORUM will receive the official membership card with the name of the member and the appropriate calendar year inscribed thereon.

The cards will be numbered consecutively, and the numbers will be assigned as members join.

**3. District Credit**

One-half of the contributions made by the Vice Presidents and Staff assigned to each District will be posted to the appropriate District's CWA-COPE PCC Account in December of the calendar year involved. The District will receive credit toward its quota the full \$120 contribution in December of the calendar year.

**4. Local Credit**

Elected officers and staff may designate their home Local, or one of the Locals in the District to which they are assigned, to receive credit towards that Local's CWA-COPE quota for the calendar year involved. Those staff who lead

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Locals have the option of crediting their contributions equally among the Locals assigned to them, if they so desire. Credit toward a Local's CWA-COPE quota will be given in December of the calendar year involved.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

John C. Beck, President  
American Income Life Insurance Company  
8604 Alisonville Rd.  
Indianapolis, Ind. 46250

RE: MUR 1084

Dear Mr. Beck:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that the American Income Life Insurance Company violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

81040301972

Letter to: John C. Beck  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

Enclosures

Notification of Reason to Believe Finding  
Procedures

81040301973

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE \_\_\_\_\_

MUR NO. 1084  
STAFF MEMBER(S) & TEL. NO.  
Beverly Brown (202)523-4529

RESPONDENT American Income Life Insurance  
Company

Hal Ponder (202)523-4166

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters")<sup>1/</sup> and the subsequent audits of records maintained at CWA LOCALS #1101, #12215, #2336, #12143, and #12222. The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").<sup>2/</sup>

FACTUAL BASIS & LEGAL ANALYSIS

Corporate Contributions made In Connection With Federal Elections  
(2 U.S.C. § 441b(a))

During the audit of CWA-COPE-PCC locals, auditors noted the receipt of corporate contributions, totalling \$1,226.00, which were made available for use in connection with Federal elections. The auditors' review of Local #2336's deposit tickets indicated a receipt of \$226.00 from the American Income Life Insurance Company.<sup>3/</sup> A memo from the local to its members indicated that the company promised to

<sup>1/</sup> Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".

<sup>2/</sup> The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

<sup>3/</sup> The Indiana Secretary of State's Office has verified that the American Income Life Insurance Company was incorporated on July 16, 1954 and was licensed to operate in the state of Texas.

81040301974

donate \$1.00 to CWA's political fund for every contact they received from a union member concerning life insurance. The funds were deposited into the local's savings account which was maintained for the deposit and transfer of contributions to Headquarters.

In addition, the auditors' analysis of Local # 12222's contribution records revealed that in 1977 the local received two contribution's totalling \$1000 from the American Income Life Insurance Company.<sup>4/</sup> These funds were deposited into the local's savings account maintained for contributions to CWA-COPE-PCC.

2 U.S.C. § 441b prohibits corporations from making "any direct or indirect payment. . . or gift money . . . to any candidate, campaign committee, . . . in connection with any" federal election. It appears the American Income Life Insurance Company violated this provision of the Act by contributing a total of \$1,226.00 to CWA's political fund.

Based on the foregoing analysis, the Federal Election Commission has found reason to believe that the American Income Life Insurance Company has violated 2 U.S.C. § 441b(a) by making corporate contributions in connection with Federal elections.

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<sup>4/</sup> The Indiana Secretary of State's Office has verified that the American Income Life Insurance Company was incorporated on July 16, 1954 and was licensed to operate in the state of Texas. CWA local # 12222 is located in Houston, Texas.





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

M. E. Nichols, President  
CWA Local Union #12222  
1515 Jefferson  
Houston, Texas 77002

RE: MUR 1084

Dear Mr. Nichols:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that CWA Local Union #12222 violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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Letter to: M. E. Nichols  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

Enclosures

Notification of Reason to Believe Finding  
Procedures

81040301977

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE \_\_\_\_\_

MUR NO. 1084  
STAFF MEMBER(S) & TEL. NO.  
Beverly Brown (202)523-4529

RESPONDENT CWA Local Union #12222

Hal Ponder (202)523-4166

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters")<sup>1/</sup> and the subsequent audit of records maintained at CWA LOCAL #1222.<sup>2/</sup> The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").<sup>3/</sup>

<sup>1/</sup> Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".

<sup>2/</sup> CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

Due to CWA-COPE-PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained at CWA local #12222.

<sup>3/</sup> The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

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FACTUAL BASIS AND LEGAL ANALYSIS

Possible Violation of 2 U.S.C. § 441b(a)

During the audit of records maintained at CWA Local # 12222, auditors noted that in 1977 and 1978 CWA Local Union #12222 transferred a total of \$3,195.00 from its general treasury account (containing union dues and fees) to its checking account (maintained for voluntary contributions to CWA-COPE-PCC). According to a local official, these funds, representing receipts for advertisements in the union's June and December issues of their newsletter, were earmarked by their union for CWA-COPE-PCC's local field operations.

Also in 1977, a check for \$3,500 from the union treasury, noted on the deposit slip as a loan repayment, was deposited into the local's checking account (maintained for contributions to Headquarters). According to a local official, this check represented reimbursement for the jackets purchased by the local for the union. The local paid for the jackets due to a shortage of treasury funds.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any" Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b) (2)(C). Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once "'voluntary' or 'involuntary' money is expended. . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973). In light of evidence indicating that CWA Local Union # 12222 deposited non-federal funds from its union treasury account (containing dues and fees) into its separate checking account maintained for contributions to CWA-COPE-PCC for use in connection with Federal elections, it appears CWA Local Union # 12222 violated 2 U.S.C. § 441b(a).

Based on the foregoing analysis, the Commission has found reason to believe that CWA Local Union # 12222 violated 2 U.S.C. § 441b(a).

81040301979



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Gene Vance, President  
CWA Local Union #12215  
1414 North Washington  
Dallas, Texas 75204

RE: MUR 1084

Dear Mr. Vance:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that CWA Local Union #12215 violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

81040301980



Letter to: Gene Vance  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

Enclosures

Notification of Reason to Believe Finding  
Procedures

81040301981



FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE \_\_\_\_\_

MUR NO. 1084  
STAFF MEMBER(S) & TEL. NO.  
Beverly Brown/523-4529  
Hal Ponder/523-4166

RESPONDENT CWA Local Union #12215

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters") 1/ and the subsequent audit of records maintained at CWA LOCAL #12215. 2/ The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). 3/

- 
- 1/ Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".
  - 2/ CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

Due to CWA-COPE PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained CWA Local #12215.

- 3/ The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

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## FACTUAL BASIS AND LEGAL ANALYSIS

### Possible Violation of 2 U.S.C. § 441b(a)

During the audit of contribution records maintained by Local #12215, 3/ auditors determined that labor funds were deposited into the local's savings account which was maintained for the transfer of contributions to CWA-COPE-PCC's separate segregated fund for use in connection with Federal Elections. Specifically, the auditors' review revealed the following receipts from CWA Local Union #12215:

- 1) Proceeds totalling \$3,542.90, from a snack bar operated by the union during union functions, were transferred from the union's snack bar account to the local's savings account (maintained for contributions to Headquarters). These funds were transferred to cover an overdraft and to meet Local #12215's quota.4/
- 2) Approximately \$511.39, representing proceeds from a pool table purchased by the union and a percentage of collections from various vending machines, were donated by the union and deposited into the local's savings account (maintained for contributions to Headquarters).
- 3) Payments totalling \$875.00, received from the rental of a billboard owned by the local union were donated to the local in 1978.
- 4) Approximately \$2,615.00 was obtained by the union from the rental of a union hall to other area unions and businesses. Rental payments received by the union were then donated to Local #12215.
- 5) On July 22, 1977, \$645.33 was deposited into Local #12215's savings account (maintained for contributions to Headquarters). The deposit was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.

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3/ In a discussion of CWA-COPE-PCC field operations, we will refer to "the local" or "Local #12215". Funds donated to "the local" are funds intended for CWA-COPE-PCC.

4/ To encourage locals to actively solicit members for contributions, a quota system was established whereby locals were assigned a target amount equivalent to \$2 per member. Each May or June, during the annual convention, awards were given to those locals who had successfully met their quota.

- 6) Also in 1977, the union donated \$3,500.00 to Local #12215. These funds were received as a result of the death of a union member who named the local union as the beneficiary on his life insurance policy.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any" Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C). Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once "'voluntary' or 'involuntary' money is expended . . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973).

In light of evidence which indicates that CWA Local Union #12215 contributed union treasury funds (dues and fees) to CWA-COPE-PCC for use in connection with Federal elections, it appears that CWA Local Union #12215 violated 2 U.S.C. § 441b(a).

Based on the foregoing analysis, the Federal Election Commission has found reason to believe CWA Local Union #12215 has violated 2 U.S.C. § 441b(a).

81040301984



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Ed Dempsey, President  
CWA Local Union #1101  
1500 Broadway  
New York, N.Y. 10036

RE: MUR 1084

Dear Mr. Dempsey:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities, has found evidence that CWA Local Union #1101 violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

81040301985



Letter to: Ed Dempsey  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

Enclosures

Notification of Reason to Believe Finding  
Procedures

81040301986



FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE \_\_\_\_\_

MUR NO. 1084  
STAFF MEMBER(S) & TEL. NO.  
Beverly Brown - 523-4529

RESPONDENT CWA Local Union #1101

Hal Ponder - 523-4166

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters")<sup>1/</sup> and the subsequent audit of records maintained at CWA Local #1101.<sup>2/</sup> The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").<sup>3/</sup>

<sup>1/</sup> Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".

<sup>2/</sup> CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

Due to CWA-COPE-PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained at CWA Local #1101.

<sup>3/</sup> The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

81040301987

FACTUAL BASIS AND LEGAL ANALYSIS

Possible violation of 2 U.S.C. § 441b(a)

During the audit of bank records maintained at CWA Local #1101, auditors determined that the local maintained a savings account for the deposit and transfer of voluntary contributions to CWA-C.O.P.E.-PCC. In order to meet an established quota 4/, when a balance in the savings account was low, monies from the local's union treasury (containing dues and fees) were transferred directly to CWA-C.O.P.E.-PCC. In addition, auditors noted that when the balance in the local's savings account was low, expenditures were made from the union treasury which was later reimbursed by the savings account.

On May 25, 1977, CWA Local Union #1101 transferred \$22,074.00 from its general treasury account (containing union dues and fees) to Headquarters when the balance in the local's savings account (maintained for voluntary contributions to Headquarters) was only \$6,953.65. In addition, 45 expenditures, totalling \$3,000 were made from the union treasury account and later reimbursed by the savings account.5/ Reimbursement to the local's savings account occurred approximately 4 months after the transfer and expenditures had been made.

On May 9, 1978, CWA Union Local Union #1101 transferred \$25,000 from its general treasury account to Headquarters with a balance of only \$10,876.91 in the local's saving account. Again, 45 expenditures, this time totalling \$6,120.89, were made from the union treasury account. Full reimbursement to the local's savings account for the 1978 transfer and expenditures was not made until August 16, 1978.

The audit staff also noted that in 1977 CWA Local Union #1101 contributed \$3,304.75 from its treasury account to the local. These funds represented proceeds from the sale of jackets previously purchased by the union local.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any"

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4/ To encourage locals to actively solicit members for contributions, a quota system was established whereby locals were assigned a target amount equivalent to \$2 per member. Each May or June, during the annual convention, awards were given to those locals who had successfully met their quota.

5/ These expenditures included payments for printing, tankards, and raffle prizes.

81040301939

Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C). Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once "'voluntary' or 'involuntary' money is expended . . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973).

In light of evidence which indicates that CWA Local Union #1101 made contributions and expenditures in connection with Federal elections, it appears CWA Local Union #1101 violated 2 U.S.C. § 441b(a).

Based on the foregoing analysis, the Commission has found reason to believe that CWA Local Union #1101 violated 2 U.S.C. § 441b(a).

81040301989



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Ken Wiley, President  
CWA Local Union #12143  
1027 North St. Mary's St.  
San Antonio, TX 78215

RE: MUR 1084

Dear Mr. Wiley:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that CWA Local Union #12143 violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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Letter to: Ken Wiley  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

Enclosures

Notification of Reason to Believe Finding  
Procedures

81040301991



FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE \_\_\_\_\_

MUR NO. 1084  
STAFF MEMBER(S) & TEL. NO.  
Beverly Brown/523-4529

RESPONDENT CWA Local Union #12143

Hal Ponder/523-4166

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters") 1/ and the subsequent audit of records maintained at CWA LOCAL #12143. 2/ The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). 3/

- 1/ Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".
- 2/ CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

Due to CWA-COPE PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained CWA Local #12143.

- 3/ The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

81040301992

FACTUAL AND LEGAL ANALYSIS

Possible Violation of 2 U.S.C. § 441b(a)

During the audit of records maintained at CWA Local #12143, auditors determined that all contributions collected for CWA-COPE-PCC were initially deposited into CWA Local Union #12143's treasury account. Periodic transfers were made from the union treasury to the local's savings account (maintained for contributions to Headquarters).

On May 9, 1977, the union transferred \$6,468.00 directly by check from their union treasury account to Headquarters. On May 2, 1978, the union transferred \$6,881.25 from the union's education account (containing union dues and fees) to the local's savings account. An amount of \$6,650.00 was then transferred from the savings account to Headquarters to meet the local's quota. 4/ Auditors noted that prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

On June 9, 1979, Local #12143 wrote to Headquarters and informed them that in preparing for the audit of their records, they had discovered that in 1977 and 1978 a total of \$4,671.73 in treasury funds (union dues and fees) had been incorrectly forwarded and reported as individual contributions. This, according to local officials, had resulted from their misunderstanding of 11 C.F.R. § 114.5(b)(2). 5/ The local had interpreted this provision to mean that they could contribute twice the amount collected in contributions and forward the entire amount to Headquarters.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any"

4/ To encourage locals to actively solicit by CWA-COPE-PCC members for contributions, a quota system was established whereby locals were assigned a target amount equivalent to \$2 per member. Each May or June, during the annual convention, awards were given to those locals who had successfully met their quota.

5/ This regulation states that a corporation, labor organization, membership organization, cooperative, or corporation without capitol stock may, subject to the provisions of § 3005 and chapter 61, Title 18, United States Code, utilize a raffle or other fundraising device which involves a prize, so long as State law permits and the prize is not disproportionately valuable. When using raffles or entertainment to raise funds, a reasonable practice to follow is for the separate segregated account to reimburse the corporation or labor organization for the costs which exceed one-third of the money contributed.

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Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C). Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once " 'voluntary' or 'involuntary' money is expended. . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973). In light of evidence which indicates that CWA Local Union #12143 transferred treasury funds (containing dues, fees or other monies required as a condition of membership in the labor organization) to CWA-COPE-PCC for use in connection with Federal elections, it appears CWA Local Union #12143 violated 2 U.S.C. § 441b(a).

Based on the foregoing analysis, the Federal Election Commission has found reason to believe CWA Local Union #12143 has violated 2 U.S.C. § 441b(a).

81040301994



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Louis B. Knecht, Treasurer  
CWA-COPE-PCC  
1925 K Street, N.W.  
Washington, D.C. 20006

RE: MUR 1084

Dear Mr. Knecht:

This letter is to notify you that the Federal Election Commission, in the normal course of its supervisory responsibilities has found evidence that your committee violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A report on the Commission's finding is enclosed.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against your committee in connection with this matter. Your response must be submitted within 30 days of receipt of this letter. If no response is received within 30 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. In addition, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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Letter to: Louis Knecht  
Page 2  
MUR 1084

If you have any questions, please contact Beverly Brown, the staff member assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling possible violations.

Sincerely,

Enclosures

Notification of Reason to Believe Finding  
Questions  
Procedures

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FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE \_\_\_\_\_ MUR NO. 1084  
Communication Workers of America- STAFF MEMBER(S) & TEL. NO.  
C.O.P.E. - Political Contributions Beverly Brown/523-4529  
RESPONDENT Committee (CWA-COPE-PCC) \_\_\_\_\_  
Hal Ponder/523-4166

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

I. BACKGROUND

This matter was referred to the Office of General Counsel as a result of findings made during the audit of the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("CWA-COPE-PCC") ("Headquarters") 1/ and the subsequent audit of records maintained at CWA LOCAL #1101, #12215, #2336, #12143, and #12215. 2/ The audits were conducted pursuant to 2 U.S.C. § 438(a)(8) which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). 3/

II. OVERVIEW

CWA is composed of 12 district offices and 876 local unions. Contributions to its political fund are mainly solicited at the local level, forwarded to the appropriate district office and transmitted to Headquarters for distribution to selected candidates and committees.

- 1/ Since the Washington based office of CWA is the center of this organization's political activity we refer to its separate segregated fund as "Headquarters".
- 2/ Due to CWA-COPE PCC's structure, all contributor records are maintained at the local level. Therefore, to test disclosure and compliance provisions relating to the solicitation and recordkeeping for contributions, the audit staff selected for audit the records maintained at these five local based on dollar value of contributions transferred during the period of audit. The selected locals transferred \$120,697.18 thereby enabling the audit staff to test 21% of the total contributions transferred to Headquarters.
- 3/ The audit covered the period from 1/1/77 through 1/31/79, the coverage date of the most recent report filed by CWA-COPE-PCC at the time of the audit.

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During the audit of CWA-COPE-PCC, auditors noted that the guidelines prepared by Headquarters failed to inform local treasurers of the recordkeeping or disclosure requirements relating to federal activity. Written procedures suggested that each local forward contributions collected on a weekly basis, maintain the necessary records and transmit contributions prior to the annual convention.

Due to the maintenance of records at the local level, and the indication of possible commingling of treasury funds with political contributions, 4/ the audit fieldwork was expanded to include the records maintained by the following five union locals:

- 1) CWA Local Union #1101  
New York, NY
- 2) CWA Local Union #12143  
San Antonio, TX
- 3) CWA Local Union #12222  
Houston, TX
- 4) CWA Local Union #12215  
Dallas, TX
- 5) CWA Local Union #2336  
Washington, DC

The next section of this report, "Factual Basis and Legal Analysis", will address each violation as it pertains to activity on both the national and local level. When referring to the Washington-based Communication Workers of America - C.O.P.E. - Political Contributions Committee, we will use the general designation of "Headquarters" or "CWA-COPE-PCC". In a discussion of CWA-COPE-PCC field operations, we will refer to "the local". 5/

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4/ A possible commingling problem was discovered during the auditors' review of vouchers prepared upon receipt of checks from a local. Auditors identified 57 cases in which checks containing treasury money and checks containing political contributions were apparently sequentially numbered.

5/ CWA-COPE-PCC is the separate segregated fund of the Communication Workers of America. It is the only political committee of this labor organization which is registered at this time with the Federal Election Commission. Agents of CWA-COPE-PCC coordinate political activity at the local level. Funds derived from the solicitation of contributions from local union members are deposited into accounts maintained for the transmittal of funds to CWA-COPE-PCC's authorized campaign depository. In essence, local CWA unions participate as collection agents of CWA-COPE-PCC.

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FACTUAL BASIS AND LEGAL ANALYSIS

A. Maintenance and Disclosure of Campaign Depositories  
(2 U.S.C. §§ 434(h)(1) and 433(b)(6))

During the audits of CWA-COPE-PCC and Locals #1101, #2336 #12215 and #12143, the following was noted with regard to the maintenance and disclosure of campaign depositories:

- 1) Contributions received by Locals #1101, #2336, and #12215 were deposited into saving accounts maintained for contributions to Headquarters. Separate checking accounts were not maintained for the deposit of contributions.
- 2) Contributions received by Local #12143 were deposited into the union local's treasury account (containing union dues and fees) and then transferred to a separate savings account maintained for contributions to Headquarters.
- 3) Contributions received by Headquarters were deposited into a separate savings account. When an expenditure was planned, the amount to be expended was transferred to a separate checking account.
- 4) Headquarters did not disclose the existence of the depositories described in (1) and (2) on their statement of organization. In addition, Headquarters did not disclose the existence of a separate checking account maintained by Local #12222 for contributions to CWA-COPE-PCC.

2 U.S.C. § 432(h)(1) makes mandatory the designation of a campaign depository by a political committee, the maintenance of a checking account at such depository and the deposit of all contributions into such account. No expenditure shall be made by the political committee except by check drawn on such account. In addition, 11 C.F.R. § 103.3 provides that funds may be transferred from the checking account for investment purposes, but must be returned to the account before expenditures are made. CWA-COPE-PCC's failure to maintain checking accounts for the deposit and transfer of contributions to Headquarters at the local level, and its failure to make initial deposits of contributions into a checking account appears to violate 2 U.S.C. § 432(h)(1).

Further, 2 U.S.C. § 433(b)(6) requires a political committee to include in its statement of organization a listing of all banks, safety deposit boxes, or other depositories used by the committee. CWA-COPE-PCC's failure to disclose all banks and depositories used by Locals #1101, #2336, #12215, #12143 and #12222 appears to violate this provision of the Act.

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**B. Recordkeeping of Contributions**  
(Former 2 U.S.C. §§ 432(c)(1) and (2))

During the audit staff's review of receipt records maintained by Locals #1101, #2336, #12215, #12143 and #12222, it was determined that no records were maintained by the locals concerning the identification of individual contributors or contribution amounts received per contributor. 6/ Available contribution records consisted solely of the identification of union stewards selling tickets, jackets or caps, and the amount of net proceeds per fundraising event.

Former 2 U.S.C. §§ 432(c)(1) and (2) require the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee; the identification of every person making a contribution in excess of \$50, and the date and amount thereof. If an individual's contribution aggregates in excess of \$100 per calendar year, the treasurer is required to maintain an account of the individual's occupation, and principal place of business (if any). In that CWA-COPE-PCC failed to maintain an accounting of the identification of individual contributors and contribution amounts received per contributor, it appears that CWA-COPE-PCC violated former 2 U.S.C. §§ 432(c)(1) and (2)

**C. Solicitation of Non-Members**  
(2 U.S.C. § 441b(b)(4)(A)(ii))

The audit staff's analysis of CWA-COPE-PCC's receipt records revealed the acceptance of contributions from non-union members through payroll deduction. It was determined that through this receipt method 23 non-union members contributed \$1 888 in 1977 and 20 non-union members contributed \$1,1991 in 1978.

The solicitation of non-union members resulted from the establishment of a club system (COPE Quorum) designed to solicit contributions from union members and CWA staff. To be eligible for membership in the club, union members and CWA staff were invited to contribute either in lump sum or through payroll deduction, a minimum of \$120.

2 U.S.C. § 441b(b)(4)(A)(ii) states, in relevant part, that it is unlawful for a separate segregated fund established by a labor organization to solicit contributions to such a fund from persons other than its members and their families. It appears that CWA-COPE-PCC violated this section of the Act by its general solicitation and receipt of \$3,879.00 in contributions from 43 non-union members between 1977 and 1978.

6/ The exception to this was Local #12222, where the auditors found that 26.1% or \$9,891.55 of the contributions collected by Local #12222 for Headquarters were not adequately accounted for in local records.

11 C.F.R. § 114.5(a)(5) states that a guideline for contributions may be suggested (by a labor organization or its separate segregated fund) provided that the person soliciting or the solicitation informs the person being solicited that:

- i) the guidelines are merely suggestions; and
- ii) an individual is free to contribute more or less than the guidelines suggest and that the (labor organization) will not favor or disadvantage anyone by reason of their contribution or their decision not to contribute.

This provision also requires the solicitor to inform the persons being solicited of the political purpose of the fund at the time of solicitation.

In that CWA-COPE-PCC established a guideline for contributions and failed to inform its solicitees of the above provisions, it appears that CWA-COPE-PCC violated 11 C.F.R. § 114.5(a)(5).

D. Disclosure of Total Receipts  
(2 U.S.C. § 434(b)(2))

During the audit staff's reconciliation of the Headquarter's bank activity to their disclosure reports, the auditors determined that Locals #1101, #2336, #12222 and #12143 did not transmit the total of contributions received each year. Only those amounts needed to meet a yearly quota, established by Headquarters, were transferred. 7/ The remaining balances were maintained in the local accounts resulting in an understatement by Headquarters of cash on hand maintained at the locals and contributions received during the calendar years 1977 and 1978.

In 1977, contributions received by Locals #1101, #12222 and #2336, totalling \$18,216.09, were received in excess of established quotas. 8/ These funds were held in savings accounts until they were transferred to Headquarters and reported in the following year. In 1978, contributions totalling \$9,031.81 were similarly held in savings accounts by Locals #1101 and #2336,

7/ To encourage locals to actively solicit members for contributions, a quota system was established whereby locals were assigned a target amount equivalent to \$2 per member. Each May or June, during the annual convention, awards were given to those locals who had successfully met their quota.

8/ In 1977, Local #1101 received \$8,152.52 in excess of its established quota (\$22,074) and Local #2336 received \$5,009.76 in excess of its established quota (\$5,785.18). In this same year, Local #12222 received \$5,053.81 in excess of its quota (\$17,300.00)

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and therefore not included as cash on hand or receipts received during calendar year 1978. 9/

2 U.S.C. § 434(b)(2) requires a political committee to disclose the total sum of all receipts by or for such committee or candidate during the reporting period or for the calendar year. CWA-COPE-PCC's failure to disclose total contributions collected at the local level on its behalf appears to violated this provision of the Act

Further, 11 C.F.R. § 103.3 makes mandatory the deposit of contributions to federal accounts within 10 days of receipt by union representatives. Thus, failure by locals to transfer contributions to CWA-COPE-PCC's failure to disclose total contributions to CWA-COPE-PCC for deposit into its campaign depository within the 10 day period appears to be a violation of the Commission's Regulation.

E. Disclosure of Proceeds From Fundraising Events  
(Former 2 U.S.C. § 434(b)(6))

The auditors' review of Local #2336's fundraising records revealed four raffles which accounted for 77% or \$9,834.05 of its contributions collected for Headquarters. None of these events were disclosed on Schedule D's filed by CWA-COPE-PCC as required. The raffles and amounts collected were as follows:

1) Truckload of Cheer	5/5/77	\$2,655.05
2) Side of Beer	11/15/77	\$2 041.00
3) Fist Full of Dollars	2/21/78	\$2,151.00
4) Bahamas Raffle	1/12/79	\$2,987.00

In addition, during the Audit staff's review of Local #12143's receipt records, they found that annual fundraising events such as Las Vegas nights employing auctions, gift tables, cash bars, and other casino-type activities were held to obtain contributions for Headquarters. These events were not disclosed on reports filed by Headquarters. Las Vegas nights for 1977 and 1978 raised contributions totalling \$1,416.00 and \$980.00 respectively.

9/ In 1978 Local #1101 exceeded its quota (\$25,000) by \$5,672.04 and Local #2336 exceeded its quota (\$6,128.77) by \$3,359.77.

Finally, auditors noted that tickets 10/ sold by Locals #1101 and #2336 to fundraising picnics and raffles did not provide the notice required by former 2 U.S.C. § 435(b).

Former 2 U.S.C. § 434(b)(6) requires political committees and candidates to disclose the total amount of proceeds from (a) the sale of tickets to each rally and other fundraising event; and (b) mass collections made at such events. In that CWA-COPE-PCC failed to disclose the total amount of proceeds from local fundraising events and raffles, it appears that CWA-COPE-PCC violated former 2 U.S.C. § 434(b)(6).

Further, former 2 U.S.C. § 435(b) requires each political committee to include on the face or front page of all literature and advertisements soliciting contributions the following notice:

"A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C."

In that tickets sold by agents of CWA-COPE-PCC to fundraising events and raffles failed to include the above notice, it appears that CWA-COPE-PCC violated 2 U.S.C. § 435(b). However, the Office of General Counsel recommends that the Commission find reason to believe and take no further action against CWA-COPE-PCC with regard to this matter, since the FECA, as amended in 1979, no longer requires committees to include this notice.

F. Itemization of Contributions in Excess of \$100  
(Former 2 U.S.C. § 434(b)(2))

The auditors' review of Headquarters' payroll deduction records revealed the receipt of \$14,043.78 from 120 individuals whose contributions for calendar year 1977 exceeded an aggregate of \$100. Contributions totalling \$14,841.24 from 118 individuals exceeded \$100 in the aggregate for calendar year 1978. CWA-COPE-PCC did not itemize any contributions in 1977 and 1978.

In addition, auditors noted during the review of Local #12222's contributor records that contributions totalling \$992.50 from 7 individuals in 1977 and contributions totalling \$620 from 5 individuals in 1978 were not itemized in reports filed by CWA-COPE-PCC as required.

Former 2 U.S.C. § 434(b)(2) requires each political committee to disclose the full name and mailing address (occupation and

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10/ Tickets, in this instance, represent the only written instruments used to solicit contributions to CWA's political fund.

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principal place of business, if any) of any person who has made one or more contributions to or for such committee or candidate (including the purchase of tickets for events such as dinners, luncheons, rallies and similar fundraising events) within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Failure by CWA-COPE-PCC to itemize receipts from 127 individuals in 1977 and 123 individuals in 1978, when contributions from these individuals exceeded \$100 in the aggregate, appears to violate this section of the Act.

G. Presentation of Receipted Bills  
(Former 2 U.S.C. § 432(d))  
Disclosure of Total Expenditures  
(Former 2 U.S.C. § 434(b)(9) and (11))

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The audit staff's reconciliation of Local #1101's bank records to CWA-COPE-PCC's disclosure reports identified 90 expenditures totalling \$9,120.89 which were made from CWA #1101 Union Local's treasury account and reimbursed by the local's savings account (maintained for the deposit and transfer of contributions to Headquarters) during the audit period 1/1/77 through 1/31/79. 10/ Sixteen of the expenditures, totalling \$4,450.61, were each in excess of \$100 and were required to be itemized. None of these expenditures which included payments for printing, tankards, raffle prizes and a contribution to the Committee to Re-elect Governor Carey, were disclosed in reports filed by Headquarters.

Further, auditors noted during the review of Local #12215's bank statement for 1977, that a withdrawal of \$1,392.80 was made from the local's savings account with no explanation on record as the use of funds withdrawn. On August 7, 1979, the treasurer of Local #12215 telephoned the audit staff and informed them that the funds had been used to purchase T-shirts for sale during local functions. The expenditure was not disclosed in reports filed by CWA-COPE-PCC.

Former 2 U.S.C. § 434(b)(9) and (11) require the disclosure of all expenditures made by or on behalf of a political committee during the reporting period, and the identification of each person to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100 together with the amount, date, and purpose of each expenditure. CWA-COPE-PCC's failure to 1) itemize seventeen expenditures, each in excess of \$100 and 2) disclose seventy-four additional expenditures, totalling \$4,670.28, appears to violate these provisions of the Act.

Former 2 U.S.C. § 432(d) requires the treasurer of a political committee to obtain and keep a receipted bill, stating

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10/ See Finding I of this report for further analysis of this activity.

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the particulars, for every expenditure made by or on behalf of such committee in excess of \$100 in amount, and for any such expenditure to the same person during a calendar year exceeds \$100. CWA-COPE-PCC's failure to preserve a receipted bill for the purchase of T-shirts which cost a total of \$1,392.80 appears to violated 2 U.S.C. § 432(d).

H. Receipt of Corporate Contributions  
(2 U.S.C. § 441b(a))

During the audit of CWA-COPE-PCC locals, auditors noted the receipt of corporate contributions, totalling \$1,226.00, which were made available for use in connection with federal elections. The auditors' review of Local #2336's deposit tickets indicated a receipt of \$226.00 from the American Income Life Insurance Company.<sup>11/</sup> A memo from the local to its members indicated that the company promised to donate \$1.00 to CWA's political fund for every contact they received from a union member concerning life insurance. The funds were deposited into the local's savings account which was maintained for the deposit and transfer of contributions to Headquarters.

In addition, the auditors' analysis of Local #12222's contribution records revealed that in 1977 the local received two contributions totalling \$1000 from the American Income Life Insurance Company. These funds were deposited into the local's savings account maintained for contributions to CWA-COPE-PCC.

2 U.S.C. § 441b(a) prohibits a political committee from accepting corporate contributions. It appears that CWA-COPE-PCC violated this provision of the Act when it accepted \$1,226.00 from the American Income Life Insurance Company (an incorporated entity).

I. Receipt of Union Contributions  
(2 U.S.C. § 441b(a))

The audit of records maintained at Locals #1101, #12222, #12215, and #12143 revealed the receipt of union contributions totalling \$86,784.34 which were either transferred directly to

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<sup>11/</sup> The Indiana Secretary of State's Office has verified that the American Income Life Insurance Company was incorporated on July 16, 1954 and was licensed to operate in the state of Texas.

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Headquarters or deposited into accounts maintained for the transfer of voluntary funds to CWA-COPE-PCC. The evidence, as revealed during field examinations conducted at each local, is provided below:

Local #1101

A review of Local #1101's bank records revealed that on May 25, 1977, CWA Local Union #1101 transferred \$22,074.00 from its general treasury account (containing union dues and fees) to Headquarters when the balance in the local's savings account (maintained for voluntary contributions to Headquarters) was only \$6,953.65. In addition, 45 expenditures, totalling \$3,000 were made from the union treasury account and later reimbursed by the savings account. <sup>12/</sup> Reimbursement to the local's savings account occurred approximately 4 months after the transfer and expenditures had been made.

On May 9, 1978, CWA Local Union #1101 transferred \$25,000 from its general treasury account to Headquarters with a balance of only \$10,876.91 in the local's saving account. Again, 45 expenditures, this time totalling \$6,120.89, were made from the union treasury account. <sup>12/</sup> Full reimbursement to the local's savings account for the 1978 transfer and expenditures was not made until August 16, 1978.

The audit staff also noted that in 1977 CWA Local Union #1101 contributed \$3,304.75 from its treasury account to the local. These funds represented proceeds from the sale of jackets previously purchased by the union local.

Local #12222

In 1977 and 1978 CWA Local Union #12222 transferred a total of \$3,195.00 from its general treasury account (containing union dues and fees) to its checking account (maintained for voluntary contributions to CWA-COPE-PCC). According to a local official, these funds, representing receipts for advertisements in the union's June and December issues of their newsletter, were earmarked by their union for CWA-COPE-PCC's local field operations.

Also in 1977, a check for \$3,500 from the union treasury, noted on the deposit slip as a loan repayment, was deposited

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<sup>12/</sup> These expenditures included payments for printing, tankards, and raffle prizes.

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into the local's checking account (maintained for contributions to Headquarters). According to a local official, this check represented reimbursement for the jackets purchased by the local for the union. The local paid for the jackets due to a shortage of treasury funds.

Local #12215

The auditors' review of Local #12215's contribution records revealed the following receipts from CWA Union Local #12215:

- 1) Proceeds totalling \$3,542.90, from a snack bar operated by the union during union functions, were transferred from the union's snack bar account to the local's savings account (maintained for contributions to Headquarters). These funds were transferred to cover an overdraft and to meet Local #12215's quota. 13/
- 2) Approximately \$511.39, representing proceeds from a pool table purchased by the union and a percentage of collections from various vending machines, were donated by the union and deposited into the local's savings account (maintained for contributions to Headquarters).
- 3) Payments totalling \$875.00, received from the rental of a billboard owned by the local union were donated to the local in 1978.
- 4) Approximately \$2,615.00 was obtained by the union from the rental of a union hall to other area unions and businesses. Rental payments received by the union were then donated to Local #12215.
- 5) On July 22, 1977, \$645.33 was deposited into Local #12215's savings account (maintained for contributions to Headquarters). The deposit was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.
- 6) Also in 1977, the union donated \$3,500 to Local #12215. These funds were received as a result of the death of a union member who named the local union as the beneficiary on his life insurance policy.

Local #12143

During the audit of Local #12143, auditors determined that all contributions were initially deposited into CWA Union Local #12143's

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13/ See Finding D. for further discussion of the quota system.

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treasury account. Periodic transfers were made from the union treasury to the local's savings account (maintained for contributions to Headquarters).

On May 9, 1977, the union transferred \$6,468.00 directly by check from their union treasury account to Headquarters. On May 2, 1978, the union transferred \$6,881.25 from the union's education account (containing union dues and fees) to the local's savings account. An amount of \$6,650.00 was then transferred from the savings account to Headquarters to meet the local's quota. Auditors noted that prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

On June 9, 1979, Local #12143 wrote to Headquarters and informed them that in preparing for the audit of their records, they had discovered that in 1977 and 1978 a total of \$4,671.73 in treasury funds (union dues and fees) had been incorrectly forwarded and reported as individual contributions. 14/ This, according to local officials, had resulted from their misunderstanding of 11 C.F.R. § 114.5(b)(2). 15/ The local had interpreted this provision to mean that they could contribute twice the amount collected in contributions and forward the entire amount to Headquarters.

2 U.S.C. § 441b(a) prohibits a labor organization from making "a contribution or expenditure in connection with any" Federal election. However, labor organizations may absorb the costs of soliciting members for voluntary contributions for political purposes disclosed at the time of solicitation, and the costs attributed to establishing and administering a fund of those contributed monies. 2 U.S.C. § 441b(b)(2)(C).

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14/ The audit staff was unable to verify this amount due to the local's failure to maintain contribution records.

15/ This regulation states that a corporation, labor organization, membership organization, cooperative, or corporation without capitol stock may, subject to the provisions of § 3005 and chapter 61, Title 18, United States Code, utilize a raffle or other fundraising device which involves a prize, so long as State law permits and the prize is not disproportionately valuable. When using raffles or entertainment to raise funds, a reasonable practice to follow is for the separate segregated account to reimburse the corporation or labor organization for the costs which exceed one-third of the money contributed.

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Voluntary funds received are required to be kept separate and segregated from monies secured by dues, fees, or other monies secured as a condition of membership in a labor organization. 2 U.S.C. § 441b. Thus, it is impermissible to deposit or commingle any union treasury funds with monies held in these separate segregated accounts for once " 'voluntary' or 'involuntary' money is expended. . . . This involuntary portion may be presumed to be part of each expenditure from the commingled funds." United States v. Boyle, 157 U.S. App. D.C. 166. 482 F. 2d 755 (1973), cert. denied, 414 U.S. 1076 (1973). In light of evidence indicating that CWA-COPE-PCC deposited non-federal funds totalling \$86,784.35 from union treasury, educational and snack bar accounts into its separate segregated account, it appears CWA-COPE-PCC violated 2 U.S.C. § 441b(a).

J. Commingling of Committee Funds  
(2 U.S.C. § 432(b)(3))

During the audit of records maintained at Local #12215, the auditors determined that contributions collected by union stewards were, in many cases, deposited into personal checking accounts prior to transferral to the local's savings account (maintained for contributions to Headquarters). Four checks totalling \$54.62 were from members who had sold merchandise and had written personal checks to the local. 16/

2 U.S.C. § 432(b)(3) states that funds for a political committee shall be segregated from and not commingled with the personal funds of any officers, members or associates of such committee. CWA-COPE-PCC's acceptance of commingled funds appears to violate this section of the Act.

Based on the foregoing analysis, the Federal Election Commission has found reason to believe that the Communication Workers of America-C.O.P.E.-Political Contributions Committee violated:

2 U.S.C. § 432(h)(1) by failing to maintain checking accounts into which the initial deposit of voluntary contributions shall be made; and

2 U.S.C. § 433(b)(6) by failing to include in its Statement of Organization a listing of all banks and other depositories used; and

Former 2 U.S.C. §§ 432(c)(1) and (2) by failing to keep a detailed and exact account of all contributions received; and

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16/ Due to the inadequacy of receipt records maintained, the audit staff was unable to determine the extent of the use of personal accounts for the collection of contribution to CWA-COPE-PCC.

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Former 2 U.S.C. § 432(d) by failing to keep a receipted bill or other contemporaneous memorandum stating the particulars for an expenditure made by the political committee in excess of \$100; and

2 U.S.C. § 441b(b)(4)(A)(ii) by soliciting contributions to its separate segregated account from persons other than its members and their families; and

2 U.S.C. § 434(b)(2) by failing to disclose the total sum of all receipts for its committee; and

11 C.F.R. § 103.3 by failing to deposit voluntary contributions into authorized accounts within ten days of receipt by union representatives; and

Former 2 U.S.C. § 434(b)(6) by failing to disclose fund-raising activities and the total amount of proceeds from such events; and

Former 2 U.S.C. § 434(b)(2) by failing to itemize contributions from individuals which, in the aggregate for the calendar year, exceed \$100; and

Former 2 U.S.C. § 434(b)(9) and (11) by failing to report total expenditures and itemize those aggregating in excess of \$100 per payee in a calendar year; and

2 U.S.C. § 441b(a) by accepting contributions from labor organizations for use in connection with Federal elections; and

2 U.S.C. § 441b(a) by accepting contributions from a corporation for use in connection with Federal elections; and

11 C.F.R. § 114.5(a) by failing to inform solicitees of the provisions therein.

In addition, the Commission has found reason to believe that CWA-COPE-PCC violated 2 U.S.C. § 432(b)(3) by commingling funds of a political committee with personal funds of committee members. However, in view of the limited extent to which this activity appears to have occurred, the Commission has determined to take no further action with regard to this violation.

Finally, the Commission has found reason to believe that CWA-COPE-PCC violated former 2 U.S.C. § 435(b) by failing to provide a notice on solicitations as required. However, since the Federal Election Campaign Act, as amended in 1979, no longer requires committees to include this notice, the Commission has determined to take no further action as to a violation of 2 U.S.C. § 435(b).

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Before the Federal Election Commission

In the Matter of

CWA-COPE-PCC

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MUR 1084

First Questions

TO: Louis B. Knecht, Treasurer  
CWA-COPE-PCC  
1925 K Street, N.W.  
Washington, D.C. 20006

The Federal Election Commission requests that you, as treasurer of CWA-COPE-PCC, or your authorized agent having knowledge of the information sought herein submit in writing, within (30) days, responses to the following questions:

During the audit of records maintained at CWA Locals #1101 and #2336, local officials revealed that tickets to raffles and other fundraising events were sold to friends and associates of union stewards. The proceeds were then deposited into accounts maintained for contributions to CWA-COPE-PCC.

Did the receipt of funds from friends and associates of union stewards result from a solicitation? If so, please provide a copy of the solicitation. If not, please explain the circumstances surrounding these transactions.

81040302011





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY *mc*

DATE: MARCH 11, 1980

SUBJECT: MUR 1084 - Interim Investigative Report #1  
dated 3-5-80; Signed 3-7-80; Received in  
OCS 3-10-80, 10:25

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 4:00, March 10, 1980.

There were no objections to the Interim Investigative Report at the time of the deadline.

81040302012

March 10, 1980

MEMORANDUM TO: Marjorie W. Emmons  
FROM: Elissa T. Garr  
SUBJECT: MUR 1084

Please have the attached Interim Invest Report on MUR 1084 distributed to the Commission on a 24 hour no-objection basis. Thank you.

81040302013

RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION  
March 5, 1980

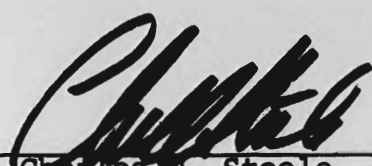
80 MAR 10 AIO: 25

In the Matter of )  
 )  
Communication Workers ) MUR 1084  
of America - C.O.P.E. )  
Political Contributions )  
Committee )

INTERIM INVESTIGATIVE REPORT #1

On December 5, 1979, the Commission approved  
recommendations to defer action on MUR 1084 until a  
revised audit report was available in this matter.  
The Office of General Counsel received the requested  
audit report on February 29, 1980. We anticipate that  
the General Counsel's Report will be circulated to the  
Commission in three weeks.

7 March 1980  
Date

  
\_\_\_\_\_  
Charles N. Steele  
General Counsel

81040302014



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 26, 1980

MEMORANDUM

TO: CHARLES STEELE  
GENERAL COUNSEL

THROUGH: ORLANDO B. POTTER *OBP*  
STAFF DIRECTOR

FROM: BOB COSTA *RC*

SUBJECT: INTERIM AUDIT REPORT ON COMMUNICATION  
WORKERS OF AMERICA - C.O.P.E. -  
POLITICAL CONTRIBUTIONS COMMITTEE

Attached please find the interim audit report on the Communication Workers of America - C.O.P.E. - Political Contributions Committee ("the Committee"). As a result of the referencing process, additional information has been added to the report. All additions to the report have been underlined, and the following deletions made:

- page 4 - 2 U.S.C. 434(b) (3) cite deleted
- page 9 - 11 CFR 102.8 cite deleted
- page 12 - 11 CFR 102.8 cite deleted
- page 17 - 11 CFR 102.8 cite deleted
- page 17 - Recommendations to refund \$4,671.73 deleted
- page 21 - 11 CFR 102.8 cite deleted
- page 24 - Recommendation to refund \$330.00 deleted; and,
- page 25 - 11 CFR 102.8 cite deleted.

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MEMORANDUM TO CHARLES STEELE  
Page 2

In addition, to further detail the flow of voluntary and prohibited contributions through the various accounts, additional wording changes (underlined) have been made to explicitly state which accounts have been referred to. Also, please note that staff recommendations do not reflect changes resulting from the passage of H.R. 5010, and will be revised upon adoption of Commission Regulations.

Attachment as stated

81040302016





## FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

### INTERIM REPORT OF THE AUDIT DIVISION ON THE COMMUNICATION WORKERS OF AMERICA - C.O.P.E. POLITICAL CONTRIBUTIONS COMMITTEE

#### I. Background

##### A. Overview

This interim report is based on an audit of the Communication Workers of America-C.O.P.E.-Political Contributions Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Office of the Clerk of the United States House of Representatives on April 17, 1972, and maintains its headquarters in Washington, D.C.

The audit covered the period from January 1, 1977 through January 31, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance on January 1, 1977 of \$117,096.22, total receipts for the period of \$569,578.95, total expenditures for the period of \$659,665.04 and a closing cash balance on January 31, 1979 of \$27,010.13.

The Union is composed of twelve District offices and 876 LOCAL Unions. Contributions are solicited by the Committee at the LOCAL level, forwarded to the appropriate District office and then transmitted to the Committee for distribution to selected candidates and committees.

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Due to the Committee's structure, all contributor records are maintained at the LOCAL level. Therefore, to test disclosure and compliance provisions relating to solicitation and recordkeeping for contributions, the Audit staff selected for audit, the records maintained by five (5) Union locals based on dollar value of contributions transferred during the period of the audit. The selected LOCALS transferred a total of \$120,697.18 thereby enabling the Audit staff to test 21% of the total contributions transferred to the Committee. The five (5) LOCALS audited were:

- (1) CWA LOCAL Union No. 1101  
New York, NY
- (2) CWA LOCAL Union No. 12143  
San Antonio, TX
- (3) CWA LOCAL Union No. 12222  
Houston, TX
- (4) CWA LOCAL Union No. 12215  
Dallas, TX
- (5) CWA LOCAL Union No. 2336  
Washington, D.C.

The findings obtained during the audit of the above LOCALS will be presented individually following the CWA-COPE-PCC (Headquarters) section of this interim report.

The audit 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 the report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period of the audit were Mr. Glenn E. Watts, Chairman and Mr. Louis B. Knecht, Treasurer.

C. Scope

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

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## II. Interim Findings and Recommendations

### A. Limitations on Solicitation

Section 441b(a)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a separate segregated fund established by a labor organization, to solicit contributions to such a fund from any person other than its members and their families.

During the Audit staff's analysis of the Committee's receipt records, it was determined that 23 non-union members contributed \$1,888 in 1977 and 20 non-union members contributed \$1,991 in 1978 through payroll deduction.

The solicitation of non-union members resulted from the establishment of a club system (COPE Quorum) designed to solicit contributions from union members and CWA staff. By letter, the Union invites members and staff to join the club, by contributing \$120 either in one lump sum contribution, or through payroll deduction. The Committee did not have records available indicating any contributions received other than through payroll deduction. A membership list is then prepared annually to give recognition to individuals contributing to the Committee.

When advised of the Audit finding, Committee representatives stated that they felt no actual solicitation had occurred, and that individuals contributing to the fund chose payroll deduction as an available method.

### Recommendation

The Audit staff recommends that all contributions received from non-union members be refunded, that the Committee discontinue the practice of sending solicitation letters to non-union members, and that the matter be referred to the Commission's Office of General Counsel.

### B. Use of Campaign Depositories

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that all contributions received by a committee be deposited into a checking account and that no expenditure may be made by a committee except by check drawn on such account.

In addition, Section 103.3(a) of Title 11 of the Code of Federal Regulations provides that funds may be transferred from the checking account for investment purposes, but also states those funds should be returned to the account before expenditures are made.

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The Audit staff's review of the Committee's bank records revealed that the Committee maintained a savings account into which all funds were deposited when received. When an expenditure was planned, the amount to be expended was transferred to the Committee checking account.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report that the Committee amend its procedures to initially deposit all receipts into a Committee checking account.

C. Disclosure of Individual Contributions

Section 434(b)(2) of Title 2 of the United States Code states, that each report under this section shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions.

Our review of the Committee's payroll deduction records disclosed contributions totaling \$14,043.78 from 120 individuals in 1977 and \$14,841.24 from 118 individuals in 1978 aggregating in excess of \$100. The Committee did not itemize any contributions for 1977 or 1978.

The Committee offered no explanation as to why these contributions were not itemized as required.

Recommendation

The Audit staff recommends that within 30 days of receipt of this report that CWA-COPE-PCC file comprehensive amendments for 1977 and 1978 itemizing the 238 contributions.

D. Disclosure of Total Receipts and Expenditures

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the total sum of all receipts by or for such committee during the reporting period.

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Section 434(b)(9) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the identification of each person to whom expenditures have been made by such committee or on behalf of such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure and the name and address of, and office sought by each candidate on whose behalf such expenditures were made.

During the Audit staff's reconciliation of the bank activity to the disclosure reports, the following disclosure errors were revealed:

	<u>1977</u>	<u>1978</u>	<u>1979</u>
(1) Unreported Interest			
(a) Certificates of Deposit	\$2,812.03	\$3,881.29	- 0 -
(b) Savings account	1,937.38	- 0 -	- 0 -
(2) Unreported Deposits	2,555.44	5,673.81	- 0 -
(3) Reported NSF Contributor Checks	(713.42)	(137.31)	(102.00)
(4) Committee addition errors	-0-	948.00	- 0 -
(5) Returned Committee Check	(1,500.00)	- 0 -	- 0 -
(6) Unreported Expenditures	6,082.07	- 0 -	- 0 -
(7) Reported Void Expenditures	(4,350.00)	(6,054.00)	- 0 -

In general, the above errors resulted from inadequate reporting and recordkeeping practices.

The Committee filed comprehensive amendments for 1977 and 1978 and an amended report for January, 1979 to correct the above items.

#### Recommendation

The Audit staff recommends no further action on this matter.

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Other Matter

Presented below is another matter noted during the audit for which the Audit staff feels no action is warranted. The Committee has been advised of the matter and informed of the related requirements of the Act.

(1) Solicitation material for membership to the COPE Quorum does not contain the statements required for written solicitations by 2 U.S.C. 435(b) and 11 C.F.R. 114.5(a)(5).

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### III. LOCAL Background 1/

#### A. Overview

Contributions are mainly solicited at the Union LOCAL level. To encourage LOCALS to actively solicit members for contributions to the Committee, a quota system was established whereby LOCALS are assigned a target amount, equivalent to \$2.00 per member, with a system of recognition for those LOCALS who meet their assigned quotas. Written procedures suggest that each LOCAL forward contributions collected on a weekly basis, maintain the necessary records, and emphasize the need to transmit contributions prior to the annual convention. Each May or June, during the annual convention, awards are given to those LOCALS who have successfully met their quota.

Guidelines prepared by the Committee concerning CWA-COPE-PCC operations do not inform LOCAL officials of the recordkeeping or disclosure requirements relating to Federal election activity. Therefore, due to the lack of records maintained at CWA-COPE-PCC ("the Committee"), and the indication of possible commingling of Treasury funds with political contributions, 2/ the decision was made to expand audit fieldwork to include five (5) LOCALS.

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1/ Unless specified otherwise, the use of LOCAL refers to CWA-COPE PCC ("the Committee") field operations, and does not refer to the Union organization or its operations.

2/ Review of vouchers prepared upon receipt of checks from a Union LOCAL, both Treasury funds and contributions for CWA-COPE-PCC, identified 57 cases where checks containing Treasury money and checks containing political contributions were apparently sequentially numbered. The test performed was limited in nature, but indicated a possible commingling problem.

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IV. Interim Findings and Recommendations  
Concerning Audited Union LOCALS

A. CWA-COPE-PCC  
LOCAL #1101

1. Prohibited Contributions

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

LOCAL #1101 made expenditures for and transfers to the Committee by issuing a check from the Union treasury account, and then reimbursing the treasury by money order from a savings account maintained at the LOCAL for contributions for the Committee. A review of bank records revealed that on May 25, 1977, the Union treasury transferred \$22,074.00 from its account to the Committee Headquarters when the balance in the savings account was only \$6,953.65. In addition, 45 expenditures totaling \$3,000 were also made from the Union treasury account and later reimbursed from the savings account. Reimbursement of the Union treasury account occurred approximately four (4) months after the transfer and expenditures had been made.

On May 9, 1978, the Union treasury transferred \$25,000 from its account to the Committee with a balance of only \$10,876.91 in the LOCAL savings account. As in 1977, an additional 45 expenditures totaling \$6,120.89 were first made from the Union treasury account and then later reimbursed. Full reimbursement for the transfer and expenditures in 1978, was not made until August 16, 1978. This in effect, results in a loan from the Union treasury, until the date of reimbursement.

The Audit staff also noted that in 1977, the Union treasury donated \$3,304.75 to the LOCAL, which represented the proceeds from the sale of jackets previously purchased by the Union.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee refund \$3,304.75 to the Union treasury, and submit copies of both sides of the cancelled refund check to the Audit staff for review. In addition, the staff recommends that both matters be referred to the Commission's Office of General Counsel for their consideration.

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## 2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the Committee.

In addition, Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code provides that it is unlawful for a separate segregated fund, established by a labor organization, to solicit contributions from persons other than its members and their families.

For the period of audit, LOCAL #1101 collected \$60,273.43 in contributions for the Committee. No records were maintained by the LOCAL concerning individual contributors.

Approximately 85% of LOCAL receipts were raised through the sale of \$2.00 COPE tickets (contribution booklets printed and distributed by CWA-COPE-PCC) and tickets to the LOCAL's annual picnic. Records maintained by the LOCAL consisted solely of the identification of Union stewards selling tickets, and totals of contributions collected per event. According to a LOCAL official, ticket stubs had been kept by the LOCAL, but these had recently been disposed of. Further, the official stated that stewards were allowed to solicit friends and associates in addition to Union members.

### Recommendation

The Audit staff recommends that the LOCAL'S failure to maintain adequate records, and possible solicitation of non-members be referred to the Commission's Office of General Counsel for their consideration.

## 3. Designation of Depositories and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code requires that a political committee designate a campaign depository, and maintain a checking account at such depository. All contributions received shall be deposited into such account, and no expenditures, except for petty cash expenditures, may be made except by check drawn on such account.

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Section 433(b)(9) of Title 2 of the United States Code requires the Committee to include on its statement of organization a listing of all banks and repositories used.

In addition, Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee or candidate during the reporting period.

Contributions received by LOCAL #1101 were deposited into a savings account maintained for contributions to the Committee. No separate checking account was maintained by the LOCAL for the contributions, and the repository was not disclosed on the Committee's statement of organization.

In addition, review of bank records indicated that funds were maintained in this account in excess of amounts transmitted to the Committee. During 1977, contributions totaling \$8,152.52 were received in excess of the established quota (\$22,074.00), and not transmitted to or contained in reports filed for the calendar year by the Committee. This amount was held in the savings account at the LOCAL, and applied to the quota amount established for 1978.

In 1978, contributions totaling \$5,672.04 were similarly held in the savings account by the LOCAL, and therefore not included as cash on hand or receipts received during calendar year 1978. This results in either an understatement or overstatement of contributions received during the calendar year, and a failure to disclose contributions on a timely basis.

Also, review of bank records indicated that expenditures had been made from the account (see Finding 4).

#### Recommendation

The Audit staff recommends that the Committee within 30 days of receipt of this interim report either:

A. establish a "transmittal" account (checking) to be used solely for the deposit and transmittal of contributions to the Committee. No disbursement may be made from the account except for the transmittal of contributions, and the "transmittal" account need not be disclosed on the Committee's statement of organization; or

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B. designate a campaign depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be reported on the report covering the period in which the transaction occurs.

In addition, the staff recommends that the Committee file an amended report disclosing funds currently on hand in the LOCAL savings account and not previously disclosed within 30 days of receipt of this report.

#### 4. Disclosure of Expenditures

Section 434(b)(9) and (10) of Title 2 of the United States Code requires the disclosure of all expenditures made by the committee during the reporting period, and the identification of each person to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100, the amount, date and purpose of each such expenditure.

Section 434(b)(11) of Title 2 of the United States Code requires the disclosure of the total sum of expenditures made by such committee during the calendar year.

Review of records at the LOCAL level identified 90 expenditures made from the treasury account totaling \$9,120.89 which were required to be reported on Committee reports. Sixteen (16) of these expenditures totaling \$4,450.61 aggregated in excess of \$100 and were required to be itemized. Expenditure purposes included payments for printing, tankards, raffle prizes, and a contribution to the Committee to Re-Elect Governor Carey. None of these expenditures were disclosed in Committee reports.

#### Recommendation

The Audit staff recommends that the Committee file a comprehensive amendment disclosing the 90 expenditures, within 30 days of receipt of this interim report.

#### 5. Other Matters

The following matter was noted during the audit of LOCAL #1101 of CWA-COPE-PCC for which the Audit staff recommends no further action.

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1) Tickets sold by LOCAL #1101 to fundraising picnics and raffles did not have the disclaimer as required by 2 U.S.C. 435(b), or the information required by 11 C.F.R. 114.5(a)(5).

B. CWA-COPE-PCC  
LOCAL #2336

1. Prohibited Contributions

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

A review of deposit tickets at the LOCAL level indicated the receipt of a \$226.00 contribution from the American Income Life Insurance Company. When questioned concerning the receipt of this contribution, the LOCAL official stated that a company representative had contacted the Union and promised to donate \$1 for every contact they received from a Union member concerning life insurance. The Union then sent a memo stating such to its members, and sometime later, a check for \$226.00 was received and deposited into a LOCAL savings account maintained for contributions to the Committee. A phone call to the Indiana Secretary of State's Office found that the insurance company was incorporated in Indiana on July 16, 1954.

Recommendation

The Audit staff recommends that the Committee refund the \$226.00 contribution, and submit copies of both sides of the cancelled refund check to the Audit staff for review within 30 days of receipt of this interim report. In addition, the staff recommends that the matter be referred to the Commission's Office of General Counsel for their consideration.

2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

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LOCAL #2336 collected contributions for the Committee totaling \$12,349.08, but failed to maintain records concerning the individual contributors. Records were maintained concerning dollars collected per event and collections per steward, but no record existed as to the actual contributor..

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

3. Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a labor organization, or a separate segregated fund established by a labor organization, to solicit contributions from any person other than its members and their families.

Discussion of solicitation practices with a LOCAL official revealed that ticket sales by union stewards were not restricted to union members and their families. Sale of tickets to raffles and other fundraising events were open, and included friends and neighbors of stewards selling tickets. In fact, according to the official, the last raffle held was won by a non-member.

When informed of the solicitation prohibition, the treasurer stated that he felt a conflict existed between Federal election law, and the National Labor Relations Act (NLRA). The official stated that he worked in an agency shop, which required all workers to pay dues to the Union, whether an actual member or not. As a result, the official felt that since prizes and other administrative costs were being paid by the Union, these non-members could not be eliminated from the fundraising raffles held. According to the official, dues equivalent members were to receive all benefits negotiated by the Union, and were by law, restricted only in their right to vote for Union officials; delegates, and in general strike votes.

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

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4. Designation of Campaign Depository and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code requires that a political committee designate a campaign depository, and maintain a checking account at such depository. All contributions received shall then be deposited into such account.

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee during the reporting period.

In addition, Section 433(b)(9) of Title 2 of the United States Code states that the committee's statement of organization shall include a listing of all banks and repositories used.

A review of bank records at the LOCAL level determined that all contributions to the Committee were deposited into a savings account maintained by the LOCAL. A separate checking account was not maintained for the contributions, and the Committee did not disclose the existence of this savings account on its statement of organization.

Though the account was used solely for the transmittal of funds, a substantial balance was maintained in the account and not disclosed during the calendar year of receipt. During 1977, the LOCAL received contributions totaling \$5,009.76, which were not transmitted to the Committee until May of 1978, and therefore not included in reports filed by the Committee for calendar year 1977. This resulted in an understatement of cash on hand and contributions received in calendar year 1977.

In 1978, the LOCAL received contributions totaling \$3,359.77, which were not transmitted, and therefore not disclosed on Committee reports filed for 1978.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee either:

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A. establish a "transmittal" account (checking) to be used solely for the deposit and transmittal of contributions to the Committee. No disbursements may be made from the account except for the transmittal of contributions and the "transmittal" account need not be disclosed on the Committee statement of organization; or

B. designate a campaign depository, and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the report filed for the period in which the transaction occurs.

In addition, the staff recommends that the Committee file an amended report disclosing funds currently on hand in the LOCAL savings account and not previously disclosed, within 30 days of receipt of this interim report.

5. Disclosure of Fundraising Events

Section 434(b) (6) of Title 2 of the United States Code states, in part, that each report shall disclose the total proceeds from the sale of tickets to fundraising events, mass collections and sales of items.

Review of LOCAL fundraising records revealed four (4) raffles which accounted for 77% or \$9,834.05 of CWA-COPE-PCC contributions collected by LOCAL #2336. None of these events were disclosed on Schedule D's filed by the Committee.

The raffles and amounts collected, were as follows:

1)	Truckload of Cheer	5/5/77	\$2,655.05
2)	Side of Beef	11/15/77	\$2,041.00
3)	Fist Full of Dollars	2/21/78	\$2,151.00
4)	Bahama Raffle	1/12/79	\$2,987.00

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Recommendation

The Audit staff recommends that the Committee file Schedule D's for 1977 and 1978, and 1979 disclosing these events within 30 days of receipt of this interim report.

6. Other Matters

The following matter was noted during the audit of LOCAL #2336 for which the Audit staff recommends no further action.

1) Tickets sold for LOCAL raffles did not contain the disclaimer as required by 2 U.S.C. 435(b), or the 11 C.F.R. 114.5(a)(5) information required for written solicitations.

C. CWA-COPE-PCC  
LOCAL #12143

1. Prohibited Contributions

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any labor organization to make a contribution or expenditure in connection with any Federal election or to knowingly accept or receive any contribution prohibited by this Section.

In addition, Section 432(b) of Title 2 of the United States Code states, in part, that all funds of a political committee shall be segregated from, and may not be commingled with, any personal funds of officers, members or associates of such committee.

According to LOCAL officials, all contributions collected for the Committee were deposited into a savings account maintained at the LOCAL level for deposit and transmittal of funds to the Committee. Analysis of bank records maintained by the LOCAL determined the following:

a) Contributions to the Committee were initially deposited into the Union treasury account, and periodic transfers were then made from the treasury account to the Committee savings account mentioned above.

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b) On May 9, 1977, the LOCAL transferred \$6,468.00 directly by check from the Union treasury account to the Committee Headquarters; and

c) On May 2, 1978, the LOCAL transferred \$6,881.25 from the Union education account to the savings account, and then transferred \$6,560.00 from the savings account to the Committee. Prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

In addition, on June 7, 1979, the LOCAL wrote to the Committee informing them that in preparing for the audit, the LOCAL discovered that in 1977 and 1978 a total of \$4,671.73 in treasury money had been incorrectly forwarded as individual contributions. This, according to the LOCAL, had resulted from the LOCAL's misunderstanding of 11 CFR 114.5(b)(2).

The Audit staff was unable to verify this amount due to the LOCAL's failure to maintain contribution records (see Finding 2).

#### Recommendation

The Audit staff recommends that the initial deposit of contributions into a Union Treasury account and the transmittal of Union treasury funds to the Committee be referred to the Office of General Counsel for their consideration.

#### 2. Recordkeeping of Contributions

Section 432(c) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

During the Audit staff's review of receipt records maintained by LOCAL #12143, it was determined that no records were maintained identifying individual contributors. Receipt records maintained were those identifying the steward selling the COPE tickets, and the amount and net proceeds from fundraising events. Therefore, the Audit staff was unable to trace to its source, the \$6,468.00 transferred in 1977 and the \$6,560.00 transferred in 1978 by the LOCAL to the Committee.

#### Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel for their consideration.

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3. Designation of Depositories and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that the treasurer of each political committee shall designate one or more national or State banks as campaign depositories, and shall maintain a checking account for the committee at each such depository. All contributions received shall be deposited in such accounts.

Section 433(b)(9) of Title 2 of the United States Code states, in part, that the committee's statement of organization shall include a listing of all banks or other repositories used.

In addition, Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee during the reporting period.

During the Audit staff's review of LOCAL #12143's bank records, it was determined that contributions collected for the Committee were deposited into the Union treasury account, and then transferred to a savings account maintained for contributions to the Committee (see Finding 1). The savings account was not disclosed on the Committee's statement of organization.

In addition, review of LOCAL #12143's receipt records determined that the LOCAL did not transmit the total of receipts for the Committee deposited during each reporting period. Therefore, reports filed by the Committee failed to disclose the total of contributions raised, and the amount of cash on hand maintained at the LOCAL. In addition, due to the LOCAL's failure to maintain separate accounts, and maintain contributor records for those contributions received, the Audit staff was unable to determine the total amount of contributions actually collected by the LOCAL and required to be disclosed.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report that the Committee either:

A. establish a "transmittal" (checking) account to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursement may be made from the account except for the transmittal of contributions and the "transmittal" account need not be disclosed on the Committee's statement of organization; or

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B. designate a campaign depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee report filed for the period in which the transaction occurs, and may not be first deposited into the Union Treasury Account.

In addition, the staff recommends that the Committee file an amended report disclosing all funds currently on hand in the LOCAL savings account which have not been previously disclosed, within 30 days of receipt of this interim report.

4. Disclosure of Fundraising Events

Section 434(b)(6) of Title 2 of the United States Code states, in part, that each report under this Section shall disclose the total amount of proceeds from (a) the sale of tickets to each rally and other fundraising event; and (b) mass collections made at such events.

During the Audit staff's review of LOCAL #12143's receipt records, it was revealed that fundraising events such as Las Vegas nights employing auctions, gift tables, cash bars and other casino-type activities were held annually to obtain contributions for the Committee. These events were not disclosed on Schedule D's. Las Vegas nights for 1977 and 1978 raised contributions for the Committee totaling \$1,416.00 and \$980.00 respectively.

Recommendation

The Audit staff recommends that the Committee file Schedule D's for 1977 and 1978 disclosing the noted events along with the total of proceeds collected, within 30 days of receipt of this interim report.

D. CWA-COPE-PCC  
LOCAL #12215

1. Prohibited Contributions

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

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A review of the LOCAL's contribution records indicated the following questionable sources of contributions to the Committee.

Hall Rental - Approximately \$2,615.00 was obtained by the LOCAL from rental of a Union hall to other area unions and businesses. Rent payments received were then donated by the Union to the LOCAL.

Snack Bar - During Union functions, the Union operated a snack bar, the proceeds from which were deposited into a Union account. Records indicated that \$3,542.90 was transferred from the Union snack bar account to the LOCAL account to cover an overdraft, and to meet the LOCAL's quota.

Pool Table, Juke Box, Vending Machines - The Union purchased a pool table, and the proceeds from the table, and a percentage of collections from various vending machines was donated by the Union (approximately \$511.39) and deposited into the LOCAL account.

Sign Rental - In 1978, the Union donated to the LOCAL rental payments totaling \$875.00 received from the rental of a bill board owned by the Union.

Advertising - A deposit of \$645.33 was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.

Life Insurance - In 1977, the Union donated to the LOCAL, \$3,500.00 received as a result of the death of a Union member who had named the Union as the beneficiary on his life insurance policy.

#### Recommendation

The Audit staff recommends that the Committee refund \$11,689.62 to the Union treasury, and submit copies of both sides of the cancelled refund check for our review within 30 days of receipt of this interim report.

In addition, the Audit staff recommends that the LOCAL's acceptance of Union contributions be referred to the Office of General Counsel for their consideration.

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2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer of a political committee to keep a detailed and exact account of all contributions received by the Committee.

During the period of audit, LOCAL #12215 collected contributions for the Committee totaling \$15,167.95. No records were maintained concerning individual contributors. Available contribution records consisted of the dollar value of contributions collected by stewards, and totals collected per fundraising event. Therefore, the Audit staff was unable to verify the source of funds transferred to the Committee.

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel.

3. Designation of Depositories

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that each political committee shall designate a campaign depository, maintain a checking account at such depository, and that all contributions received shall be deposited into such account. No expenditure may be made by such committee except by check drawn on such account.

Section 433(b)(9) of Title 2 of the United States Code states, in part, that the committee statement of organization shall include a listing of all banks, and other repositories used by the committee.

LOCAL #12215 raised contributions for the Committee totaling \$15,167.95, and deposited them into a savings account maintained for the Committee. A checking account was not maintained for the deposit of contributions, and the Committee failed to disclose the savings account on its statement of organization. Further, expenditures were made from the account other than for the transmittal of funds to the Committee (see Finding 5).

Recommendation

The Audit staff recommends that the Committee within 30 days of receipt of this interim report, either:

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A. establish a "transmittal" account (checking) to be used solely for the deposit and transmittal of contributions to the Committee. No disbursement may be made from the account except for the transmittal of contributions and the "transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee report filed for the period in which the transaction occurs.

#### 4. Commingling of Committee Funds

Section 432(b) of Title 2 of the United States Code states, in part, that funds for a political committee shall be segregated from and may not be commingled with the personal funds of any officers, members or associates of such committee.

Records maintained at the LOCAL indicated that contributions are collected by union stewards, and in many cases, deposited in personal checking accounts prior to transferral to the LOCAL. The Audit staff noted four (4) checks totaling \$54.62 listed on LOCAL deposit slips as from area banks. When questioned, a LOCAL official stated that the checks were from members who had sold merchandise and written personal checks to the Committee.

Due to the inadequacy of receipt records maintained, the Audit staff was unable to determine the extent of the use of personal accounts for the collection of contributions to the Committee.

#### Recommendation

The Audit staff recommends that this matter be referred to the Commission's Office of General Counsel.

#### 5. Recordkeeping and Disclosure of Expenditures

Section 432(d) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political

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committee in excess of \$100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

In addition, Section 102.9(c)(4) of the Code of Federal Regulations states, in part, that when a receipted bill is not available the treasurer may keep the cancelled check showing payment of the bill; and the bill, invoice, or other contemporaneous memorandum.

Section 434(b)(9) and (11) of Title 2 of the United States Code states, in part, that each report shall include the identification of each person to whom expenditures have been made by such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure, and the total sum of expenditures made by such committee during the calendar year.

Review of bank statements at the LOCAL level determined that in 1977, a \$1,392.80 withdrawal was made from the saving account with no explanation in LOCAL records as to the use of funds withdrawn.

In addition, no expenditures were disclosed on reports filed by the Committee relating to this withdrawal.

On August 7, 1979, a LOCAL official informed the Audit staff, by telephone, that the funds had been used to purchase T-shirts for sale during LOCAL functions.

#### Recommendation

The Audit staff recommends that the Committee obtain the supporting documentation and submit it to the Audit staff for review, or present evidence of their efforts to do so, and file an amendment disclosing the expenditure within 30 days of receipt of this interim report.

#### E. CWA-COPE-PCC - LOCAL #12222

##### 1. Prohibited Contributions

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

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An analysis of contribution records maintained at the LOCAL identified the following questionable sources of contributions:

a) LOCAL #1222? received \$3,195.00 for advertisements in the Union newsletter, which was donated to the LOCAL by the Union. According to a LOCAL official, advertising receipts for the June and December issue of the newsletter are earmarked by the Union for the LOCAL.

b) In 1977, the LOCAL deposited into its checking account, a \$3,500 check from the Union treasury, noted on the deposit slip as a loan repayment. According to a LOCAL official, the LOCAL had purchased jackets for the Union, and the noted check was reimbursement for that expenditure. The LOCAL paid for the jackets due to a shortage of treasury funds.

c) In 1977, the LOCAL received two (2) contributions totaling \$1,000.00 from an insurance company found to be incorporated, and licensed to operate in the state of Texas. 3/ No additional information was available.

#### Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the contributions in (a) and (b) be refunded to the Union, and that the contributions in (c) be refunded to the noted corporation.

In addition, the staff recommends that each matter be referred to the Office of General Counsel for their consideration.

#### 2. Solicitation of Non-Members

Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a labor organization, or a separate segregated fund established by a labor organization, to solicit contributions from any person other than its members and their families.

Review of contribution records at the LOCAL level revealed the receipt of contributions totaling \$330.00 from individuals identified as "retired members." A LOCAL official stated that retired members do not pay Union dues, and generally raise funds for the LOCAL by holding sales, and other similar events. Due to the condition of the contribution records (see Finding 3), the Audit staff was unable to identify the actual contributors.

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3/ See Finding 1 LOCAL #2336 for additional contributions and information concerning this company.

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Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

3. Recordkeeping for Contributions

Section 432(c)(2) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

During the review of LOCAL contribution records; ticket stubs, deposit tickets, and contribution journals, the Audit staff determined that 26.2% or \$9,891.55 of the contributions collected for the Committee were not adequately accounted for in LOCAL records. Records were maintained as to total collections per event, but no information was available concerning individual contributors or contribution amounts. Review of event records determined that contributions were mainly collected through the sale of jackets and caps, mass collections, and the sale of \$2 raffle tickets.

Recommendation

The Audit staff recommends that due to the LOCAL's failure to maintain adequate contributor records, that the matter be referred to the Office of General Counsel.

4. Designation of Depositories and Disclosure of Receipts

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee during the reporting period.

Section 433(b)(9) of Title 2 of the United States Code requires the committee to disclose all repositories used on its statement of organization.

During the period of audit, LOCAL #12222 deposited \$37,766.55 into a checking account maintained for the Committee. Of the amount \$35,800.00 was subsequently transferred to the Committee. The account was used solely for transmitting funds to the Committee, but due to the practice of transferring contributions annually, a sizeable balance was maintained in the account at all times.

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In addition, due to the quota system established by the Committee, during 1977 the LOCAL received contributions totaling \$5,053.81 which were not disclosed on reports filed by the Committee during the calendar year received.

In 1978, due to the failure to disclose contributions from 1977, Committee reports disclosed contributions totaling \$3,216.26 in excess of contributions actually received in 1978.

#### Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee either:

A. establish a "transmittal" (checking) account to be used solely for the deposit and transmittal of contributions to the national headquarters. No disbursement may be made from the account except for the transmittal of contributions and the "transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee's report filed for the period in which the transaction occurs.

In addition, the Audit staff recommends that the Committee file an amended report disclosing funds currently on hand at the LOCAL and not previously disclosed, within 30 days of receipt of this interim report.

#### 5. Itemization of Contributors

Section 434(b)(2) of Title 2 of the United States Code requires a committee to disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made contributions within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and dates of such contributions.

During the review of LOCAL contributor records, the Audit staff determined that in 1977 and 1978, the LOCAL received contributions from 12 individuals totaling \$1,612.50 which were not itemized as required.

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### Recommendation

The Audit staff recommends that the Committee file amended reports itemizing the noted contributors within 30 days of receipt of this interim report.

### Procedural Recommendations

Analysis of the audit findings contained in this report indicate consistent violations of specific provisions of the Federal Election Campaign Act of 1971, as amended. In general, it is the opinion of the Audit staff that many of these problems can be corrected through development of specific guidelines to be given to LOCAL treasurers responsible for CWA-COPE-PCC activity.

Guidelines prepared should include the following:

- 8 1 0 4 0 5 0 2 0 4 3
- a) Deposit of Contributions - All contributions shall be deposited into a committee checking account, either designated depository or transmittal account, within 10 days of receipt by the designated treasurer at the LOCAL. No disbursements may be made, prior to deposit into the Committee account.
  - b) Recordkeeping for Contributions - The Committee is required to maintain a detailed and exact account of all contributions made to the Committee. Stewards collecting contributions, must provide the treasurer with an accounting of those contributions collected.
  - c) Current Reporting - All contributions received, and expenditures made at the LOCAL level, must be disclosed on reports filed by the Committee covering that period. Specific information; such as the name, date, and amount of the contribution; or payee, date, and purpose of expenditures; shall also be disclosed if the contribution or expenditure is in excess of, or aggregates in excess of \$100 during the reporting period.
  - d) Solicitation - Union political action committees may not solicit contributions from individuals other than members and their families.
  - e) Separation of Funds - Contributions to the Committee may not be commingled with personal funds of officers or associates of the Committee.
  - f) Union Funds - Union treasury funds may be used solely for the establishment, administration, and solicitation of contributions to the separate segregated fund. Contributions from the Union are prohibited.

In addition, the Audit staff recommends that the Committee file an amended report to disclose all Committee funds currently on hand at the 876 participating LOCALS, identifying the LOCAL and the amount, within 30 days of receipt of this interim report.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Communications Workers of America )  
Committee on Political Education )  
Political Contributions Committee)  
(CWA-COPE-POC), et al. )

MUR 1084

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on December 5, 1979, do hereby certify that the Commission determined by a vote of 6-0 to defer action on MUR 1084 until the revised audit report is available in this matter.

Attest:

12/7/79

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary to the Commission

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *mwe*  
FROM: MARJORIE W. EMMONS/MARGARET CHANEY *mc*  
DATE: DECEMBER 4, 1979  
SUBJECT: OBJECTION AND COMMENTS REGARDING MUR 1084

Attached is a copy of Commissioner Reiche's  
vote sheet with comments regarding his objection to MUR  
1084.

Your office was notified earlier of an objection  
by Commissioner Aikens to MUR 1084 and the matter already  
appears on the Executive Session Agenda for December 5,  
1979.

ATTACHMENT:  
Copy of Vote Sheet

31040302046





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *mwe*  
FROM: MARJORIE W. EMMONS/MARGARET CHANEY  
DATE: DECEMBER 3, 1979  
SUBJECT: MUR 1084 - First General Counsel's Report  
dated 11-29-79; Received in OCS 11-29-79,  
2:50

The above-named document was circulated on a 48  
hour vote basis at 2:00, November 20, 1979.

Commissioner Aikens submitted an objection at 5:19,  
November 30, 1979, thereby placing MUR 1084 on the  
Executive Session Agenda for December 5, 1979.

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November 29, 1979

MEMORANDUM TO: Marjorie W. Emmons  
FROM: Jane Colgrove  
SUBJECT: MUR 1084

Please have the attached First General Counsel's  
Report on MUR 1084 distributed to the Commission on a  
48 hour tally basis.

Thank you.

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RECEIVED  
OFFICE OF THE  
COMMISSION SECRETARY  
FEDERAL ELECTION COMMISSION

FIRST GENERAL COUNSEL'S REPORT

2:50

DATE AND TIME OF TRANSMITTAL

BY OGC TO COMMISSION NOV 29 1979

MUR NO. 1084

STAFF MEMBER(S) Beverly Brown

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

RESPONDENT'S NAME: Communications Workers of America  
Committee on Political Education  
Political Contributions Committee  
(CWA-COPE-PCC)  
CWA Local #2336  
CWA Local #1101  
CWA Local #12143  
CWA Local #12215  
CWA Local #12222  
American Life Insurance Company

INTERNAL REPORTS CHECKS: Audit findings

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

This matter was referred to the Office of General Counsel as a result of the Audit Division's Findings during the audit of the Communication Workers of America Committee on Political Education Political Contributions Committee and, the subsequent audits of CWA COPE PCC Locals #1101, #2336, #12143, #12215 and #12222.

SUMMARY OF STATUS

In review for compliance purposes in preparing the First General Counsel's Report of this matter, it became necessary to have an explicit designation of the various entities within the union structure. Inasmuch as the auditors referred to the various entities in a general designation of "the Committee", we have asked the auditors to revise their referral to explicitly state which committees are being referred to, i.e. national or local. We feel it is necessary to defer a recommendation until this additional information is supplied.

RECOMMENDATION

Defer action until we receive the revised audit referral which we anticipate will be supplied within 30 days.

Attachment: Audit Report

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FEDERAL ELECTION COMMISSION

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

MUR 1084

September 25, 1979

MEMORANDUM

TO: BILL OLDAKER

THROUGH: ORLANDO B. POTTER *ABP.*  
STAFF DIRECTOR *RC*

FROM: BOB COSTA

SUBJECT: INTERIM AUDIT REPORT - THE COMMUNICATION  
WORKERS OF AMERICA - COMMITTEE ON POLITICAL  
EDUCATION - POLITICAL CONTRIBUTIONS COMMITTEE  
(CWA-COPE-PCC)

Attached please find the interim audit report on CWA-COPE PCC for your review and legal analysis. Please note that Section II - Interim Findings and Recommendations deals with findings obtained during the review of Committee headquarter's records and accounts, and Section IV - Interim Findings and Recommendations Concerning Audited Union Locals pertains to individual audits conducted at five (5) Locals with Committee activity.

The interim report has not been referenced, but is being submitted for your review in order to expedite the final report. Any adjustments resulting from the referencing process will be immediately forwarded to your office.

If you have any questions concerning the attached report, please contact Ray Lisi or Glen Buco at extension 3-4155.

Attachment as stated





## FEDERAL ELECTION COMMISSION

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

### INTERIM REPORT OF THE AUDIT DIVISION ON THE COMMUNICATION WORKERS OF AMERICA-COMMITTEE ON POLITICAL EDUCATION-POLITICAL CONTRIBUTIONS COMMITTEE

#### I. Background

##### A. Overview

This interim report is based on an audit of the Communication Workers of America-Committee On Political Education-Political Contributions Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Office of the Clerk of the United States House of Representatives on April 17, 1972, and maintains its headquarters in Washington, D.C.

The audit covered the period from January 1, 1977 through January 31, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance on January 1, 1977 of \$117,096.22, total receipts for the period of \$569,578.95, total expenditures for the period of \$660,612.24 and a closing cash balance on January 31, 1979 of \$26,062.93.

The Committee is composed of twelve District offices and 876 LOCAL Unions. Contributions are solicited at the LOCAL level, forwarded to the appropriate District office and then transmitted to the Committee for distribution to selected candidates and committees.





Due to the Committee's structure, all contributor records are maintained at the LOCAL level. Therefore, to test disclosure and compliance provisions relating to solicitation and recordkeeping for contributions, the Audit staff selected for audit, five (5) Union locals based on dollar value of contributions transferred during the period of the audit. The selected LOCALS transferred a total of \$120,697.18 thereby enabling the Audit staff to test 21% of the total contributions transferred to the Committee. The five (5) LOCALS audited were:

- (1) CWA LOCAL Union No. 1101  
New York, NY
- (2) CWA LOCAL Union No. 12143  
San Antonio, TX
- (3) CWA LOCAL Union No. 12222  
Houston, TX
- (4) CWA LOCAL Union No. 12215  
Dallas, TX
- (5) CWA LOCAL Union No. 2336  
Washington, D.C.

The findings obtained during the audit of the above LOCALS will be presented individually following the CWA-COPE-PCC (Headquarters) section of this interim report.

The audit 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 the report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period of the audit were Mr. Glenn E. Watts, Chairman and Mr. Louis B. Knecht, Treasurer.

C. Scope

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

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## II. Interim Findings and Recommendations

### A. Limitations on Solicitation

Section 441b(a)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a separate segregated fund established by a labor organization, to solicit contributions to such a fund from any person other than its members and their families.

During the Audit staff's analysis of the Committee's payroll deduction records, it was determined that 23 non-union members contributed \$1,888 in 1977 and 20 non-union members contributed \$1,991 in 1978 through payroll deduction.

The solicitation of non-union members resulted from the establishment of a club system (COPE Quorum) designed to solicit contributions from union members and CWA staff. The system invites each member to contribute a minimum contribution of \$120 either in one lump sum contribution, or through payroll deduction. A membership list is then prepared annually to give recognition to individuals contributing to the Committee.

When advised of the Audit finding, Committee representatives stated that they felt no actual solicitation had occurred, but that individuals chose payroll deduction as a method of contributing to the fund.

### Recommendation

The Audit staff recommends that all contributions received through payroll deduction from non-union members be refunded, and that the matter be referred to the Commission's Office of General Counsel.

### B. Use of Campaign Depositories

Section 437b(2) of Title 2 of the United States Code states, in part, that all contributions received by a committee be deposited into a checking account and that no expenditure may be made by a committee except by check drawn on such account.

In addition, Section 103.3(a) of Title 11 of the Code of Federal Regulations provides that funds may be transferred from the checking account for investment purposes, but also states those funds should be returned to the account before expenditures are made.

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The Audit staff's review of the Committee's bank records revealed that the Committee maintained a savings account into which all funds were deposited when received. When an expenditure was planned, the amount to be expended was transferred to the Committee checking account.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report that the Committee amend its procedures to initially deposit all receipts into a Committee checking account.

C. Disclosure of Individual Contributions

Section 434(b)(2) and (3) of Title 2 of the United States Code states, that each report under this section shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. In addition, each report under this section shall also disclose the total sum of individual contributions made to or for such committee during the reporting period and not reported under paragraph (2).

Our review of the Committee's payroll deduction records disclosed \$14,043.78 from 120 individuals in 1977 and \$14,841.24 from 118 individuals in 1978 aggregating in excess of \$100. The Committee did not itemize any contributions for 1977 or 1978.

The Committee offered no explanation as to why these contributions were not itemized as required.

Recommendation

The Audit staff recommends that within 30 days of receipt of this report that CWA-COPE-PCC file comprehensive amendments for 1977 and 1978 itemizing the 238 contributions.

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D. Disclosure of Total Receipts and Expenditures

Section 434(b) (3) and (8) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the total sum of individual contributions made to or for such committee during the reporting period and the total sum of all receipts by or for such committee during the reporting period.

Section 434(b) (9) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the identification of each person to whom expenditures have been made by such committee or on behalf of such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure and the name and address of, and office sought by each candidate on whose behalf such expenditures were made.

During the Audit staff's reconciliation of the bank activity to the disclosure reports, the following disclosure errors were revealed:

	<u>1977</u>	<u>1978</u>	<u>1979</u>
(1) Unreported Interest			
(a) Certificates of Deposit	\$2,812.03	\$3,881.29	- 0 -
(b) Savings account	1,937.38	- 0 -	- 0 -
(2) Unreported Deposits	2,555.44	5,673.81	- 0 -
(3) Reported NSF Contributor Checks	(713.42)	(137.31)	(102.00)
(4) Committee addition errors	-0-	948.00	- 0 -
(5) Returned Committee Check	(1,500.00)	- 0 -	- 0 -
(6) Unreported Expenditures	6,082.07	- 0 -	- 0 -
(7) Reported Void Expenditures	(4,350.00)	(6,054.00)	- 0 -

In general, the above errors resulted from inadequate reporting and recordkeeping practices.

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The Committee filed comprehensive amendments for 1977 and 1978 and an amended report for January, 1979 to correct the above items.

### Recommendation

The Audit staff recommends no further action on this matter.

### III. LOCAL Background

#### A. Overview

Contributions are mainly solicited at the Union LOCAL level. To encourage Locals to actively solicit members for contributions to the Committee, a quota system was established whereby LOCALS are assigned a target amount, equivalent to \$2.00 per member, with a system of recognition for those LOCALS who meet their assigned quotas. Written procedures suggest that each LOCAL forward contributions collected on a weekly basis, maintain the necessary records, and emphasize the need to transmit contributions prior to the annual convention. Each May or June, during the annual convention, awards are given to those Locals who have successfully met their quota.

Guidelines prepared by the Committee concerning CWA-COPE-PCC operations do not inform Local treasurers of the recordkeeping or disclosure requirements relating to Federal election activity. Therefore, due to the lack of records maintained at CWA-COPE-PCC (Headquarters), and the indication of possible commingling of Treasury funds with political contributions, 1/ the decision was made to expand audit fieldwork to include five (5) Locals.

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1/ Review of vouchers prepared upon receipt of checks from a Union LOCAL, both Treasury funds and contributions for CWA-COPE-PCC, identified 57 cases where checks containing Treasury money and checks containing political contributions were apparently sequentially numbered. The test performed was limited in nature, but indicated a possible commingling problem.

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IV. Interim Findings and Recommendations  
Concerning Audited Union LOCALS

A. CWA-COPE-PCC  
LOCAL #1101

1. Prohibited Contributions

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

LOCAL #1101 made expenditures for and transfers to the Committee by issuing a check from the Union treasury, and then reimbursing the treasury by money order from the savings account noted in Finding 3. Review of bank records revealed that on May 25, 1977, the Union treasury transferred \$22,074.00 to the Committee when the balance in the savings account was only \$6,953.65. Reimbursement of the Union treasury occurred approximately 4 months after the date of this transfer.

On May 9, 1978, the LOCAL Union treasury transferred \$25,000 to the Committee, with a balance of only \$10,876.91 in the savings account. Full reimbursement for this transfer was not made until August 16, 1978. This in effect, results in a loan from the Union treasury, until the date of reimbursement.

The Audit staff also noted that in 1977, the Union treasury donated \$3,304.75 to the Committee, which represented the proceeds from the sale of jackets previously purchased by the Union.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee refund \$3,304.75 to the LOCAL Union treasury, and submit copies of both sides of the cancelled refund check to the Audit staff for review. In addition, the staff recommends that both matters be referred to the Commission's Office of General Counsel for their consideration.

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2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the Committee.

Section 102.8 of Title 11 of the Code of Federal Regulations states, in part, that every person who is not an authorized agent of the treasurer, and who receives contributions aggregating in excess of \$50 on behalf of a political committee shall within 5 days after receipt, render to the treasurer an accounting thereof, which shall include the identification of the contributor, the amount of the contribution and date received.

In addition, Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code provides that it is unlawful for a separate segregated fund, established by a labor organization, to solicit contributions from persons other than its members and their families.

For the period of audit, LOCAL #1101 collected \$61,003.03 in contributions for the Committee. No records were maintained by the LOCAL concerning individual contributors.

Approximately 85% of Committee receipts were obtained through the sale of \$2.00 COPE tickets (contribution booklets printed and distributed by CWA-COPE-PCC) and tickets to the LOCAL's annual picnic. Records maintained by the LOCAL consisted solely of the identification of Union stewards selling tickets, and totals of contributions collected per event. According to the LOCAL Treasurer, ticket stubs had been kept by the LOCAL, but these had recently been disposed of. Further the Treasurer stated that stewards were allowed to solicit friends and associates in addition to Union members.

Recommendation

The Audit staff recommends that the Committee's failure to maintain adequate records, and possible solicitation of non-members be referred to the Commission's Office of General Counsel for their consideration.

3. Designation of Depositories and Disclosure of Receipts

Section 437b(2) of Title 2 of the United States Code requires that a political committee designate a campaign depository, and maintain a checking account at such depository. All contributions received shall be deposited into such account, and no expenditures, except for petty cash expenditures, may be made except by check drawn on such account.

Section 433(b)(9) of Title 2 of the United States Code requires the Committee to include on its statement of organization a listing of all banks and repositories used.

In addition, Section 434(b)(2) and (3) of Title 2 of the United States Code states, in part, that each report shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Each report shall also disclose the total sum of individual contributions made to the Committee and not included under paragraph (2).

Contributions received by LOCAL #1101 were deposited into a savings account maintained for contributions to the Committee. No checking account was maintained by the LOCAL, and the repository was not disclosed on the Committee's statement of organization.

In addition, review of bank records indicated that funds were maintained in this account in excess of amounts transmitted to the Committee. During the 1977 contributions totaling \$8,152.52 were received in excess of the established quota (\$22,074.00), and not transmitted to or contained in reports filed for the calendar year by the Committee. This amount was held at the LOCAL, and applied to the quota amount established for 1978.

In 1978, contributions totaling \$5,672.04 were similarly held by the LOCAL, and therefore not included as cash on hand or receipts received during calendar year 1978. This results in either an understatement or overstatement of contributions received during the calendar year, and a failure to disclose contributions on a timely basis.

Also, review of bank records indicated that expenditures had been made from the account. (See Finding 4)

Recommendation

The Audit staff recommends that the Committee within 30 days of receipt of this interim report either:

A. establish a "transmittal" account to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursement may be made from the account except for the transmittal of contributions, and the "transmittal" account need not be disclosed on the Committee's statement of organization; or

B. designate a campaign depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be reported on the report covering the period in which the transaction occurs.

In addition, the staff recommends that the Committee file an amended report disclosing the funds currently on hand at the LOCAL and not previously disclosed within 30 days of receipt of this report.

4. Disclosure of Expenditures

Section 434(b)(9) and (10) of Title 2 of the United States Code requires the disclosure of all expenditures made by the committee during the reporting period, and the identification of each person to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100, the amount, date and purpose of each such expenditure.

Section 434(b)(11) of Title 2 of the United States Code requires the disclosure of the total sum of expenditures made by such committee during the calendar year.

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Review of Committee records identified 90 expenditures made at the LOCAL level totaling \$9,120.89 during the audit period, which were required to be reported on Committee reports. Sixteen (16) of these expenditures totaling \$4,450.61 aggregated in excess of \$100 and were required to be itemized. Expenditure purposes included payments for printing, tankards, raffle prizes, and a contribution to the Committee to Re-Elect Governor Carey. None of these expenditures were disclosed in Committee reports.

Recommendation

The Audit staff recommends that the Committee file a comprehensive amendment disclosing the 90 expenditures, within 30 days of receipt of this interim report.

5. Other Matters

The following matter was noted during the audit of LOCAL #1101 of CWA-COPE-PCC for which the Audit staff recommends no further action.

1) Tickets sold by LOCAL #1101 to fundraising picnics and raffles did not have the disclaimer as required by 11 CFR 102.13.

B. CWA-COPE-PCC  
LOCAL #2336

1. Prohibited Contributions

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

A review of deposit tickets indicated the receipt of a \$226.00 contribution from an insurance company. When questioned concerning the receipt of this contribution, the LOCAL treasurer stated that a company representative had contacted the Union and promised to donate \$1 for every contact they received from a Union member concerning life insurance. The Union then

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sent a memo stating such to its members, and sometime later, a check for \$226.00 was received and deposited into the CWA-COPE-PCC account. A check with the Indiana Secretary of State's Office found that the company was incorporated in Indiana on July 16, 1954.

Recommendation

The Audit staff recommends that the Committee refund the \$226.00 contribution, and submit copies of both sides of the cancelled refund check to the Audit staff for review within 30 days of receipt of this interim report. In addition, the staff recommends that the matter be referred to the Commission's Office of General Counsel for their consideration.

2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

Section 102.8 of Title 11 of the Code of Federal Regulations states, in part, that every person who is not an authorized agent of the treasurer who receives contributions aggregating in excess of \$50 on behalf of a political committee shall within 5 days after receipt, render to the treasurer an accounting thereof, which shall include the identification of the contributor, the amount of the contribution and date received.

LOCAL #2336 collected contributions totaling \$12,671.67, but failed to maintain records concerning the individual contributors. Records were maintained concerning dollars collected per event and collections per steward, but no record existed as to the actual contributor.

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

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3. Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a labor organization, or a separate segregated fund established by a labor organization, to solicit contributions from any person other than its members and their families.

Discussion of solicitation practices with the LOCAL's treasurer revealed that ticket sales by union stewards were not restricted to union members and their families. Sale of tickets to raffles and other fundraising events were open, and included friends and neighbors of stewards selling tickets. In fact, according to the treasurer, "the last raffle held was won by a non-member".

When informed of the solicitation prohibition, the treasurer stated that he felt a conflict existed between Federal election law, and the National Labor Relations Act (NLRA). The treasurer stated that he worked in an agency shop, which required all workers to pay dues to the Union, whether an actual member or not. As a result, the treasurer felt that since prizes and other administrative costs were being paid by the Union, these non-members could not be eliminated from the fundraising raffles held. According to the treasurer, dues equivalent members were to receive all benefits negotiated by the Union, and were by law, restricted only in their right to vote for Union officials, delegates, and in general strike votes.

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

4. Designation of Campaign Depository and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code requires that a political committee designate a campaign depository, and maintain a checking account at such depository. All contributions received shall then be deposited into such account.

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Section 434(b)(2) and (3) of Title 2 of the United States Code states, in part, that each report shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Each report shall also disclose the total sum of individual contributions made to or for such committee during the reporting period and not reported under paragraph (2).

In addition, Section 433(b)(9) of Title 2 of the United States Code states that the committee's statement of organization shall include a listing of all banks and repositories used.

A review of bank records determined that all contributions to the Committee were deposited into a savings account maintained by the LOCAL. A checking account was not maintained, and the Committee did not disclose the existence of this savings account on its statement of organization.

Though the account was used solely for the transmittal of funds, due to the Committee's quota system, a substantial balance was maintained in the account and not disclosed during the calendar year of receipt. During 1977, the LOCAL collected contributions totaling \$5,009.76, which were not transmitted to the Committee until May of 1978, and therefore not included in reports filed by the Committee for calendar year 1977. This resulted in an understatement of cash on hand, and contributions received in calendar year 1977.

In 1978, the LOCAL received contributions totaling \$3,359.77, which were not transmitted, and therefore not disclosed on Committee reports filed for 1978.

#### Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee either:

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A. establish a "transmittal" account (checking) to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursements may be made from the account except for the transmittal of contributions. "Transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a campaign depository, and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the report filed for the period in which the transaction occurs.

In addition, the staff recommends that the Committee file an amended report disclosing funds currently on hand at the LOCAL not previously disclosed, within 30 days of receipt of this interim report.

5. Disclosure of Fundraising Events

Section 434(b)(6) of Title 2 of the United States Code states, in part, that each report shall disclose the total proceeds from the sale of tickets to fundraising events, mass collections and sales of items.

Review of LOCAL fundraising records revealed four (4) raffles which account for 77% or \$9,834.05 of CWA-COPE-PCC contributions collected by LOCAL #2336. None of these events were disclosed on Schedule D's filed by the Committee.

The raffles and amounts collected, were as follows:

1)	Truckload of Cheer	5/5/77	\$2,655.05
2)	Side of Beef	11/15/77	\$2,041.00
3)	Fist Full of Dollars	2/21/78	\$2,151.00
4)	Bahama Raffle	1/12/79	\$2,987.00

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Recommendation

The Audit staff recommends that the Committee file Schedule D's for 1977 and 1978, and 1979 disclosing these events within 30 days of receipt of this interim report.

6. Other Matters

The following matter was noted during the audit of LOCAL #2336 for which the Audit staff recommends no further action.

a) Tickets sold to Committee raffles did not contain the disclaimer as required by 11 CFR 110.11(c).

C. CWA-COPE-PCC  
LOCAL #12143

1. Prohibited Contributions

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any labor organization to make a contribution or expenditure in connection with any Federal election or to knowingly accept or receive any contribution prohibited by this Section.

In addition, Section 432(b) of Title 2 of the United States Code states, in part, that all funds of a political committee shall be segregated from, and may not be commingled with, any personal funds of officers, members or associates of such committee.

According to Committee officials, all contributions collected for the Committee were deposited into a savings account maintained for deposit and transmittal of funds to the Committee. Analysis of bank records maintained by the LOCAL determined the following:

a) All contributions to the Committee were initially deposited into the Union treasury account. Periodic transfers were then made from the treasury account to the Committee savings account as mentioned above.

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b) On May 9, 1977, the LOCAL transferred \$6,468.00 directly by check from the Union treasury account to the Committee.

c) On May 2, 1978, the LOCAL transferred \$6,881.25 from the Union education account to the savings account, maintained by the LOCAL for the deposit of contributions to the Committee and then transferred \$6,560.00 from the savings account to the Committee. Prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

In addition, on June 7, 1979, the LOCAL wrote to the Committee informing them that in preparing for the audit, the LOCAL discovered that in 1977 and 1978 a total of \$4,671.73 in treasury money had been incorrectly forwarded to the Committee. This, according to the LOCAL, had resulted from the LOCAL's misunderstanding of 11 CFR 114.5(b) (2).

The Audit staff was unable to verify this amount due to the LOCAL's failure to maintain contribution records. (See Finding 2.)

#### Recommendation

The Audit staff recommends that the Committee refund the \$4,671.73 to the LOCAL's treasury, and submit copies of both sides of the cancelled refund check to the Audit staff for review within 30 days of receipt of this interim report.

In addition, the staff recommends that the initial deposit of contributions into a Union Treasury account and the transmittal of fund from the treasury account to the Committee be referred to the Office of General Counsel for their consideration.

#### 2. Recordkeeping of Contributions

Section 432(c) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

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Section 102.8 of Title 11 of the Code of Federal Regulation states, in part, that every person who is not an authorized agent of the treasurer, and who receives contributions aggregating in excess of \$50 on behalf of a political committee, shall render to the committee an accounting thereof, which shall include the identification of the contributor, the amount of the contribution, and date received.

During the Audit staff's review of receipt records maintained by CWA LOCAL #12143, it was determined that no records were maintained identifying individual contributors. Receipt records maintained were those identifying the steward selling the COPE tickets, and the amount and net proceeds from fundraising events. Therefore, the Audit staff was unable to trace to its source, the \$6,468.00 transferred in 1977 and the \$6,560.00 transferred in 1978 to the Committee.

#### Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel for their consideration.

#### 3. Designation of Depositories and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that the treasurer of each political committee shall designate one or more national or State banks as campaign depositories, and shall maintain a checking account for the committee at each such depository. All contributions received shall be deposited in such accounts.

Section 433(b)(9) of Title 2 of the United States Code states, in part, that the committee's statement of organization shall include a listing of all banks or other repositories used.

In addition, Section 434(b)(2) and (3) of Title 2 of the United States Code states, in part, that each report shall disclose the full name and mailing address of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Each report shall also disclose the total sum of individual contributions made to or for such committee during the reporting period and not reported under paragraph (2).

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During the Audit staff's review of LOCAL #12143's bank records, it was determined that contributions collected for the Committee were deposited into the LOCAL's treasury account, and then transferred to a savings account maintained for such contributions. (See Finding 1.) The savings account was not disclosed on the Committee's statement of organization.

Review of LOCAL #12143's receipt records determined that the LOCAL did not transmit the total of contributions received each year; therefore, reports filed by the Committee failed to disclose the total of contributions raised, and the amount of cash on hand maintained at the LOCAL. In addition, due to the LOCAL's failure to maintain separate accounts, and maintain contributor records for those contributions received, the Audit staff was unable to determine the total amount of contributions actually collected by the LOCAL and required to be disclosed.

#### Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report that the Committee either:

A. establish a "transmittal" account to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursement may be made from the account except for the transmittal of contributions. "Transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a campaign depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee report filed for the period in which the transaction occurs, and may not first be deposited into the Union Treasury Account.

In addition, the staff recommends that the Committee file an amended report disclosing all funds currently on hand at the LOCAL which have not been previously disclosed within 30 days of receipt of this interim report.

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4. Disclosure of Fundraising Events

Section 434(b)(6) of Title 2 of the United States Code states, in part, that each report under this Section shall disclose the total amount of proceeds from (a) the sale of tickets to each rally and other fundraising event; and (b) mass collections made at such events.

During the Audit staff's review of LOCAL #12143's records it was revealed that fundraising events such as Las Vegas nights employing auctions, gift tables, cash bars and other casino-type activities were held annually to obtain contributions for the Committee. These events were not disclosed on Schedule D's. Las Vegas nights for 1977 and 1978 raised contributions totaling \$1,416.00 and \$980.00 respectively.

Recommendation

The Audit staff recommends that the Committee file Schedule D's for 1977 and 1978 disclosing the noted events along with the total of proceeds collected, within 30 days of receipt of this interim report.

D. CWA-COPE-PCC  
LOCAL #12215

1. Receipt of Union Contributions

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

A review of the Committee's contribution records indicated the following questionable sources of contributions to the Committee.

Hall Rental - Approximately \$2,615.00 was obtained by the LOCAL from rental of a Union hall to other area unions and businesses. Rent payments received were then donated by the LOCAL to the Committee.

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Snack Bar - During Union functions, the LOCAL operated a snack bar, the proceeds from which were deposited into a Union account. Records indicated that \$3,542.90 was transferred from the Union snack bar account to the Committee account to cover an overdraft, and to meet the Committee's quota.

Pool Table, Juke Box, Vending Machines - The LOCAL purchased a pool table, and the proceeds from the table, and a percentage of collections from various vending machines was donated by the LOCAL (approximately \$511.39) and deposited into the Committee account.

Sign Rental - In 1978, the LOCAL donated to the Committee rental payments totaling \$875.00 received from the rental of a bill board owned by the LOCAL.

Advertising - A deposit of \$645.33 was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.

Life Insurance - In 1977, the LOCAL donated to the Committee, \$3,500.00 received as a result of the death of a Union member who had named the LOCAL as the beneficiary on his life insurance policy.

#### Recommendation

The Audit staff recommends that the Committee refund \$11,689.62 to the LOCAL Union treasury, and submit copies of both sides of the cancelled refund check for our review within 30 days of receipt of this interim report.

In addition, the Audit staff recommends that the Committee's acceptance of Union contributions be referred to the Office of General Counsel for their consideration.

#### 2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer of a political committee to keep a detailed and exact account of all contributions.

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Section 102.8 of Title 11 of the Code of Federal Regulation states, in part, that every person who is not an authorized agent of the treasurer, and who receives contributions aggregating in excess of \$50 on behalf of a political committee shall within 5 days after receipt, render to the treasurer an accounting thereof, which shall include the identification of the contributor, the amount of the contribution, and date received.

During the period of audit, LOCAL #12215 collected contributions from the Committee totaling \$15,167.95. No records were maintained by the Committee concerning individual contributors. Available contribution records consisted of the dollar value of contributions collected by stewards, and totals collected per fundraising event. Therefore, the Audit staff was unable to verify the source of funds transferred to the Committee.

### Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel.

### 3. Campaign Depositories

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that each political committee shall designate a campaign depository, maintain a checking account at such depository, and that all contributions received shall be deposited into such account. No expenditure may be made by such committee except by check drawn on such account.

Section 433(b)(9) of Title 2 of the United States Code states, in part, that the committee statement of organization shall include a listing of all banks, and other repositories used by the committee.

LOCAL #12215 raised contributions totaling \$15,167.95, and deposited them into a savings account maintained for the Committee. The Committee did not maintain a checking account for the deposit of contributions, and failed to disclose the savings account on the Committee's statement of organization. Further, the Committee made expenditures from the account other than for the transmittal of funds to the Committee. (See Finding 6.)

Recommendation

The Audit staff recommends that the Committee within 30 days of receipt of this interim report, either:

A. establish a "transmittal" account to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursement may be made from the account except for the transmittal of contributions. "Transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee report filed for the period in which the transaction occurs.

4. Commingling of Committee Funds

Section 432(b) of Title 2 of the United States Code states, in part, that funds for a political committee shall be segregated from and may not be commingled with the personal funds of any officers, members or associates of such committee.

Committee records indicated that contributions are collected by union stewards, and in many cases, deposited in personal checking accounts prior to transferral to the Committee. The Audit staff noted four (4) checks totaling \$54.62 listed on Committee deposit slips as from area banks. When questioned, the Local's treasurer stated that the checks were from members who had sold merchandise and written personal checks to the Committee.

Due to the inadequacy of receipt records maintained, the Audit staff was unable to determine the extent of Committee use of personal accounts of Committee members.

Recommendation

The Audit staff recommends that the matter be referred to the Commission's Office of General Counsel.

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5. Recordkeeping and Disclosure of Expenditures

Section 432(d) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee in excess of \$100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

In addition, Section 102.9(c)(4) of the Code of Federal Regulations states, in part, that when a receipted bill is not available the treasurer may keep the cancelled check showing payment of the bill; and the bill, invoice, or other contemporaneous memorandum.

Section 434(b)(9) and (11) of Title 2 of the United States Code states, in part, that each report shall include the identification of each person to whom expenditures have been made by such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure, and the total sum of expenditures made by such committee during the calendar year.

Review of bank statements determined that in 1977, a \$1,392.80 withdrawal was made from the savings account with no explanation in Committee records as to the use of funds withdrawn.

In addition, no expenditures were disclosed on reports filed by CWA-COPE-PCC relating to this withdrawal.

On August 7, 1979, the LOCAL's treasurer by telephone informed the Audit staff, that the funds had been used to purchase T-shirts for sale during Committee functions.

Recommendation

The Audit staff recommends that the Committee obtain the supporting documentation and submit it to the Audit staff for review, or present evidence of their efforts to do so, and file an amendment disclosing the expenditure within 30 days of receipt of this interim report.

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F. CWA-COPE-PCC - LOCAL #12222

1. Receipt of Union Contributions

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

An analysis of Committee contribution records identified the following questionable sources of contributions:

a) LOCAL #12222 received \$3,195.00 for advertisements in the LOCAL's newsletter, which it donated to the Committee. According to the LOCAL's treasurer, advertising receipts for the June and December issue of the newsletter are earmarked by the LOCAL for the Committee.

b) In 1977, the Committee deposited a \$3,500 check from the Union treasury, noted on the deposit slip as a loan repayment. According to the LOCAL's treasurer, the Committee had purchased jackets for the Union, and the noted check was reimbursement for that expenditure. The Committee paid for the jackets due to a shortage of treasury funds.

c) In 1977, the Committee received two (2) contributions totaling \$1,000.00 from an insurance company found to be incorporated, and licensed to operate in the state of Texas. 1/ No additional information was available.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the contributions in (a) and (b) be refunded to LOCAL #12222, and that the contributions in (c) be refunded to the noted corporation.

In addition, the staff recommends that each matter be referred to the Office of General Counsel for their consideration.

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1/ See Finding 1 LOCAL #2336 for additional contributions and information concerning this company.

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2. Solicitation of Non-Members

Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a labor organization, or a separate segregated fund established by a labor organization, to solicit contributions from any person other than its members and their families.

Review of Committee contribution records revealed the receipt of contributions totaling \$330.00 from individuals identified by the Committee as "retired members." The LOCAL's treasurer stated that retired members do not pay Union dues, and generally raise funds for the Committee by holding sales, and other similar events. Due to the condition of Committee contribution records (See Finding 3) the Audit staff was unable to identify the actual contributors.

Recommendation

The Audit staff recommends that the Committee refund the \$330.00 to the contributors, and submit copies of both sides of the cancelled refund check for our review within 30 days of receipt of this interim report.

In addition, the Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

3. Recordkeeping of Contributions

Section 432(c)(2) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

Section 102.8 of Title 11 of the Code of Federal Regulations states, in part, that every person who is not an authorized agent of the treasurer, and who receives contributions aggregating in excess of \$50 on behalf of a political committee shall, within 5 days after receipt, render to the treasurer an accounting thereof, which shall include the identification of the contributor, the amount of the contribution and date received.

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During review of contribution records; ticket stubs, deposit tickets, and contribution journals, the Audit staff determined that 26.1% or \$9,891.55 of the contributions collected for the Committee were not adequately accounted for in Committee records. Records were maintained as to total collections per event, but no information was available concerning individual contributors or contribution amounts. Review of event records determined that contributions were mainly collected through the sale of jackets and caps, mass collections, and the sale of \$2 raffle tickets.

#### Recommendation

The Audit staff recommends that due to the Committee's failure to maintain adequate contributor records, that the matter be referred to the Office of General Counsel.

#### 4. Disclosure of Repositories and Contributions During the Reporting Period Received

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee during the reporting period.

Section 433(b)(9) of Title 2 of the United States Code requires the committee to disclose all repositories used on its statement of organization.

During the period of audit, LOCAL #12222 deposited \$37,766.55 into a checking account maintained for the Committee. Of the amount \$35,800.00 was subsequently transferred to the Committee. The account was used solely for transmitting funds to the Committee, but due to the practice of transferring contributions annually, a sizeable balance was maintained in the account at all times.

In addition, due to the quota system established by the Committee, during 1977 the LOCAL received contributions totaling \$5,053.81 which were not disclosed on reports filed by the Committee during the calendar year received.

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In 1978, due to the failure to disclose contributions from 1977, Committee reports disclosed contributions totaling \$3,216.26 in excess of contributions actually received in 1978.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee either:

A. establish a "transmittal" account to be used solely for the deposit and transmittal of contributions to the national headquarters. No disbursement may be made from the account except for the transmittal of contributions. "Transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee's report filed for the period in which the transaction occurs.

In addition, the Audit staff recommends that the Committee file an amended report disclosing funds currently on hand and not previously disclosed within 30 days of receipt of this interim report.

5. Itemization of Contributors

Section 434(b)(2) of Title 2 of the United States Code requires a committee to disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made contributions within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and dates of such contributions.

During the review of contributor records, the Audit staff determined that in 1977 and 1978, the Committee received contributions from 12 individuals totaling \$1,612.50 which were not itemized as required.

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Recommendation

The Audit staff recommends that the Committee file amended reports itemizing the noted contributors within 30 days of receipt of this interim report.

Procedural Recommendations

Analysis of the audit findings contained in this report indicates consistent violations of specific provisions of the Federal Election Campaign Act of 1971, as amended. In general, it is the opinion of the Audit staff that many of these problems can be corrected through development of specific guidelines to be given to LOCAL treasurers responsible for CWA-COPE-PCC activity.

Guidelines prepared should include the following:

a) Deposit of Contributions - All contributions shall be deposited into a committee checking account, either designated depository or transmittal account, within 10 days of receipt by the designated treasurer at the LOCAL. Contributions received by Union stewards must be forwarded to the treasurer within 5 days of receipt. No disbursements may be made, prior to deposit into the Committee account.

b) Recordkeeping for Contributions - The Committee is required to maintain a detailed and exact account of all contributions made to the Committee. Stewards collecting contributions, must provide the treasurer with an accounting which shall include the name, date, and amount of the contribution received, if the steward receives contributions aggregating in excess of \$50.00.

c) Current Reporting - All contributions received, and expenditures made at the LOCAL level, must be disclosed on reports filed by the Committee covering that period. Specific information; such as the name, date, and amount of the contribution; or payee, date, and purpose of expenditures; shall also be disclosed if the contribution or expenditure is in excess of, or aggregates in excess of \$100 during the reporting period.

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d) Solicitation - Union political action committees may not solicit contributions from individuals other than members and their families.

e) Separation of Funds - Contributions to the Committee may not be commingled with personal funds of offices or associates of the Committee.

f) Union Funds - Union treasury funds may be used solely for the establishment, administration, and solicitation of contributions to the separate segregated fund. Contributions from the Union are prohibited.

In addition, the Audit staff recommends that the Committee file an amended report to disclose all funds currently on hand at the 876 participating LOCALS, identifying the LOCAL and the amount, within 30 days of receipt of this interim report.

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FEDERAL ELECTION COMMISSION

MUR 1084

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

September 25, 1979

MEMORANDUM

TO: BILL OLDAKER

THROUGH: ORLANDO B. POTTER *OBP.*  
STAFF DIRECTOR

FROM: BOB COSTA *RC*

SUBJECT: INTERIM AUDIT REPORT - THE COMMUNICATION  
WORKERS OF AMERICA - COMMITTEE ON POLITICAL  
EDUCATION - POLITICAL CONTRIBUTIONS COMMITTEE  
(CWA-COPE-PCC)

Attached please find the interim audit report on CWA-COPE PCC for your review and legal analysis. Please note that Section II - Interim Findings and Recommendations deals with findings obtained during the review of Committee headquarter's records and accounts, and Section IV - Interim Findings and Recommendations Concerning Audited Union Locals pertains to individual audits conducted at five (5) Locals with Committee activity.

The interim report has not been referenced, but is being submitted for your review in order to expedite the final report. Any adjustments resulting from the referencing process will be immediately forwarded to your office.

If you have any questions concerning the attached report, please contact Ray Lisi or Glen Buco at extension 3-4155.

Attachment as stated







## FEDERAL ELECTION COMMISSION

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

### INTERIM REPORT OF THE AUDIT DIVISION ON THE COMMUNICATION WORKERS OF AMERICA-COMMITTEE ON POLITICAL EDUCATION-POLITICAL CONTRIBUTIONS COMMITTEE

#### I. Background

##### A. Overview

This interim report is based on an audit of the Communication Workers of America-Committee On Political Education-Political Contributions Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Office of the Clerk of the United States House of Representatives on April 17, 1972, and maintains its headquarters in Washington, D.C.

The audit covered the period from January 1, 1977 through January 31, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance on January 1, 1977 of \$117,096.22, total receipts for the period of \$569,578.95, total expenditures for the period of \$660,612.24 and a closing cash balance on January 31, 1979 of \$26,062.93.

The Committee is composed of twelve District offices and 876 LOCAL Unions. Contributions are solicited at the LOCAL level, forwarded to the appropriate District office and then transmitted to the Committee for distribution to selected candidates and committees.



Due to the Committee's structure, all contributor records are maintained at the LOCAL level. Therefore, to test disclosure and compliance provisions relating to solicitation and recordkeeping for contributions, the Audit staff selected for audit, five (5) Union locals based on dollar value of contributions transferred during the period of the audit. The selected LOCALS transferred a total of \$120,697.18 thereby enabling the Audit staff to test 21% of the total contributions transferred to the Committee. The five (5) LOCALS audited were:

- (1) CWA LOCAL Union No. 1101  
New York, NY
- (2) CWA LOCAL Union No. 12143  
San Antonio, TX
- (3) CWA LOCAL Union No. 12222  
Houston, TX
- (4) CWA LOCAL Union No. 12215  
Dallas, TX
- (5) CWA LOCAL Union No. 2336  
Washington, D.C.

The findings obtained during the audit of the above LOCALS will be presented individually following the CWA-COPE-PCC (Headquarters) section of this interim report.

The audit 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 the report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period of the audit were Mr. Glenn E. Watts, Chairman and Mr. Louis B. Knecht, Treasurer.

C. Scope

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

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## II. Interim Findings and Recommendations

### A. Limitations on Solicitation

Section 441b(a)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a separate segregated fund established by a labor organization, to solicit contributions to such a fund from any person other than its members and their families.

During the Audit staff's analysis of the Committee's payroll deduction records, it was determined that 23 non-union members contributed \$1,888 in 1977 and 20 non-union members contributed \$1,991 in 1978 through payroll deduction.

The solicitation of non-union members resulted from the establishment of a club system (COPE Quorum) designed to solicit contributions from union members and CWA staff. The system invites each member to contribute a minimum contribution of \$120 either in one lump sum contribution, or through payroll deduction. A membership list is then prepared annually to give recognition to individuals contributing to the Committee.

When advised of the Audit finding, Committee representatives stated that they felt no actual solicitation had occurred, but that individuals chose payroll deduction as a method of contributing to the fund.

### Recommendation

The Audit staff recommends that all contributions received through payroll deduction from non-union members be refunded, and that the matter be referred to the Commission's Office of General Counsel.

### B. Use of Campaign Depositories

Section 437b(2) of Title 2 of the United States Code states, in part, that all contributions received by a committee be deposited into a checking account and that no expenditure may be made by a committee except by check drawn on such account.

In addition, Section 103.3(a) of Title 11 of the Code of Federal Regulations provides that funds may be transferred from the checking account for investment purposes, but also states those funds should be returned to the account before expenditures are made.

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The Audit staff's review of the Committee's bank records revealed that the Committee maintained a savings account into which all funds were deposited when received. When an expenditure was planned, the amount to be expended was transferred to the Committee checking account.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report that the Committee amend its procedures to initially deposit all receipts into a Committee checking account.

C. Disclosure of Individual Contributions

Section 434(b)(2) and (3) of Title 2 of the United States Code states, that each report under this section shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. In addition, each report under this section shall also disclose the total sum of individual contributions made to or for such committee during the reporting period and not reported under paragraph (2).

Our review of the Committee's payroll deduction records disclosed \$14,043.78 from 120 individuals in 1977 and \$14,841.24 from 118 individuals in 1978 aggregating in excess of \$100. The Committee did not itemize any contributions for 1977 or 1978.

The Committee offered no explanation as to why these contributions were not itemized as required.

Recommendation

The Audit staff recommends that within 30 days of receipt of this report that CWA-COPE-PCC file comprehensive amendments for 1977 and 1978 itemizing the 238 contributions.

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D. Disclosure of Total Receipts and Expenditures

Section 434(b) (3) and (8) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the total sum of individual contributions made to or for such committee during the reporting period and the total sum of all receipts by or for such committee during the reporting period.

Section 434(b) (9) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the identification of each person to whom expenditures have been made by such committee or on behalf of such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure and the name and address of, and office sought by each candidate on whose behalf such expenditures were made.

During the Audit staff's reconciliation of the bank activity to the disclosure reports, the following disclosure errors were revealed:

	<u>1977</u>	<u>1978</u>	<u>1979</u>
(1) Unreported Interest			
(a) Certificates of Deposit	\$2,812.03	\$3,881.29	- 0 -
(b) Savings account	1,937.38	- 0 -	- 0 -
(2) Unreported Deposits	2,555.44	5,673.81	- 0 -
(3) Reported NSF Contributor Checks	(713.42)	(137.31)	(102.00)
(4) Committee addition errors	-0-	948.00	- 0 -
(5) Returned Committee Check	(1,500.00)	- 0 -	- 0 -
(6) Unreported Expenditures	6,082.07	- 0 -	- 0 -
(7) Reported Void Expenditures	(4,350.00)	(6,054.00)	- 0 -

In general, the above errors resulted from inadequate reporting and recordkeeping practices.

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The Committee filed comprehensive amendments for 1977 and 1978 and an amended report for January, 1979 to correct the above items.

### Recommendation

The Audit staff recommends no further action on this matter.

### III. LOCAL Background

#### A. Overview

Contributions are mainly solicited at the Union LOCAL level. To encourage Locals to actively solicit members for contributions to the Committee, a quota system was established whereby LOCALS are assigned a target amount, equivalent to \$2.00 per member, with a system of recognition for those LOCALS who meet their assigned quotas. Written procedures suggest that each LOCAL forward contributions collected on a weekly basis, maintain the necessary records, and emphasize the need to transmit contributions prior to the annual convention. Each May or June, during the annual convention, awards are given to those Locals who have successfully met their quota.

Guidelines prepared by the Committee concerning CWA-COPE-PCC operations do not inform Local treasurers of the recordkeeping or disclosure requirements relating to Federal election activity. Therefore, due to the lack of records maintained at CWA-COPE-PCC (Headquarters), and the indication of possible commingling of Treasury funds with political contributions, 1/ the decision was made to expand audit fieldwork to include five (5) Locals.

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1/ Review of vouchers prepared upon receipt of checks from a Union LOCAL, both Treasury funds and contributions for CWA-COPE-PCC, identified 57 cases where checks containing Treasury money and checks containing political contributions were apparently sequentially numbered. The test performed was limited in nature, but indicated a possible commingling problem.

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IV. Interim Findings and Recommendations  
Concerning Audited Union LOCALS

A. CWA-COPE-PCC  
LOCAL #1101

1. Prohibited Contributions

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

LOCAL #1101 made expenditures for and transfers to the Committee by issuing a check from the Union treasury, and then reimbursing the treasury by money order from the savings account noted in Finding 3. Review of bank records revealed that on May 25, 1977, the Union treasury transferred \$22,074.00 to the Committee when the balance in the savings account was only \$6,953.65. Reimbursement of the Union treasury occurred approximately 4 months after the date of this transfer.

On May 9, 1978, the LOCAL Union treasury transferred \$25,000 to the Committee, with a balance of only \$10,876.91 in the savings account. Full reimbursement for this transfer was not made until August 16, 1978. This in effect, results in a loan from the Union treasury, until the date of reimbursement.

The Audit staff also noted that in 1977, the Union treasury donated \$3,304.75 to the Committee, which represented the proceeds from the sale of jackets previously purchased by the Union.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee refund \$3,304.75 to the LOCAL Union treasury, and submit copies of both sides of the cancelled refund check to the Audit staff for review. In addition, the staff recommends that both matters be referred to the Commission's Office of General Counsel for their consideration.

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2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the Committee.

Section 102.8 of Title 11 of the Code of Federal Regulations states, in part, that every person who is not an authorized agent of the treasurer, and who receives contributions aggregating in excess of \$50 on behalf of a political committee shall within 5 days after receipt, render to the treasurer an accounting thereof, which shall include the identification of the contributor, the amount of the contribution and date received.

In addition, Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code provides that it is unlawful for a separate segregated fund, established by a labor organization, to solicit contributions from persons other than its members and their families.

For the period of audit, LOCAL #1101 collected \$61,003.03 in contributions for the Committee. No records were maintained by the LOCAL concerning individual contributors.

Approximately 85% of Committee receipts were obtained through the sale of \$2.00 COPE tickets (contribution booklets printed and distributed by CWA-COPE-PCC) and tickets to the LOCAL's annual picnic. Records maintained by the LOCAL consisted solely of the identification of Union stewards selling tickets, and totals of contributions collected per event. According to the LOCAL Treasurer, ticket stubs had been kept by the LOCAL, but these had recently been disposed of. Further the Treasurer stated that stewards were allowed to solicit friends and associates in addition to Union members.

Recommendation

The Audit staff recommends that the Committee's failure to maintain adequate records, and possible solicitation of non-members be referred to the Commission's Office of General Counsel for their consideration.

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3. Designation of Depositories and Disclosure of Receipts

Section 437b(2) of Title 2 of the United States Code requires that a political committee designate a campaign depository, and maintain a checking account at such depository. All contributions received shall be deposited into such account, and no expenditures, except for petty cash expenditures, may be made except by check drawn on such account.

Section 433(b)(9) of Title 2 of the United States Code requires the Committee to include on its statement of organization a listing of all banks and repositories used.

In addition, Section 434(b)(2) and (3) of Title 2 of the United States Code states, in part, that each report shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Each report shall also disclose the total sum of individual contributions made to the Committee and not included under paragraph (2).

Contributions received by LOCAL #1101 were deposited into a savings account maintained for contributions to the Committee. No checking account was maintained by the LOCAL, and the repository was not disclosed on the Committee's statement of organization.

In addition, review of bank records indicated that funds were maintained in this account in excess of amounts transmitted to the Committee. During the 1977 contributions totaling \$8,152.52 were received in excess of the established quota (\$22,074.00), and not transmitted to or contained in reports filed for the calendar year by the Committee. This amount was held at the LOCAL, and applied to the quota amount established for 1978.

In 1978, contributions totaling \$5,672.04 were similarly held by the LOCAL, and therefore not included as cash on hand or receipts received during calendar year 1978. This results in either an understatement or overstatement of contributions received during the calendar year, and a failure to disclose contributions on a timely basis.



Also, review of bank records indicated that expenditures had been made from the account. (See Finding 4)

Recommendation

The Audit staff recommends that the Committee within 30 days of receipt of this interim report either:

A. establish a "transmittal" account to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursement may be made from the account except for the transmittal of contributions, and the "transmittal" account need not be disclosed on the Committee's statement of organization; or

B. designate a campaign depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be reported on the report covering the period in which the transaction occurs.

In addition, the staff recommends that the Committee file an amended report disclosing the funds currently on hand at the LOCAL and not previously disclosed within 30 days of receipt of this report.

4. Disclosure of Expenditures

Section 434(b)(9) and (10) of Title 2 of the United States Code requires the disclosure of all expenditures made by the committee during the reporting period, and the identification of each person to whom expenditures have been made within the calendar year in an aggregate amount in excess of \$100, the amount, date and purpose of each such expenditure.

Section 434(b)(11) of Title 2 of the United States Code requires the disclosure of the total sum of expenditures made by such committee during the calendar year.

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Review of Committee records identified 90 expenditures made at the LOCAL level totaling \$9,120.89 during the audit period, which were required to be reported on Committee reports. Sixteen (16) of these expenditures totaling \$4,450.61 aggregated in excess of \$100 and were required to be itemized. Expenditure purposes included payments for printing, tankards, raffle prizes, and a contribution to the Committee to Re-Elect Governor Carey. None of these expenditures were disclosed in Committee reports.

Recommendation

The Audit staff recommends that the Committee file a comprehensive amendment disclosing the 90 expenditures, within 30 days of receipt of this interim report.

5. Other Matters

The following matter was noted during the audit of LOCAL #1101 of CWA-COPE-PCC for which the Audit staff recommends no further action.

1) Tickets sold by LOCAL #1101 to fundraising picnics and raffles did not have the disclaimer as required by 11 CFR 102.13.

B. CWA-COPE-PCC  
LOCAL #2336

1. Prohibited Contributions

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

A review of deposit tickets indicated the receipt of a \$226.00 contribution from an insurance company. When questioned concerning the receipt of this contribution, the LOCAL treasurer stated that a company representative had contacted the Union and promised to donate \$1 for every contact they received from a Union member concerning life insurance. The Union then

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sent a memo stating such to its members, and sometime later, a check for \$226.00 was received and deposited into the CWA-COPE-PCC account. A check with the Indiana Secretary of State's Office found that the company was incorporated in Indiana on July 16, 1954.

Recommendation

The Audit staff recommends that the Committee refund the \$226.00 contribution, and submit copies of both sides of the cancelled refund check to the Audit staff for review within 30 days of receipt of this interim report. In addition, the staff recommends that the matter be referred to the Commission's Office of General Counsel for their consideration.

2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

Section 102.8 of Title 11 of the Code of Federal Regulations states, in part, that every person who is not an authorized agent of the treasurer who receives contributions aggregating in excess of \$50 on behalf of a political committee shall within 5 days after receipt, render to the treasurer an accounting thereof, which shall include the identification of the contributor, the amount of the contribution and date received.

LOCAL #2336 collected contributions totaling \$12,671.67, but failed to maintain records concerning the individual contributors. Records were maintained concerning dollars collected per event and collections per steward, but no record existed as to the actual contributor.

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

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3. Solicitation of Non-Union Members

Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a labor organization, or a separate segregated fund established by a labor organization, to solicit contributions from any person other than its members and their families.

Discussion of solicitation practices with the LOCAL's treasurer revealed that ticket sales by union stewards were not restricted to union members and their families. Sale of tickets to raffles and other fundraising events were open, and included friends and neighbors of stewards selling tickets. In fact, according to the treasurer, "the last raffle held was won by a non-member".

When informed of the solicitation prohibition, the treasurer stated that he felt a conflict existed between Federal election law, and the National Labor Relations Act (NLRA). The treasurer stated that he worked in an agency shop, which required all workers to pay dues to the Union, whether an actual member or not. As a result, the treasurer felt that since prizes and other administrative costs were being paid by the Union, these non-members could not be eliminated from the fundraising raffles held. According to the treasurer, dues equivalent members were to receive all benefits negotiated by the Union, and were by law, restricted only in their right to vote for Union officials, delegates, and in general strike votes.

Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

4. Designation of Campaign Depository and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code requires that a political committee designate a campaign depository, and maintain a checking account at such depository. All contributions received shall then be deposited into such account.

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Section 434(b) (2) and (3) of Title 2 of the United States Code states, in part, that each report shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Each report shall also disclose the total sum of individual contributions made to or for such committee during the reporting period and not reported under paragraph (2).

In addition, Section 433(b) (9) of Title 2 of the United States Code states that the committee's statement of organization shall include a listing of all banks and repositories used.

A review of bank records determined that all contributions to the Committee were deposited into a savings account maintained by the LOCAL. A checking account was not maintained, and the Committee did not disclose the existence of this savings account on its statement of organization.

Though the account was used solely for the transmittal of funds, due to the Committee's quota system, a substantial balance was maintained in the account and not disclosed during the calendar year of receipt. During 1977, the LOCAL collected contributions totaling \$5,009.76, which were not transmitted to the Committee until May of 1978, and therefore not included in reports filed by the Committee for calendar year 1977. This resulted in an understatement of cash on hand, and contributions received in calendar year 1977.

In 1978, the LOCAL received contributions totaling \$3,359.77, which were not transmitted, and therefore not disclosed on Committee reports filed for 1978.

#### Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee either:

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A. establish a "transmittal" account (checking) to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursements may be made from the account except for the transmittal of contributions. "Transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a campaign depository, and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the report filed for the period in which the transaction occurs.

In addition, the staff recommends that the Committee file an amended report disclosing funds currently on hand at the LOCAL not previously disclosed, within 30 days of receipt of this interim report.

5. Disclosure of Fundraising Events

Section 434(b)(6) of Title 2 of the United States Code states, in part, that each report shall disclose the total proceeds from the sale of tickets to fundraising events, mass collections and sales of items.

Review of LOCAL fundraising records revealed four (4) raffles which account for 77% or \$9,834.05 of CWA-COPE-PCC contributions collected by LOCAL #2336. None of these events were disclosed on Schedule D's filed by the Committee.

The raffles and amounts collected, were as follows:

1)	Truckload of Cheer	5/5/77	\$2,655.05
2)	Side of Beef	11/15/77	\$2,041.00
3)	Fist Full of Dollars	2/21/78	\$2,151.00
4)	Bahama Raffle	1/12/79	\$2,987.00

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Recommendation

The Audit staff recommends that the Committee file Schedule D's for 1977 and 1978, and 1979 disclosing these events within 30 days of receipt of this interim report.

6. Other Matters

The following matter was noted during the audit of LOCAL #2336 for which the Audit staff recommends no further action.

a) Tickets sold to Committee raffles did not contain the disclaimer as required by 11 CFR 110.11(c).

C. CWA-COPE-PCC  
LOCAL #12143

1. Prohibited Contributions

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any labor organization to make a contribution or expenditure in connection with any Federal election or to knowingly accept or receive any contribution prohibited by this Section.

In addition, Section 432(b) of Title 2 of the United States Code states, in part, that all funds of a political committee shall be segregated from, and may not be commingled with, any personal funds of officers, members or associates of such committee.

According to Committee officials, all contributions collected for the Committee were deposited into a savings account maintained for deposit and transmittal of funds to the Committee. Analysis of bank records maintained by the LOCAL determined the following:

a) All contributions to the Committee were initially deposited into the Union treasury account. Periodic transfers were then made from the treasury account to the Committee savings account as mentioned above.

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b) On May 9, 1977, the LOCAL transferred \$6,468.00 directly by check from the Union treasury account to the Committee.

c) On May 2, 1978, the LOCAL transferred \$6,881.25 from the Union education account to the savings account, maintained by the LOCAL for the deposit of contributions to the Committee and then transferred \$6,560.00 from the savings account to the Committee. Prior to the transfer from the education account, the savings account had a balance of only \$1,383.64.

In addition, on June 7, 1979, the LOCAL wrote to the Committee informing them that in preparing for the audit, the LOCAL discovered that in 1977 and 1978 a total of \$4,671.73 in treasury money had been incorrectly forwarded to the Committee. This, according to the LOCAL, had resulted from the LOCAL's misunderstanding of 11 CFR 114.5(b)(2).

The Audit staff was unable to verify this amount due to the LOCAL's failure to maintain contribution records. (See Finding 2.)

#### Recommendation

The Audit staff recommends that the Committee refund the \$4,671.73 to the LOCAL's treasury, and submit copies of both sides of the cancelled refund check to the Audit staff for review within 30 days of receipt of this interim report.

In addition, the staff recommends that the initial deposit of contributions into a Union Treasury account and the transmittal of fund from the treasury account to the Committee be referred to the Office of General Counsel for their consideration.

#### 2. Recordkeeping of Contributions

Section 432(c) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

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Section 102.8 of Title 11 of the Code of Federal Regulation states, in part, that every person who is not an authorized agent of the treasurer, and who receives contributions aggregating in excess of \$50 on behalf of a political committee, shall render to the committee an accounting thereof, which shall include the identification of the contributor, the amount of the contribution, and date received.

During the Audit staff's review of receipt records maintained by CWA LOCAL #12143, it was determined that no records were maintained identifying individual contributors. Receipt records maintained were those identifying the steward selling the COPE tickets, and the amount and net proceeds from fundraising events. Therefore, the Audit staff was unable to trace to its source, the \$6,468.00 transferred in 1977 and the \$6,560.00 transferred in 1978 to the Committee.

#### Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel for their consideration.

#### 3. Designation of Depositories and Disclosure of Receipts

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that the treasurer of each political committee shall designate one or more national or State banks as campaign depositories, and shall maintain a checking account for the committee at each such depository. All contributions received shall be deposited in such accounts.

Section 433(b)(9) of Title 2 of the United States Code states, in part, that the committee's statement of organization shall include a listing of all banks or other repositories used.

In addition, Section 434(b)(2) and (3) of Title 2 of the United States Code states, in part, that each report shall disclose the full name and mailing address of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions. Each report shall also disclose the total sum of individual contributions made to or for such committee during the reporting period and not reported under paragraph (2).

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During the Audit staff's review of LOCAL #12143's bank records, it was determined that contributions collected for the Committee were deposited into the LOCAL's treasury account, and then transferred to a savings account maintained for such contributions. (See Finding 1.) The savings account was not disclosed on the Committee's statement of organization.

Review of LOCAL #12143's receipt records determined that the LOCAL did not transmit the total of contributions received each year; therefore, reports filed by the Committee failed to disclose the total of contributions raised, and the amount of cash on hand maintained at the LOCAL. In addition, due to the LOCAL's failure to maintain separate accounts, and maintain contributor records for those contributions received, the Audit staff was unable to determine the total amount of contributions actually collected by the LOCAL and required to be disclosed.

#### Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report that the Committee either:

A. establish a "transmittal" account to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursement may be made from the account except for the transmittal of contributions. "Transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a campaign depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee report filed for the period in which the transaction occurs, and may not first be deposited into the Union Treasury Account.

In addition, the staff recommends that the Committee file an amended report disclosing all funds currently on hand at the LOCAL which have not been previously disclosed within 30 days of receipt of this interim report.

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4. Disclosure of Fundraising Events

Section 434(b) (6) of Title 2 of the United States Code states, in part, that each report under this Section shall disclose the total amount of proceeds from (a) the sale of tickets to each rally and other fundraising event; and (b) mass collections made at such events.

During the Audit staff's review of LOCAL #12143's records it was revealed that fundraising events such as Las Vegas nights employing auctions, gift tables, cash bars and other casino-type activities were held annually to obtain contributions for the Committee. These events were not disclosed on Schedule D's. Las Vegas nights for 1977 and 1978 raised contributions totaling \$1,416.00 and \$980.00 respectively.

Recommendation

The Audit staff recommends that the Committee file Schedule D's for 1977 and 1978 disclosing the noted events along with the total of proceeds collected, within 30 days of receipt of this interim report.

D. CWA-COPE-PCC  
LOCAL #12215

1. Receipt of Union Contributions

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

A review of the Committee's contribution records indicated the following questionable sources of contributions to the Committee.

Hall Rental - Approximately \$2,615.00 was obtained by the LOCAL from rental of a Union hall to other area unions and businesses. Rent payments received were then donated by the LOCAL to the Committee.

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Snack Bar - During Union functions, the LOCAL operated a snack bar, the proceeds from which were deposited into a Union account. Records indicated that \$3,542.90 was transferred from the Union snack bar account to the Committee account to cover an overdraft, and to meet the Committee's quota.

Pool Table, Juke Box, Vending Machines - The LOCAL purchased a pool table, and the proceeds from the table, and a percentage of collections from various vending machines was donated by the LOCAL (approximately \$511.39) and deposited into the Committee account.

Sign Rental - In 1978, the LOCAL donated to the Committee rental payments totaling \$875.00 received from the rental of a bill board owned by the LOCAL.

Advertising - A deposit of \$645.33 was determined to be a payment from a tire company for the stuffing of ads and coupons in member mailings.

Life Insurance - In 1977, the LOCAL donated to the Committee, \$3,500.00 received as a result of the death of a Union member who had named the LOCAL as the beneficiary on his life insurance policy.

#### Recommendation

The Audit staff recommends that the Committee refund \$11,689.62 to the LOCAL Union treasury, and submit copies of both sides of the cancelled refund check for our review within 30 days of receipt of this interim report.

In addition, the Audit staff recommends that the Committee's acceptance of Union contributions be referred to the Office of General Counsel for their consideration.

#### 2. Recordkeeping for Contributions

Section 432(c) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer of a political committee to keep a detailed and exact account of all contributions.

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Section 102.8 of Title 11 of the Code of Federal Regulation states, in part, that every person who is not an authorized agent of the treasurer, and who receives contributions aggregating in excess of \$50 on behalf of a political committee shall within 5 days after receipt, render to the treasurer an accounting thereof, which shall include the identification of the contributor, the amount of the contribution, and date received.

During the period of audit, LOCAL #12215 collected contributions from the Committee totaling \$15,167.95. No records were maintained by the Committee concerning individual contributors. Available contribution records consisted of the dollar value of contributions collected by stewards, and totals collected per fundraising event. Therefore, the Audit staff was unable to verify the source of funds transferred to the Committee.

### Recommendation

The Audit staff recommends that the matter be referred to the Office of General Counsel.

### 3. Campaign Depositories

Section 437b(a)(2) of Title 2 of the United States Code states, in part, that each political committee shall designate a campaign depository, maintain a checking account at such depository, and that all contributions received shall be deposited into such account. No expenditure may be made by such committee except by check drawn on such account.

Section 433(b)(9) of Title 2 of the United States Code states, in part, that the committee statement of organization shall include a listing of all banks, and other repositories used by the committee.

LOCAL #12215 raised contributions totaling \$15,167.95, and deposited them into a savings account maintained for the Committee. The Committee did not maintain a checking account for the deposit of contributions, and failed to disclose the savings account on the Committee's statement of organization. Further, the Committee made expenditures from the account other than for the transmittal of funds to the Committee. (See Finding 6.)

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Recommendation

The Audit staff recommends that the Committee within 30 days of receipt of this interim report, either:

A. establish a "transmittal" account to be used solely for the deposit and transmittal of contributions to national headquarters. No disbursement may be made from the account except for the transmittal of contributions. "Transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee report filed for the period in which the transaction occurs.

4. Commingling of Committee Funds

Section 432(b) of Title 2 of the United States Code states, in part, that funds for a political committee shall be segregated from and may not be commingled with the personal funds of any officers, members or associates of such committee.

Committee records indicated that contributions are collected by union stewards, and in many cases, deposited in personal checking accounts prior to transferral to the Committee. The Audit staff noted four (4) checks totaling \$54.62 listed on Committee deposit slips as from area banks. When questioned, the Local's treasurer stated that the checks were from members who had sold merchandise and written personal checks to the Committee.

Due to the inadequacy of receipt records maintained, the Audit staff was unable to determine the extent of Committee use of personal accounts of Committee members.

Recommendation

The Audit staff recommends that the matter be referred to the Commission's Office of General Counsel.

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5. Recordkeeping and Disclosure of Expenditures

Section 432(d) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee in excess of \$100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

In addition, Section 102.9(c)(4) of the Code of Federal Regulations states, in part, that when a receipted bill is not available the treasurer may keep the cancelled check showing payment of the bill; and the bill, invoice, or other contemporaneous memorandum.

Section 434(b)(9) and (11) of Title 2 of the United States Code states, in part, that each report shall include the identification of each person to whom expenditures have been made by such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure, and the total sum of expenditures made by such committee during the calendar year.

Review of bank statements determined that in 1977, a \$1,392.80 withdrawal was made from the savings account with no explanation in Committee records as to the use of funds withdrawn.

In addition, no expenditures were disclosed on reports filed by CWA-COPE-PCC relating to this withdrawal.

On August 7, 1979, the LOCAL's treasurer by telephone informed the Audit staff, that the funds had been used to purchase T-shirts for sale during Committee functions.

Recommendation

The Audit staff recommends that the Committee obtain the supporting documentation and submit it to the Audit staff for review, or present evidence of their efforts to do so, and file an amendment disclosing the expenditure within 30 days of receipt of this interim report.

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E. CWA-COPE-PCC - LOCAL #12222

1. Receipt of Union Contributions

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

An analysis of Committee contribution records identified the following questionable sources of contributions:

a) LOCAL #12222 received \$3,195.00 for advertisements in the LOCAL's newsletter, which it donated to the Committee. According to the LOCAL's treasurer, advertising receipts for the June and December issue of the newsletter are earmarked by the LOCAL for the Committee.

b) In 1977, the Committee deposited a \$3,500 check from the Union treasury, noted on the deposit slip as a loan repayment. According to the LOCAL's treasurer, the Committee had purchased jackets for the Union, and the noted check was reimbursement for that expenditure. The Committee paid for the jackets due to a shortage of treasury funds.

c) In 1977, the Committee received two (2) contributions totaling \$1,000.00 from an insurance company found to be incorporated, and licensed to operate in the state of Texas. 1/ No additional information was available.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the contributions in (a) and (b) be refunded to LOCAL #12222, and that the contributions in (c) be refunded to the noted corporation.

In addition, the staff recommends that each matter be referred to the Office of General Counsel for their consideration.

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1/ See Finding 1 LOCAL #2336 for additional contributions and information concerning this company.

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2. Solicitation of Non-Members

Section 441b(b)(4)(A)(ii) of Title 2 of the United States Code states, in part, that it is unlawful for a labor organization, or a separate segregated fund established by a labor organization, to solicit contributions from any person other than its members and their families.

Review of Committee contribution records revealed the receipt of contributions totaling \$330.00 from individuals identified by the Committee as "retired members." The LOCAL's treasurer stated that retired members do not pay Union dues, and generally raise funds for the Committee by holding sales, and other similar events. Due to the condition of Committee contribution records (See Finding 3) the Audit staff was unable to identify the actual contributors.

Recommendation

The Audit staff recommends that the Committee refund the \$330.00 to the contributors, and submit copies of both sides of the cancelled refund check for our review within 30 days of receipt of this interim report.

In addition, the Audit staff recommends that the matter be referred to the Office of General Counsel for their consideration.

3. Recordkeeping of Contributions

Section 432(c)(2) of Title 2 of the United States Code requires the treasurer of a political committee to keep a detailed and exact account of all contributions received by the committee.

Section 102.8 of Title 11 of the Code of Federal Regulations states, in part, that every person who is not an authorized agent of the treasurer, and who receives contributions aggregating in excess of \$50 on behalf of a political committee shall, within 5 days after receipt, render to the treasurer an accounting thereof, which shall include the identification of the contributor, the amount of the contribution and date received.

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During review of contribution records; ticket stubs, deposit tickets, and contribution journals, the Audit staff determined that 26.1% or \$9,891.55 of the contributions collected for the Committee were not adequately accounted for in Committee records. Records were maintained as to total collections per event, but no information was available concerning individual contributors or contribution amounts. Review of event records determined that contributions were mainly collected through the sale of jackets and caps, mass collections, and the sale of \$2 raffle tickets.

#### Recommendation

The Audit staff recommends that due to the Committee's failure to maintain adequate contributor records, that the matter be referred to the Office of General Counsel.

#### 4. Disclosure of Repositories and Contributions During the Reporting Period Received

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts by or for such committee during the reporting period.

Section 433(b)(9) of Title 2 of the United States Code requires the committee to disclose all repositories used on its statement of organization.

During the period of audit, LOCAL #12222 deposited \$37,766.55 into a checking account maintained for the Committee. Of the amount \$35,800.00 was subsequently transferred to the Committee. The account was used solely for transmitting funds to the Committee, but due to the practice of transferring contributions annually, a sizeable balance was maintained in the account at all times.

In addition, due to the quota system established by the Committee, during 1977 the LOCAL received contributions totaling \$5,053.81 which were not disclosed on reports filed by the Committee during the calendar year received.

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In 1978, due to the failure to disclose contributions from 1977, Committee reports disclosed contributions totaling \$3,216.26 in excess of contributions actually received in 1978.

Recommendation

The Audit staff recommends that within 30 days of receipt of this interim report, that the Committee either:

A. establish a "transmittal" account to be used solely for the deposit and transmittal of contributions to the national headquarters. No disbursement may be made from the account except for the transmittal of contributions. "Transmittal" accounts need not be disclosed on the Committee statement of organization; or

B. designate a depository and establish a checking account in that depository. Contributions may then be deposited into and expenditures made from the account.

In either case, all contributions and expenditures must be disclosed on the Committee's report filed for the period in which the transaction occurs.

In addition, the Audit staff recommends that the Committee file an amended report disclosing funds currently on hand and not previously disclosed within 30 days of receipt of this interim report.

5. Itemization of Contributors

Section 434(b)(2) of Title 2 of the United States Code requires a committee to disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made contributions within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and dates of such contributions.

During the review of contributor records, the Audit staff determined that in 1977 and 1978, the Committee received contributions from 12 individuals totaling \$1,612.50 which were not itemized as required.

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### Recommendation

The Audit staff recommends that the Committee file amended reports itemizing the noted contributors within 30 days of receipt of this interim report.

### Procedural Recommendations

Analysis of the audit findings contained in this report indicates consistent violations of specific provisions of the Federal Election Campaign Act of 1971, as amended. In general, it is the opinion of the Audit staff that many of these problems can be corrected through development of specific guidelines to be given to LOCAL treasurers responsible for CWA-COPE-PCC activity.

Guidelines prepared should include the following:

a) Deposit of Contributions - All contributions shall be deposited into a committee checking account, either designated depository or transmittal account, within 10 days of receipt by the designated treasurer at the LOCAL. Contributions received by Union stewards must be forwarded to the treasurer within 5 days of receipt. No disbursements may be made, prior to deposit into the Committee account.

b) Recordkeeping for Contributions - The Committee is required to maintain a detailed and exact account of all contributions made to the Committee. Stewards collecting contributions, must provide the treasurer with an accounting which shall include the name, date, and amount of the contribution received, if the steward receives contributions aggregating in excess of \$50.00.

c) Current Reporting - All contributions received, and expenditures made at the LOCAL level, must be disclosed on reports filed by the Committee covering that period. Specific information; such as the name, date, and amount of the contribution; or payee, date, and purpose of expenditures; shall also be disclosed if the contribution or expenditure is in excess of, or aggregates in excess of \$100 during the reporting period.

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d) Solicitation - Union political action committees may not solicit contributions from individuals other than members and their families.

e) Separation of Funds - Contributions to the Committee may not be commingled with personal funds of offices or associates of the Committee.

f) Union Funds - Union treasury funds may be used solely for the establishment, administration, and solicitation of contributions to the separate segregated fund. Contributions from the Union are prohibited.

In addition, the Audit staff recommends that the Committee file an amended report to disclose all funds currently on hand at the 876 participating LOCALS, identifying the LOCAL and the amount, within 30 days of receipt of this interim report.

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FEDERAL ELECTION COMMISSION

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