



REPORT TO THE CONGRESS

**Report Of The
Office Of Federal Elections
Of The General Accounting Office
In Administering The
Federal Election
Campaign Act Of 1971**

***BY THE COMPTROLLER GENERAL
OF THE UNITED STATES***

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COMPTROLLER GENERAL OF THE UNITED STATES
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To the President of the Senate and the
Speaker of the House of Representatives

This report summarizes the activities of the Office of Federal Elections, General Accounting Office, in the administration of the Federal Election Campaign Act of 1971 (Public Law 92-225) with respect to campaigns for the offices of President and Vice President of the United States.

The Federal Election Campaign Act Amendments of 1974 (Public Law 93-443) have now vested this responsibility in the Federal Election Commission.

James B. Stacks

Comptroller General
of the United States

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ABBREVIATIONS

ADP	automatic data processing
FCRP	Finance Committee to Re-elect the President
GAO	General Accounting Office
OFE	Office of Federal Elections
RFP	Request for Proposal

REPORT OF THE OFFICE OF FEDERAL ELECTIONS

OF THE GENERAL ACCOUNTING OFFICE

IN ADMINISTERING

THE FEDERAL ELECTION CAMPAIGN ACT OF 1971

BACKGROUND

On January 29, 1971, a bill, cited as the Federal Election Campaign Act of 1971 (S. 382), was introduced in the Senate by Senator Mansfield for himself, Senator Pastore, Senator Pell, and Senator Cannon. This bill, after much debate and several amendments, was passed by the Senate on August 5, 1971. The bill was forwarded to the House of Representatives and passed, in amended form, on November 30, 1971. The conference report was agreed to by the Senate on December 14, 1971, and by the House on January 19, 1972. It was signed into law by the President on February 7, 1972, and became effective sixty days later on April 7, 1972. The Federal Election Campaign Act of 1971, Public Law 92-225, brought the General Accounting Office, for the first time, into the arena of presidential politics and campaign finance.

At several points, while the Senate and the House were considering various aspects of the proposed campaign finance legislation, the Comptroller General was requested to submit his views on the subject. In each case, the Comptroller General stated his strong opposition to placing administrative, audit, investigative, or enforcement responsibilities in connection with all Federal elections in the General Accounting Office. His opposition to such proposals was based on the need for the General Accounting Office to maintain its reputation for independence and objectivity, free from political influence, either real or perceived. He expressed the fear that embroiling the GAO in questions of partisan politics might well impair the harmonious relationship built up over many years between the GAO and Congress. As an alternative to involving the GAO in the new legislation, the Comptroller General recommended several times the establishment of an "independent, nonpartisan election commission to oversee Federal campaign spending."

AUDITS AND INVESTIGATIONS

Pre-Election Audit Activity

Shortly after April 7, 1972, when the new law became effective, the first auditors were brought into the Office of Federal Elections to begin monitoring the reports of receipts and expenditures filed by candidates and political committees. Twenty-three presidential primary elections were held in 1972 and all candidates and committees participating after April 7 were required to file reports 15 and 5 days prior to each primary. In addition to monitoring the reports filed, and requesting amendments where necessary, the audit staff made an intensive effort to identify and notify those political committees which had not yet filed registration statements or reports. By the 1972 General Election over 2,000 political committees had registered and were reporting to GAO.

In May 1972, investigations revealed that 8 contributions of \$6,000 each reported by the Humphrey for President Campaign under various contributor names, had in fact been contributed by Mr. and Mrs. John L. Loeb of New York. This deception constituted an apparent violation of section 310 of the Federal Election Campaign Act, which specifically prohibits the making and acceptance of contributions by one person in the name of another. The Comptroller General referred this apparent violation of the Act to the U.S. Attorney General on June 5, 1972. At the same time, the GAO issued a press release announcing the referral of the matter to the Justice Department along with a brief explanation of the circumstances surrounding the apparent violation.

The decision to publicly announce that an apparent violation of the new campaign finance law had been referred to the Justice Department represented a basic policy decision which carried with it broad ramifications for subsequent OFE audits and investigations. The decision was based upon the principle of full disclosure. Since the Congress had settled upon full disclosure as the principal means of cleaning up campaign finance, public disclosure of apparent violations of the new law was thought to be an appropriate means of showing that the law was being enforced and of discouraging future violations. This policy of publicly

disclosing significant apparent violations was followed by the Comptroller General throughout his tenure as a supervisory officer.

In the wake of the Watergate break-in, OFE's audit and investigation staff conducted a number of on-site audits and investigations of both the Nixon and McGovern National Campaign Committees. The initial audit of the Finance Committee to Re-elect the President (FCRP) was undertaken in response to allegations that campaign contributions had been used to finance the break-in. OFE's audit report dated August 26, 1972, referred to the Justice Department a number of apparent and possible violations of the Act by the Committee. Shortly after the public release of this report, Senator Bob Dole, Chairman of the Republican National Committee, filed with OFE a series of letters alleging that the McGovern campaign had violated numerous provisions of the Federal Election Campaign Act. Each of these allegations was investigated and, on October 6, 1972, OFE released a 38 page report on its findings, followed by an 18 page report released on October 31. Our audits revealed many errors and inconsistencies in the records and reports of several McGovern Campaign Committees and two referrals of apparent violations of the Act were made to the Justice Department. However, no referrals were made with respect to McGovern's National Campaign Committees. The McGovern Committees filed numerous amendments to correct the deficiencies found and made improvements in their record-keeping system as a result of our audits.

OFE issued a third report on the McGovern campaign on January 18, 1973, primarily dealing with allegations made in the last letter from Senator Dole dated November 1, 1972, and in a letter from Clark MacGregor (who replaced John Mitchell as Chairman on the Committee to Re-elect the President) dated November 4, 1972. OFE did not find violations of the Act sufficient to warrant referral to the Justice Department.

Throughout the pre-election period, OFE's Audit and Investigation staff, in addition to carrying out the on-site audits and investigations discussed above, conducted desk audits of all reports submitted to the Office, requesting corrections and amendments where necessary. The process was largely one of educating campaign officials across the country

us that they had not been involved in political campaigns for several years. This experience indicated that, although mass mailings could not be dispensed with, they were to be considered only one of several ways of "spreading the gospel," and that while the national political parties were involved in campaigns, they could not be relied upon to pass the word to everyone. Therefore, OFE staff met whenever possible with organizations and groups directly affected. Also established was a public information room staffed with election information assistants to answer questions concerning registration and reporting requirements and to assist the public in its review of committee reports and statements.

April 17, 1972 was the first deadline for registration of committees in existence on the April 7 effective date. By that time, procedures for processing reports and statements were formulated so that OFE was able to fully comply with the Act's requirement that reports and statements be made available for public inspection within two days of receipt.

In order to implement the Act's requirements relating to control of the reports and statements, a filing, coding, and cross-indexing system was developed whereby each record was classified by political party, candidate supported, and geographic operation. These classification codes were then computerized so indexes of records holding could be utilized by both the public in requesting copies, and the staff in retrieving them. By the end of the second day after the first due date, the office had received statements from 497 committees consisting of 2,270 pages. By election day, 8,736 committee statements and 23 candidate statements had been received, totalling 66,818 pages filed.

As the filing dates progressed, a number of committees failed to submit required reports by the specified deadlines. During this period the office placed primary emphasis on seeking compliance with the Act rather than seeking prosecution for violations. This seemed appropriate because (1) the law's effective date was after the presidential preference primaries in New Hampshire, Florida, Illinois, and Wisconsin which made compliance with new rules difficult, (2) the responsible committee chairmen and treasurers were, in many instances, inexperienced or part-time volunteers, and (3) an important part of the mission of the office was to educate

candidates and political committees as to the requirements of the law. Therefore, we generally regarded substantial compliance, even though late, as sufficient. In an effort to have committees file delinquent reports, the treasurers were sent letters notifying them of their responsibilities. For the most part this procedure succeeded and most committees did comply. However, late in 1973, twenty-six committees were referred to the Department of Justice for failure to file 1972 reports.

After the 1972 election, the administrative staff continued to process reports submitted by political committees. As the various congressional and investigative agencies began to review the specifics of the "Watergate Affair," the staff supplied copies of reports and statements to congressional and executive branch investigators as well as to the public. During the period March 24, 1972, through September 30, 1974, the OFE public information staff processed a total of 10,664 requests for forms and instructions; answered over 12,400 telephone inquiries; received for filing nearly 20,000 reports and statements from approximately 2,800 committees and 40 candidates totalling 140,000 pages of information. In addition to furnishing 27,700 copies of reports for inspection, \$23,602 was collected from sales of documents and transferred to the Department of the Treasury.

AUTOMATIC DATA PROCESSING

The Comptroller General's task force, in laying the ground work for implementation of the Federal Election Campaign Act of 1971, recognized that certain Automatic Data Processing (ADP) resources would have to be called upon in order for GAO to effectively carry out its responsibilities under the Act. One of the first requirements was for the design and implementation of a system to provide periodic indexes of the registration statements and reports submitted to the office. Using in-house ADP resources, the task force designed and implemented a system to provide this capability. In essence the system was the simplest of data processing applications. It consisted of the following steps:

1. Coding the various reports and registrations as received.
2. Key punching cards from these source documents.

3. Sorting the cards into a pre-designed sequence to be recorded on tape.
4. Creating records on cards for each committee or report.
5. Sorting this output into three separate sequences to provide three forms of indexes:
 - a. A listing by identification number of all registered committees and all reports submitted by each committee.
 - b. An alphabetical listing of all committees.
 - c. A listing of all committees sorted by candidate supported.

This entire system was designed and produced utilizing in-house resources. The computer used was GAO's Honeywell-200 located on the 7th floor of the building.

The task force identified a second responsibility of OFE which would require ADP resources. Section 308(a)(7) of the Federal Election Campaign Act required that the Comptroller General prepare and publish an annual report including the total receipts and expenditures of all reporting committees and candidates, as well as a listing of all contributors whose aggregate contributions during a calendar year were in excess of \$100. It was assumed by the task force that adequate in-house resources did not exist, or at least were not available at the time, to perform the various functions necessary to comply with these statutory reporting requirements.

Members of the task force did give some early consideration to the requirements of section 308(a)(7) of the Act, but very little was done with regard to acquiring the necessary ADP resources until early July 1972. In July, the head of OFE's ADP staff met several times with consultants to determine what OFE's ADP requirements would be and to prepare a Request for Proposal (RFP) to be used in seeking bids from qualified private ADP firms. RFPs were sent out to six companies which were thought to have sufficient capability and capacity to perform the tasks specified in the RFP.

Of the six companies invited to submit proposals in response to the RFP only two did. Upon evaluation of the bids, the contract was awarded to the lowest bidder.

While initial preparations were underway with the contractor, OFE's ADP staff met several times with their counterparts in the Office of the Secretary of the Senate and the Office of the Clerk of the House of Representatives. The purpose of these meetings was to attempt to establish a common ADP reporting format for the three supervisory officers.

Representatives of the three supervisory officers recognized that there would be major difficulties in attempting to statistically separate their reports since many political committees would be reporting the same information to two or more supervisory officers. GAO attempted unsuccessfully to persuade the members of the House and Senate staffs to let GAO capture and include in its reports all information submitted by committees reporting to two or more supervisory officers. All three supervisory officers did agree to produce computerized reports of all individual contributions in excess of \$100 rather than to attempt to aggregate multiple contributors by name. While listing each contribution separately would result in some names appearing many times, it was felt that this procedure would be much less complex and less subject to error than a system of aggregating contributions. It was apparent, however, that a report thus generated would have to be in alphabetical order by last name so that multiple contributions could be readily aggregated manually.

As GAO proceeded in its association with the contractor it became apparent that no significant computer output would be available until sometime after the 1972 General Election. For this reason, OFE's internal ADP staff was directed to prepare, with in-house resources, as complete a list of contributors as possible prior to the General Election. Thus, during September and October of 1972, data were captured from reports of receipts and expenditures for two different data bases, one to be used by the contractor and the other for in-house use.

A consultant provided certain editing capabilities for in-house reports while, at the same time, both GAO and contractor personnel were editing information for the contractor's

version of the data base. A GAO employee developed computer programs to produce the in-house report using the GAO's Honeywell computer.

The in-house report was made public on October 30, 1972. It consisted of approximately 40,000 itemized receipts listed in alphabetical order, including the name and title of each contributor of more than \$100, the street address, city, state, and zip code, along with the date and amount of each contribution, and the name and identification number of the receiving committee.

While the October 30 report was being produced in-house, the contractor was having difficulty in completing its software package and in creating its data base. The software was not available in terms of final testing and approval until March 1973. The final data base was not delivered to OFE until the end of June 1973. During the following three months OFE's ADP staff expended a considerable amount of manpower and computer time in attempting to purify the data base developed by the contractor.

To insure that the information contained in our contributor report would not be used to illegally generate commercial mailing lists, we decided to delete the street addresses of the contributors from our final report. By the end of August 1973 a complete test run had been performed on the contributor list and major errors had been corrected. A preliminary version of the contributor report listing all itemized receipts of reporting committees during 1972 was made public in print-out form on August 23, 1973. This report consisted of approximately 80,000 entries and was nearly 1,900 pages in length. Shortly after the report was released, additional errors were discovered. These errors were corrected and a final report in print-out form was released on November 15, 1973. In December 1973 this version of the contributor report was submitted to the Government Printing Office for publication, and in February 1974 the report was made available for sale by the Superintendent of Documents. The two volume report is titled Federal Election Campaign Act of 1971 - Alphabetic Listing of 1972 Presidential Campaign Receipts, and is sold for \$17.50.

In December 1973 the ADP staff began to design a statistical report to comply with the remaining statutory reporting requirements of section 308(a)(7) of the Federal Election Campaign Act. This report was to provide figures on total receipts and expenditures by committee, by candidate, and by political party on a national, State, and local basis, breaking out expenditures to influence the presidential nomination from those made to influence the general election. The meaning of the statutory language of the Federal Election Campaign Act with regard to breaking down receipts and expenditures on national, State, and local levels was unclear to all of the supervisory officers. The decision was therefore jointly made to consider the receipts and expenditures related to House races "local", those related to Senate races as "State", and those related to presidential races as "National." The expenditures considered to have influenced the nomination were those reported prior to each party's nominating convention, while expenditures reported after the conventions were considered to have influenced the general election.

On March 24, 1974, GAO released its statistical summary "Report of 1972 Presidential Campaign Receipts and Expenditures." The report includes only the amounts reported by political committees and candidates registered with GAO as having been received or spent on or after April 7, 1972, when the Act became effective. Even with this limitation, it shows that the two major presidential candidates spent a total of more than \$94 million. The report is available for \$7.50 from the Office of Federal Elections.

CLEARINGHOUSE ON ELECTION ADMINISTRATION

In reaction to a series of election administration difficulties in Ohio and elsewhere, former Congressman William Keating of Ohio sponsored an amendment to the Federal Election Campaign Act of 1971 (Public Law 92-225). This amendment, which became section 308(c) of the Act, called upon the Comptroller General of the United States "to serve as a national clearinghouse for information in respect to the administration of elections." In order to fulfill this obligation the Comptroller General was instructed to "enter into contracts for the purpose of conducting studies of the administration of elections" in the following areas:

- (1) the method of selection of, and the type of duties assigned to, officials and personnel working on boards of elections;

- (2) practices relating to the registration of voters; and
- (3) voting and counting methods.

However, the amendment also made it clear that the studies to be undertaken by the Comptroller General were not necessarily limited to these three areas.

Section 308(c) also required the Comptroller General to publish resulting study reports and to provide copies of these reports at cost to the general public. Finally, this subsection prohibited the Comptroller General from making comments or recommendations in any of these studies.

In early 1972 the Comptroller General established the Clearinghouse of Election Administration as part of the Office of Federal Elections (OFE) and delegated to it the authority to carry out the responsibilities assigned to the Comptroller General by Section 308(c) of the Act.

Research Program and Policy Guidelines

In order to identify areas for study and to aid in developing policy guidelines under this Clearinghouse mandate, an ad hoc committee was assembled to advise the office. The Committee consisted of Mr. Bryce Harlow, former counsel to President Eisenhower and President Nixon; Dr. Herbert Alexander, Executive Director of the Citizens' Research Foundation, and author of Money In Politics and other books; Mr. Richard Scammon, former Director of the Bureau of the Census and Chairman of President Kennedy's Commission on Registration and Voting Participating in 1963, as well as the Comptroller General, the Deputy Comptroller General and the Director and Deputy Director of the Office of Federal Elections.

The broad mandate of section 308(c) was construed at the outset to encompass election administration at all levels of government and not Federal elections only. It was also decided that the studies undertaken by the Clearinghouse were to be broad in scope and were to be aimed at providing information over a broad range of election administration functions to Members of Congress and state and local election administrators. Thus, "case-type" studies focused on election-administration activities in one state or locality were to be avoided. In addition, it was decided that "in-house" research was not necessarily precluded by this section and that other government agencies could be contracted to perform studies for the Office.

From a procedural standpoint, contract reports were to be distributed free of charge to all government officials while private parties would have to purchase contract reports at cost. In addition, contract reports received by the Office were to be published as received and the substantive conclusions and recommendations contained in these reports were not to be edited by the Office.

A bibliography of books and articles dealing with election administration was to be compiled, and initial research efforts were to be directed toward identifying the most serious problems commonly faced by election administrators and toward finding solutions to those problems and methods by which they might be avoided.

With these research and policy guidelines as a background, the Clearinghouse began to undertake a variety of broad-based studies in election administration. As of November 1, 1974, 14 separate contract studies, at a total cost of nearly \$1,000,000, had either been completed or were underway. Following are descriptions of some of the more important of these projects: (See also Appendix I)

1. Analysis of Election Administration Problems in Seven Selected Election Jurisdictions

This first study, completed in January of 1973, identified and analyzed a number of factors causing election difficulties in seven election jurisdictions. Based on this

analysis, a series of recommendations was developed to improve the administration of elections in all jurisdictions. The study concluded that failures in election office organization, planning, and training of election personnel, rather than election machine failures, were the primary and immediate causes of election difficulties in places visited. The study also concluded that other factors such as untimely changes in election laws, rigid ballot rotation requirements, last-minute court decisions and excessive partisanship also contributed to these election difficulties.

2. Federal-State Election Law Survey

This survey, currently being compiled for the Clearinghouse by the American Law Division of the Congressional Research Service of the Library of Congress, provides interested users with the first comprehensive synopsis of Federal and state election-related legislation and court decisions. Publication of this survey began in July of 1973 on a monthly basis with copies provided to Members of Congress, State governors, attorneys general, secretaries of state, chairmen of state legislative committees and other interested parties.

3. Synopsis and Analysis of State Campaign Financing Laws

This study, also being produced by the Congressional Research Service, will consist of two installments. A tabular outline of all state laws covering campaign financing was recently issued, indexed according to function. On April 30, 1975, a final report will be issued which will include an extensive analysis of state campaign finance regulations and again will be divided along functional lines. In future years this information will be updated annually using resources developed in the Federal-State Election Law Survey.

4. Survey of State and Local Election Boards

Little data currently exists regarding election boards involved in administering Federal Elections. In order to better understand the needs and problems of state and local election administrators, an extensive survey of these boards was undertaken. During July of 1973, questionnaires were sent to each of the 6,249 boards responsible for administering

Federal Elections. By October 1973, seventy-three percent of the boards, representing eighty-nine percent of the United States population, had returned questionnaires.

The questionnaire covered a wide range of election administration activities including election office structure, duties of election administrators, Federal assistance for elections, voter information provided, provisions for election officials training, experience with mail voter registration, voting and voter registration systems and equipment, election office budgets and, finally, election-related problems encountered by election administrators.

On June 1, 1974, copies of the final report on this project were distributed to Members of Congress and state and local election administrators throughout the United States.

5. Voter Registration Systems

The maintenance and updating of voter registration records has presented serious problems. Many state and local election jurisdictions have adopted, or are considering adopting, automated voter registration systems. Unfortunately, information on the techniques and problems of installing automated systems is not available to most election administrators. Information exchange has not occurred on a regular basis among election officials and there has been considerable duplication of effort between states and counties.

To aid those election administrators who are in the process of considering or implementing changes in their registration systems, the Clearinghouse sponsored a study of voter registration systems which focused on the advantages, disadvantages, and costs of various types of voter registration systems. In order to complete the project the contractor was required to conduct extensive on-site and questionnaire surveys of automated and manual systems over a broad spectrum of geographic and population ranges.

6. Vote Counting Methods

One of the more crucial decisions made by election administrators is the purchase of vote recording and counting equipment. The proliferation of new equipment coupled with a lack

of objective information on vote counting devices makes it very difficult for an election administrator to select the best equipment for his particular jurisdiction. More importantly, the expense and time necessary for evaluating machinery often make it prohibitive for election officials to consider the full range of possibilities.

A contract study, to be made available in January of 1975, will provide election officials with a reliable source document containing descriptions, analyses, and comparisons of currently available voting equipment including manual, lever, punch card, and optical-scan systems. Most importantly, the report will assist election administrators in evaluating their present needs and limitations and relating these factors to each type of voting system.

7. Computers and Elections

Congressmen, election officials and the press have expressed concern that the use of computers to tally votes has resulted in the loss of effective control of the election process by election officials.

The Clearinghouse has contracted with the Institute for Computer Sciences and Technology, National Bureau of Standards, to undertake a study of the use of the computer in elections to identify the possibilities of vote fraud, to develop means of assuring the accuracy and security of the vote tallying process, and to provide information to election officials about new technological developments involving computers.

8. Absentee Registration and Voting

Only limited research in absentee voting has been conducted and the variations between Federal and state legal requirements and actual local procedures have never been documented and analyzed.

The Clearinghouse has recently signed a contract which will provide a legal analysis of the relationship between Federal and State absentee laws and regulations and an analysis of the processes by which absentee voters are registered and absentee ballots are printed, distributed, cast, tabulated, and verified.

9. Training of Election Officials

A number of organizations and election officials have noted the need for better training for election personnel. However, the type of training that is being provided by the states and local governmental units, private consultants, vendors of voting machinery and volunteer organizations has not been described in an organized manner.

The Clearinghouse is sponsoring a comprehensive study of training programs on a state-by-state basis which will include comments on the effectiveness of these programs and possibilities for improvement.

10. Costs of Administering Elections in the United States

On July 15, 1974, in accordance with an inter-agency agreement, the Governments Division of the U.S. Bureau of the Census submitted to us a report entitled A Pretest Study of Election Expenditures which concluded that reliable state-by-state estimates of the costs of administering elections could be obtained and recommended that they undertake a further study.

The study will provide the first comprehensive state-by-state and national compilation of the costs of administering elections. For example, it will provide usable cost data for Congress to include in possible legislation relating to election administration (such as the proposed post-card voter registration system). In addition, it will provide comparative data to State and local election administrators. Finally, the study will contribute substantially to our knowledge of election costs, and thereby to identifying procedures to reduce such costs.

The subject of the administration of elections has been neglected by local governments and schools of public administration because elections are viewed as an infrequent event and merely an additional burden for officials who have other duties. A definitive statement of how much expense is involved in the conduct of elections may help to focus public and private attention on this important area.

AUDITS AND INVESTIGATIONS

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as to the requirements of the Act and regulations, and obtaining compliance from them. On the whole, campaign committees made a good faith effort to comply with the Act, although many reports were deficient due to poor records and untrained personnel.

Post-Election Watergate Related Investigations

In early 1973, as new revelations were made related to the Watergate incident and its coverup, the Office of Federal Elections audit staff examined the new information to determine whether other apparent violations of the Federal Election Campaign Act had occurred. One such revelation was made when Harry Sears disclosed that Robert L. Vesco had contributed \$200,000 in cash to Maurice H. Stans, Chairman of the Finance Committee to Re-elect the President, on April 10, 1972. We investigated and concluded that the Finance Committee's failure to report the contribution was in apparent violation of the Act. The Comptroller General referred this matter to the U.S. Attorney General in a publicly released report dated March 12, 1973.

In March 1973, newspaper reports alleged that a local Washington university student was being paid by the Nixon campaign to "spy" on radical groups. An examination of the Finance Committee reports indicated no such payments and an investigation was immediately begun. This investigation uncovered the fact that over \$12,000 in Nixon Campaign funds had been paid in cash to various committee officials after April 7. None of these payments had been reported to GAO, and no records had been maintained of the transactions. The Comptroller General referred these apparent violations of law to the Attorney General in a report released to the public on April 27, 1973. A second report released on May 3, 1973, provided further information on one of the cash payments discussed in the April 27 report. A total of \$4,400 in campaign cash had been used to purchase an advertisement (supporting the President's mining of Haiphong Harbor) which appeared in the New York Times on May 17, 1972. The ad did not name the Re-election Committee as its sponsor as required by 18 U.S.C. 612. Instead, the names of 14 individuals were used, none of whom had any personal responsibility for the ad. The Comptroller General referred this apparent violation of law to the Attorney General.

A major report on unreported currency transactions made in connection with the Nixon campaign was released by the Comptroller General on May 20, 1973. This report, based primarily on interviews with Hugh Sloan and Herbert Kalmbach, contained a summary of previously undisclosed currency transactions which occurred before and after April 7, 1972, including several payments made to the original Watergate defendants or their attorneys. This report was referred to the Attorney General and to the Senate Watergate Committee which had begun holding hearings on the Watergate affair.

In September 1973 the OFE provided to the Senate Watergate Committee, at its request, two experienced auditors to aid in the Committee's ongoing investigation of financial abuses connected with the 1972 campaign. In October 1973, OFE provided two more of its auditors to the Senate Committee on Rules and Administration which was, at that time, conducting an investigation relative to the Vice Presidential nomination of Gerald R. Ford. One of these was later detailed to the House Judiciary Committee to provide assistance in the Committee's impeachment investigation.

Post-Election Audit Program

Following the 1972 General Election, the Office of Federal Elections embarked on a comprehensive post-election program of field audits of political committees on a nationwide basis. These audits were conducted under the authority granted to the Comptroller General by Section 308(a)(11) of the Act.

It was determined that about 600 of the 2,000 political committees reporting to OFE should be audited. This sample included all of the major candidates' committees, all of the State Republican and Democratic Party Committees, the larger business and labor affiliated committees, and a representative sample of smaller political committees across the country. Appendix II is a table setting forth the committees audited by party and candidate affiliation.

The decision to perform a large number of field audits was made in large part as a means of educating political committee officials throughout the country as to the record-keeping and reporting requirements of the Federal Election

Campaign Act, and impressing upon them the seriousness of GAO's intention to obtain strict compliance.

In organizing the field audit program, OFE audit staff developed a standardized audit program for use by the 15 GAO Regional Offices. Each regional office was contacted and provided with a list of political committees for audit located within its geographic region. OFE auditors were assigned overall responsibility for specific regions and coordinated all field audits performed in those regions.

The OFE auditor responsible for each region participated in the conduct of the first two field audits. These "pilot audits" were performed principally as a means of training regional office auditors as to the requirements of the Federal Election Campaign Act, OFE policies, findings to look for, etc. Following the pilot audits, the audit teams trained in each region scheduled and performed the audits on their own, keeping OFE informed, while audits were in process, of significant findings. OFE auditors made frequent trips to field audit sites to review workpapers, evaluate findings, and attend exit conferences.

Most of the field audits of political committees conducted during 1973 and 1974 uncovered recordkeeping and reporting errors of varying degrees of significance. Committee treasurers were requested to improve recordkeeping procedures where necessary and to submit to OFE amendments correcting reporting errors. Requiring amendments served the dual purpose of obtaining full disclosure and at the same time impressing upon committee officials the importance of accurate reporting in the future. The greater accuracy of reports submitted to OFE in 1974 as compared with those submitted in prior years clearly reflects the general education provided by our field audit teams.

Of a total of 563 field audits scheduled in 1973 and 1974, 426 were completed by the end of the calendar year 1974. Among the more significant reports released were the following:

1. Sanford Carolina Campaign Committee - A report released on May 18, 1973, which referred to the Justice Department apparent violations of law

involving the reporting of fictitious expenditures and the altering of records by a North Carolina committee supporting Terry Sanford for President;

2. Salute to Ted Agnew Night Committee - A report released on July 5, 1973, which referred to the Justice Department apparent violations of law by the Committee and several individuals connected with it, along with the Finance Committee to Re-elect the President. The violations involved an unreported transfer of \$50,000 in cash from the Finance Committee to the Agnew Committee which was falsely reported by the latter as contributions received from 31 individuals. The Agnew Committee falsified its records to support its reports and, in addition, accepted \$47,000 in corporate contributions which it failed to report.
3. Indiana Republican State Central Committee - A report released on July 27, 1973, which questioned the legality of a patronage collection system used in Indiana under which employees, many of whom worked in Federally funded programs, were required to contribute to the State Republican Party as a condition of their employment.
4. Committee for the Nomination of Hubert H. Humphrey - A report released on October 12, 1973, which disclosed that the Committee had failed to report nearly half a million dollars in receipts and expenditures during 1972;
5. Massachusetts McGovern for President Committee - A report released on October 17, 1973, citing the Committee for failing to itemize over \$66,000 in receipts in excess of \$100 and failing to report \$54,000 of receipts;
6. Nebraska Citizens for McGovern Committee - A report released on November 27, 1973, citing the Committee for failure to maintain adequate books and records to support its receipts and expenditures;

7. The Communist Party of Illinois - A report released on January 29, 1974, citing the Party for its refusal to register and report to the GAO despite having supported a presidential candidate in 1972;
8. Ohio Democratic Party - A report released on February 5, 1974, which referred to the Justice Department apparent violations of 18 U.S.C. 600, and 610, with respect to the hiring of employees in Federally funded projects based on political activity, and accepting corporate contributions in violation of both State and Federal law;
9. Kentucky Democratic Central Executive Committee - A report released on July 24, 1974, citing the Committee for failure to report and maintain adequate records on several thousand dollars of receipts and expenditures, including about \$8,000 in corporate contributions which are illegal under both State and Federal law. The report also referred to the Justice Department an apparent violation of 18 U.S.C. 610 resulting from an interest-free \$200,000 loan made to the Committee by a Kentucky bank.

See Appendix III for a listing of other significant reports.

Action by the Department of Justice on the above reports and others referred to the Attorney General has generally been too belated and too limited to be of significant value in administering the law. The major impact of the OFE audit reports occurred because they were available to the press and public. OFE's findings were sometimes highlighted by local or national newspapers and media outlets. Reports of apparent violations of law by the Committee to Re-elect the President and State party committees generated perhaps the most interest.

OFE reports on State parties in Indiana, Ohio, and Kentucky caused questions to be raised as to GAO's authority to audit State and local party committees as well as National committees. GAO has interpreted the law from the beginning to clearly require that its audit responsibilities extend to any committee collecting and expending funds for presidential

elections as defined in the Act. The law requires the GAO to report apparent violations of any law, not just apparent violations of the Federal Election Campaign Act.

ADMINISTRATIVE AND ENFORCEMENT POLICY

The decision of the Congress in 1971 to divide the administrative and enforcement responsibilities for the Federal Election Campaign Act among three supervisory officers was a compromise. The Senate approved an independent elections commission but the House was reluctant to give oversight authority over the re-election campaigns of its own members to an independent agency. It was less concerned about providing such independent authority with respect to Presidential campaigns. Thus, the Senate and House appointed their own employees, the Clerk of the House and the Secretary of the Senate, as supervisory officers for House and Senate campaigns, while delegating responsibility for Presidential campaigns to the GAO.

While the tripartite system set up under the Federal Election Campaign Act was somewhat cumbersome, it did provide an excellent basis for comparing different approaches to administration and enforcement of the same Act. The policies followed by the three supervisory officers varied in substantial ways. For example, both the Clerk and the Secretary took the position that they had no authority to discriminate between technical and substantive violations of the Federal Election Campaign Act. As a result, the Clerk referred to the Attorney General about 5,000 apparent violations of the Act in connection with the 1972 elections while the Secretary referred about 2,000. Neither the Clerk nor the Secretary made any public announcements concerning the apparent violations they referred to the Attorney General.

The Comptroller General chose to exercise discretion in referring apparent violations to the Attorney General. Obtaining full disclosure and compliance with the Act were the primary goals of the GAO. Where technical violations were found in committee reports, committees were contacted and requested to file amendments. As long as good faith compliance was obtained, no further action was taken in most cases. In cases where serious violations of law were detected, such as the willful failure to report large contributions, acceptance of corporate contributions, or willful concealment of

contributions or expenditures, they were referred to the Attorney General as apparent violations of law. Each such referral was supported by a public report of the circumstances surrounding the apparent violation(s) and the findings and conclusions supporting the charges made.

Another area of difference between the approaches of the three supervisory officers was in the area of field audits. OFE, using the manpower resources of GAO's fifteen regional offices, performed over 400 field audits of political committees supporting 1972 presidential candidates, substantially more than were performed by the other supervisory offices. These audits, which have averaged about two weeks of on-site work, all resulted in the issuance of public reports. Significant violations of law uncovered were referred to the Attorney General usually accompanied by press releases to insure wide public dissemination of relevant information. From April 1972 through December 1974, the Comptroller General referred to the U. S. Attorney General approximately 100 reports containing findings of apparent violations of Federal law.

At all times, GAO has attempted to do an aggressive and thorough job of auditing without regard to party or candidate affiliation as it does in conducting its audits of Federal programs generally. The experience of the GAO and the materials developed in administering the Act should be of considerable assistance to the recently established Federal Election Commission.

CLEARINGHOUSE ON ELECTION ADMINISTRATION
CONTRACTS COMPLETED AND UNDER WAY

<u>Contract Title and Name of Organization Undertaking Study</u>	<u>Purpose of Contract and Distribution of Contract Reports</u>	<u>Completion Date</u>	<u>Contract Cost</u>
<p>A. <u>Analysis of Election Administration Problems in Seven Selected Election Jurisdictions</u></p> <p>The Institute of Election Administration of the American University and the National Scientific Corporation of Arlington, Va.</p>	<p>To survey and analyze election administration problems and make recommendations</p> <p>3500 preliminary and final reports sent to Members of Congress and state and local election administrators</p>	Jan. 1, 1973	\$42,630.00
<p>B. <u>Analysis of Election Administration Publications</u></p> <p>Election Management Associates of Washington, D.C.</p>	<p>To develop annotated bibliography of election administration material</p> <p>In-house distribution</p>	Dec. 1, 1972	\$ 3,400.00

C. <u>Collect State Elections Laws</u> Commerce Clearinghouse of New York	To provide copies of state laws relating to elections to the Con- gressional Research Service of the Library of Congress Copies of laws sent to the Library of Congress	Service began January of 1973 through May of 1975	\$22,000.00
D. <u>Federal - State Election Law Survey</u> The Congressional Research Service of the Library of Congress	To provide a comprehensive com- pilation of Federal and state election laws, litigation, and applicable regulations 1200 copies being sent each month to Members of Congress, Directors of State Elections and Election Boards, State Legislators, and state election administrators	Monthly beginning July 1, 1973 through May 1, 1975	\$130,000.00
E. <u>Synopsis and Analysis of State Campaign Finance Laws</u> The Congressional Research Service of the Library of Congress	To provide applicable state cam- paign finance laws and regulations to Federal, state, and local can- didates for political office 1400 copies of quick reference ta- bles sent during November of 1974 to candidates for political office and anticipate sending 3,000-4,000 copies of final April 1975 report	May 1, 1975	\$60,000.00

<p>F. <u>Survey of State and Local Election Boards</u></p> <p>Analytic Systems, Inc. of Vienna, Virginia</p>	<p>To develop mail list of election boards; to design, send, collect, and compile pertinent data on election boards administering Federal elections</p> <p>7500 final reports and written comments and 2500 data bases sent to Members of Congress and state and local election administrators</p>	<p>May 1, 1974</p>	<p>\$112,687.00</p>
<p>G. <u>Voter Registration Systems</u></p> <p>27 E. F. Shelley Company of New York</p>	<p>To analyze and survey advantages, disadvantages, and costs of various types of voter registration systems</p> <p>9,000 final reports sent to Members of Congress and state and local election and voter registration administrators</p>	<p>August, 1974</p>	<p>\$65,000.00</p>
<p>H. <u>Vote Counting Methods</u></p> <p>Analytic Systems, Inc. of Vienna, Virginia</p>	<p>To analyze and compare currently available vote-counting equipment</p> <p>Anticipate sending 9,000 copies to Members of Congress and state and local election administrators</p>	<p>Dec. 1, 1974</p>	<p>\$82,970.55</p>

<p>I. <u>Computers and Elections</u></p> <p>The Institute of Computer Sciences of the National Bureau of Standards</p>	<p>To develop operational guidelines that election administrators can implement when using computers to tally votes</p> <p>Anticipate sending 3,000 copies to Members of Congress and state and local election administrators</p>	March 1, 1975	\$120,000.00
<p>J. <u>Absentee Registration and Voting</u></p> <p>Indiana University</p>	<p>To compare applicable Federal and state laws and regulations with state and local absentee voting and registration procedures</p> <p>Anticipate sending 9,000 copies to Members of Congress and state and local election administrators</p>	March 1, 1975	\$61,551.00
<p>K. <u>A Pretest Study of Election Expenditures</u></p> <p>Special Projects Office of the U. S. Bureau of the Census</p>	<p>To undertake a feasibility study to determine whether election administration cost data can be gathered and to make recommendations for further study</p> <p>In-house distribution</p>	July 15, 1974	\$32,000.00

L. Costs of Administering Elections in the United States

Special Projects Office of the U. S. Bureau of the Census

To provide the first state by state and national compilation of the costs of administering elections in the United States

Anticipate sending 3,000 copies to Members of Congress, state and local election administrators and state and local budget officers

July 1, 1975

\$175,000.00

M. Development of Precincting Model

The Census Use Division of the U. S. Bureau of the Census

To develop for operational use a precincting model which would allow local jurisdictions to re-draw precinct lines using automatic data processing equipment

Anticipate sending 400 copies to Members of Congress and election jurisdictions with appropriate automated equipment

August, 1975

\$48,000.00

N. Analysis of Post Card Registration in Baltimore, Maryland

David Green Associates of Baltimore, Maryland

To analyze administrative and procedural problems associated with post card registration in Baltimore, Maryland

300 copies of final report have been sent to Members of Congress and state and local election administrators

Oct. 15, 1973

\$ 2,500.00

TOTAL

\$957,738.55

APPENDIX II

TOTAL AUDITS		<u>426</u>
Candidate Committees		<u>185</u>
Nixon	79	
McGovern	70	
Other	36	
Party Committees		<u>167</u>
Republican	89	
Democratic	72	
Other	6	
Non Partisan		<u>74</u>
Business	31	
Labor	32	
Other	11	

APPENDIX III

OFFICE OF FEDERAL ELECTIONS
SIGNIFICANT APPARENT VIOLATIONS OF LAW
REFERRED TO THE UNITED STATES ATTORNEY GENERAL

<u>Date of Referral</u>	<u>Apparent Violation(s)</u>
June 5, 1972	Contributions to the Humphrey for President campaign by Mr. and Mrs. John L. Loeb in the names of other persons
June 28, 1972	Failure of the New York Times to obtain certification from candidates or to print the required disclaimer with respect to an advertisement placed by the National Committee for Impeachment
July 7, 1972	Failure of the National Committee for Impeachment to file a registration statement and reports with the Office of Federal Elections
August 26, 1972	Failure of the Finance Committee to Re-elect the President to report a \$25,000 contribution and to keep adequate records with respect to a cash fund of \$350,000
February 13, 1973	Failure of both the Nixon and McGovern national campaign committees to report, within 48 hours, large contributions received during the last 12 days of the 1972 campaign

APPENDIX III

<u>Date of Referral</u>	<u>Apparent Violation(s)</u>
February 21, 1973	Audit reports on the November Group, Inc., and Guggenheim Productions, Inc.; organizations which performed advertising functions for the Nixon and McGovern national campaigns
March 12, 1973	Failure of the Finance Committee to Re-elect the President to report and maintain records on a \$200,000 cash contribution from Robert L. Vesco
March 14, 1973	A \$40,000 corporate contribution accepted by the Utah Republican State Central committee and used to purchase advertisements supporting Federal candidates
April 27, 1973	Failure of the Finance Committee to Re-elect the President to disclose and maintain adequate records on cash funds held on April 7, 1972, and disbursed after the effective date of the Act
May 3, 1973	Failure of the Finance Committee to Re-elect the President to identify itself as the sponsor of an advertisement, placed in the New York Times on May 17, 1972, supporting the President's decision to mine Haiphong Harbor
May 18, 1973	Apparent violations of law in the Terry Sanford for President campaign resulting from altering of records and reporting of fictitious expenditures
May 20, 1973	A report referred to the Justice Department and the Senate Watergate Committee disclosing previously unreported currency transactions of the Finance Committee to Re-elect the President, including several cash payments made to the original Watergate defendants or their attorneys
July 5, 1973	Apparent violations of law by the Salute to Ted Agnew Night Committee and the Finance Committee to Re-elect the President resulting from the failure of both committees to report a \$50,000 transfer of cash to the Agnew committee, which falsely reported the funds as contributions from 31 individuals. In addition, the Agnew committee falsified its records and failed to report \$47,000 in corporate contributions which it accepted.

<u>Date of Referral</u>	<u>Apparent Violation(s)</u>
July 27, 1973	A patronage collection system under which employees of the State of Indiana, many of whom worked in Federally funded programs, were required to contribute to Indiana Republican State Central Committee as a condition of their employment
August 13, 1973	Failure of the Wisconsin McGovern for President committee to maintain complete and accurate records of receipts and expenditures
September 7, 1973	Failure of the Shirley Chisholm for President Committee to file required reports with the Office of Federal Elections and failure to maintain adequate records of receipts and expenditures
October 10, 1973	Failure of eighteen registered political committees to file required reports with the Office of Federal Elections
October 12, 1973	Failure of the Committee for the Nomination of Hubert H. Humphrey to disclose nearly half a million dollars in 1972 campaign receipts and failure to maintain documentation on two to three hundred thousand dollars in expenditures
October 17, 1974	Failure of the Massachusetts McGovern for President Committee to itemize \$66,000 of receipts in excess of \$100 and failure to report \$54,000 of receipts
November 27, 1973	Failure of the Nebraska Citizens for McGovern Committee to keep and maintain adequate books and records of campaign receipts and expenditures
December 11, 1973	Reporting of a fictitious expenditure by the Conservatives for Nixon-Agnew Committee (New York) to liquidate, on paper, an outstanding debt and thus avoid further reporting to the Office of Federal Elections
December 18, 1972	Failure of the Finance Committee to Re-elect the President to accurately report and to maintain adequate records on a total of \$35,000 in payments made on behalf of the Committee by Murray M. Chotiner to two journalists who were monitoring the presidential campaigns of Democratic candidates

APPENDIX III

Date of Referral

Apparent Violation(s)

December 21, 1973

Failure of eight political committees to file required reports of receipts and expenditures with the Office of Federal Elections

January 29, 1974

Refusal of the Illinois Communist Party to register and file reports with the Office of Federal Elections despite its having supported a presidential candidate in 1972

February 5, 1974

A patronage system employed by the Ohio State government under which employees working in Federally funded programs were hired on the basis of political activity, and contributions to the Ohio Democratic Party were solicited by state employees working in Federally funded programs. The Party also accepted corporate contributions in apparent violation of both state and Federal law

April 10, 1974

Failure of the Citizens for McGovern Committee (St. Louis, Missouri) to maintain adequate record of receipts and expenditures in the 1972 campaign

April 11, 1974

Refusal of the Hughes Active Citizenship Fund to disclose, on its reports, the value of administrative services provided to the Fund by the Hughes Aircraft Corporation

April 15, 1974

Acceptance of corporate contributions by the Oklahoma Democratic and Republican State Central Committees in apparent violation of State and Federal law

April 26, 1974

Acceptance of six corporate contributions by the Nebraska State Central Committee

June 27, 1974

Failure of the McGovern For President Connecticut Committee to maintain adequate records on expenditures for "election day expenses"

July 5, 1974

Failure of the Americans for Agnew Committee (Los Angeles, California) to maintain adequate records of its receipts and expenditures and failure to state on its literature that it was not authorized to solicit funds on behalf of the former Vice President

APPENDIX III

<u>Date of Referral</u>	<u>Apparent Violation(s)</u>
July 24, 1974	Acceptance by the Kentucky Democratic Central Executive Committee of \$8,000 in corporate contributions and a \$200,000 interest free bank loan, and failure of the committee to report and maintain accurate records on several thousand dollars of its receipts and expenditures
October 23, 1974	A referral of the White House Subsidiary Account, a fund maintained for political expenses from October 1970 to March 1974, for failing to register and file financial reports under the Act and failing to maintain complete records of receipts.
October 31, 1974	A referral of TAPE and C-TAPE, the political committees of the Associated Milk Producer's Inc., for accepting contributions from AMPI - member dairy farm corporations in apparent violation of 18 U.S.C. 610.
November 7, 1974	A referral of the Hall-Tyner Election Campaign Committee for failing to maintain adequate records on mass collections and for failing to amend its reports to properly disclose a loan and a contribution.
November 8, 1974	A referral of the question of whether corporate contributions used to pay the administrative expenses of the Real Estate Political Action Committee (REPAC) constituted a violation of 18 U.S.C. 610.
November 8, 1974	A referral of SPACE, the political committee of Dairymen, Inc., for accepting contributions from member corporations in apparent violation of 18 U.S.C. 610.
November 14, 1974	A referral of the Nassau County (N.Y.) Republican Committee for an apparent violation of 18 U.S.C. 610 in accepting corporate contributions and merging them with funds used in Federal election campaigns.