

FEC Issues Audit of Trade Association PAC

September 2019

Earlier this month, the Audit Division of the Federal Election Commission (FEC) issued its final audit report of the Ambulatory Surgery Center Association PAC (ASCAPAC). The audit report covered receipts, records, and the disclosure of ASCAPAC contributions made between January 2015 and December 2016 and found five major points of error:

- Misstatement of financial activity by understating receipts;
- Receipt of contributions from prohibited sources;
- Inadequate documentation of receipts and recordkeeping;
- Failure to directly disclose contributions; and
- Untimely deposit of contributions.

ASCAPAC accepted contributions from Limited Liability Companies (LLCs), Corporations, Professional Limited Liability Companies (PLLCs) and Limited Liability Partnerships (LLPs), all of which are subject to limitations and prohibitions under 52 U.S.C. § 30118. ASCAPAC responded that it applied its best efforts to determine the corporate status of its contributors and would issue refunds or eligible charitable donations in response to the \$80,028 received from prohibited donors. The audit notes that ASCAPAC did not have a separate bank account for contributions made from questionable donors, but did maintain sufficient permissible funds to account for the questionable contributions, a requirement under 11 CFR § 103.3(b)(1).

ASCAPAC also incorrectly disclosed \$193,623 of contributions, and its reports did not satisfy various legal requirements such as including the contributor's full name, date, dollar amount, and business entity. The Commission required ASCAPAC to amend its disclosure reports, which they were able to for \$5,000 of contributions. According to the final audit report, ASCAPAC has yet to correctly disclose \$187,623

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worth of contributions.

In response to the Draft Final Audit Report, ASCAPAC stated that it has updated its policies and procedures to adhere to lawful and timely recordkeeping of receipts, created information-sharing systems, issued refunds of prohibited contributions, and amended its disclosure reports for missing information. The Commission has not yet imposed a penalty on ASCAPAC, but may initiate enforcement proceedings on a result of this audit.