



# California Fair Political Practices Commission

January 13, 1988

Gene Moniz  
Treasurer, Monterey County  
Republican Central Committee  
40 West Alisal  
Salinas, CA 93901

Re: Our File No. A-88-028

Dear Mr. Moniz:

We have received a copy of the Franchise Tax Board's report on their audit of the Monterey County Republican Central Committee.

We noted that the Franchise Tax Board auditor commented under "Recordkeeping" that the committee did not maintain records of, or report the receipt of, artwork donated to the committee. One painting received by the committee was given as a doorprize, and the rest of the artwork was auctioned at fundraisers. The purchasers of the artwork were reported as contributors on Schedule A of the committee's campaign statement. The Franchise Tax Board report states that the committee's treasurer at the time, Mr. Hartley C. Dewey, indicated that records were not maintained and the artwork was not reported as "non-monetary contributions" when received because "in most instances the artwork was brand new and no fair market value was established."

The purpose of this letter is to clarify for you and the committee that artwork or other goods received by the committee, for which the committee does not pay the fair market value to the donor, must be reported as "non-monetary contributions" on Schedule C of the committee's campaign statement. Receipt of the goods must be reported on the campaign statement covering the period during which the goods were received.

We recognize that it may be difficult to determine the value of such things as artwork or other items to be sold at an auction. However, a good faith effort to determine the value must be made at the time of receipt. If, at a later date, the items actually sell for more or for less than the value you initially attached to them, and you believe that the amount paid is the "fair market value," the committee should amend its campaign disclosure statement to reflect the amount actually received as the "fair market value" of the non-monetary contributions.

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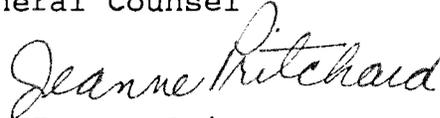
In addition, a person who purchases items from the committee at an auction or other fundraising event is not deemed to have made a "contribution" if the person has paid the fair market value for the goods purchased. Instead of reporting the payment received from such persons on Schedule A as "monetary contributions received," the payment should be reported on Schedule G as a "miscellaneous increase to cash."

Enclosed for your information and use are the 1988 "Information Manual on Campaign Disclosure Provisions of the Political Reform Act" and the campaign reporting forms for use in 1988.

If you have any questions about this letter, please call me at (916) 322-5662.

Sincerely,

Diane M. Griffiths  
General Counsel



By Jeanne Pritchard  
Division Chief  
Technical Assistance and  
Analysis Division

FTB address is 11-1  
apt 2 units in row when  
needed.

FTB AUDIT REPORT RECOMMENDATIONS

Committee

Lobbyist

Name: Andrew G. D. (Apt. 2)

Audit Period: 1978 to 1979

History: 178 audit in audit report for 1978-79  
audit 1978-79 and 1979-80. 1978-79 audit  
was done by [unclear] and 1979-80 audit  
was done by [unclear].  
FPPC took [unclear] action.

Recommendations:

Name FTB Comments: write report

FTB report should be written by [unclear] and [unclear].  
The report should be written by [unclear] and [unclear].

Name Daryl Comments:

I agree - close.

Name PMU Comments: Agree / close

Summary Recommendation:

Open

Warning Letter

Close agree  
AB

State of California  
FRANCHISE TAX BOARD  
Sacramento, CA 95867  
(916) 369-4829

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AUDIT REPORT FOR COMMITTEE:

Monterey County Republican Central Committee  
40 West Alisal, Salinas, CA 93901

January 1, 1983 through December 31, 1984

TREASURER: Gene Moniz  
40 West Alisal, Salinas, CA 93901

Hartley C. Dewey (10/15/83 through 01/19/87)  
25750 Pierri Grande, Carmel, CA 93923

Sebastian J. Bordonaro (07/01/83 through 10/14/83)  
P. O. Box 22055, Carmel, CA 93923

John K. Hemmer (08/09/82 through 06/30/83)  
22314 Capote Drive, Salinas, CA 93908

CONTRIBUTIONS AND EXPENDITURES

Total Contributions Received: \$86,379

Total Expenditures: \$95,370

The totals for contributions received and expenditures were taken from the unaudited statement(s) as filed with the Secretary of State for the period indicated above.

BACKGROUND INFORMATION

The Committee is an ongoing, general purpose committee.

AUTHORITY FOR AUDIT

This audit is made under authority of Section 90001 of the California Government Code.

#### SCOPE OF AUDIT

The audit was performed in accordance with generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. The audit included such tests of the accounting records and other such auditing procedures as were considered necessary in the circumstances.

#### OPINION

In our opinion, the filer has substantially complied with Fair Political Practices Commission disclosure and recordkeeping requirements except as indicated in this audit report.

#### RECORDKEEPING

Records were not maintained for artwork donated to the Committee and for a \$4,000.00 monetary contribution received from the Every Thursday Club. Except for a painting valued at \$1,500.00 given away as a door prize, the artwork donated was auctioned at fundraisers for \$7,371.00 and the purchasers of the artwork were disclosed as the contributors. In addition, the Every Thursday Club contribution and the painting valued at \$1,500.00 were not reported on the campaign statement.

Mr. Dewey stated that not maintaining records or reporting the Every Thursday Club contribution was an oversight. He added that the artwork was not reported when it was received because in most instances the artwork was brand new and no fair market value was established.

#### REPORTS AND STATEMENTS

An amendment to the Statement of Organization was not filed when Sebastian J. Bordonaro became Treasurer in July of 1983.

Mr. Dewey stated that an amended Statement of Organization was not filed due to an oversight.

Late contribution reports were not filed for two contributions made to Californians for Fair Reapportionment on October 22, 1984 and November 1, 1984 in the amounts of \$2,000.00 and \$1,099.72 respectively. In addition, the contribution made on November 1, 1984 was not disclosed on the campaign statement filed.

The November contribution was a nonmonetary contribution made in the form of newspaper advertisements.

These were the only late contributions.

Mr. Dewey stated that he was unaware of the filing requirements for late contributions and he didn't realize the Committee had made a nonmonetary contribution.

Prepared by the Franchise Tax Board pursuant to Section 90004 of the Government Code. Submitted to the Fair Political Practices Commission, the Secretary of State and the Attorney General on October 30, 1987.