

# FEC Corporate PAC Audit Highlights Common Errors

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Last month, the FEC made public the results of its audit of the Lockheed Martin Employees' Political Action Committee (LMEPAC). Although some of the errors uncovered were a direct result of embezzlement by LMEPAC's assistant treasurer, the audit did highlight several inadvertent mistakes often made by treasurers of corporate PACs.

First, the FEC found that "Payroll Deduction Authorization" forms were not available for 42% of LMEPAC's contributors. Under the FEC's rules, a PAC must maintain copies of the "Payroll Deduction Authorization" form for each individual who makes a contribution via automatic payroll deduction. This is true even if, as was the case here, the original corporation maintains multiple independent payroll centers or if the corporation has merged with, or been acquired by, another company. Although the FEC noted that LMEPAC could keep its forms at its various payroll centers across the country, the FEC recommended that the forms be kept in one centralized location at the PAC's headquarters.

Second, the FEC found that 54% of the contributions to LMEPAC were not deposited in a timely manner. Over half of the contributions received by LMEPAC were deposited between two weeks and six months after the date noted on the check. LMEPAC's attorney stated that this was the product of 20 separate payroll systems that were set up to run on a monthly cycle rather than during each successive 10-day period. Federal law requires that contributions be returned to the contributor or deposited into a committee bank account within 10 days of their receipt.

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