NORTH CAROLINA
STATE BOARD OF ELECTIONS

Compliance Examination Memorandum
Campaign Finance Disclosure Reports

Committee Name	Asheville Tea PAC
Committee Status	Active
Date	October 25, 2021
Program Analyst	David Quong

Scope

Candidate campaign committees, political committees, and referendum committees registered with the North Carolina State Board of Elections are examined to determine whether reports filed with the State Board conform to state law and the truth. N.C.G.S. § 163-278.24.

This memorandum summarizes findings made by program analysts. All committees are notified prior to publication of this memorandum of any prohibited transactions or reporting errors identified during the examination. N.C.G.S. § 163-278.23.

The scope of any examination is limited to a review of the actual reports filed with the North Carolina State Board of Elections. As part of an examination, a program analyst may request to inspect bank statements or other account information maintained by the committee's treasurer to determine conformity with state law and the accuracy of the report. N.C.G.S. § 163-278.8.

Reports included in the examination:

- 2019 Mid-Year and Year-End semi-annual reports
- 2020 First, Second, Third, and Forth Quarters
- 2021 Mid-Year semi-annual report

Program Analysts evaluate each report for prohibited transactions, reporting errors, and informational items. Issues identified during the examination are noted below.

Prohibited Transactions

Reports are checked for possible prohibited transactions. These are transactions that involve unlawful contributions or expenditures under North Carolina law. The State Board will seek forfeiture of all prohibited transactions. The State Board may also pursue civil penalties pursuant to N.C.G.S. § 163-278.34.

Issue 1	**Statutory Citation**
Business Contributions	N.C.G.S. § 163-278.15
Transactions Identified	None
Required Action	Each transaction is researched to determine if the contributor was reported correctly. If the committee accepts a contribution made by a corporation, business entity, labor union, professional association, or insurance company prohibited by N.C.G.S. §163-278.15, the State Board will seek a forfeiture of the contribution. If the incorrect name is recorded, the committee must provide documentation that supports a change to the contributor name, such as a copy of a check.
Resolution	

Issue 2	**Statutory Citation**
Cash Contributions over $50.00	N.C.G.S. § 163-278.14
Transactions Identified	There were five cash contributions over $50.
Required Action	Each transaction is researched to determine if the contribution was made in cash. If a cash contribution in excess of $50.00 was made, the State Board will seek forfeiture in the amount in excess of $50.00. If an incorrect form of payment is recorded on the report, documentation must be provided to support a change to the form of payment, such as a copy of a check, a recording of an electronic funds transfer, etc.
Resolution	The committee forfeited $190.

Issue 3	**Statutory Citation**
Aggregate Contributions over $50.00	N.C.G.S. § 163-278.11
Transactions Identified	None
Required Action	Aggregate contributions appear to have been recorded in lump sum amounts. If these contributions are appropriate to report in aggregate, they must each be listed separately on the Aggregate Contributions form. If these contributions are from a single contributor or multiple contributors in excess of $50.00 each, they must be reported on the Contributions from Individuals form. All documentation supporting either of the above changes must be provided.
Resolution	

Issue 4	**Statutory Citation**
Anonymous Contributions	N.C.G.S. § 163-278.14
Transactions Identified	None
Required Action	Reported contributions give the appearance of being from an anonymous contributor, either by direct, reported language or by the absence of a contributor name. Each transaction is researched to determine if the contributor was reported correctly. All anonymous contributions must be forfeited pursuant to N.C.G.S. §163-278.14. If the contribution was not anonymous, documentation must be provided that discloses the contributor's name and address, such as a copy of a check, a recording of an electronic funds transfer, etc.
Resolution	

Issue 5	**Statutory Citation**
Contributions over the Maximum Limit	N.C.G.S. § 163-278.13
Transactions Identified	None
Required Action	Reported contributions appear to cause the contributor's sum to date for an election cycle to exceed the maximum contribution limit. If the contribution limit was exceeded, the State Board will seek a forfeiture of the amount contributed over the limit. If limits have not been exceeded, documentation related to the receipt of these contributions must be provided.
Resolution	

Issue 6	**Statutory Citation**
Contributions from Non-Registered Committees	N.C.G.S. § 163-278.6, N.C.G.S. § 163-278.7A and N.C.G.S. § 163-278.15
Transactions Identified	None
Required Action	Each transaction is researched to determine if the correct name was reported. If contributions are received from a political committee that is not registered with a Board of Elections, the State Board will seek forfeiture in the amount of the contribution. If the incorrect name is recorded, documentation supporting a change to the transaction name must be provided.
Resolution	

Issue 7	**Statutory Citation**
Cash Expenses over $50.00. Media Expense in Cash.	N.C.G.S. § 163-278.8
Transactions Identified	None
Required Action	Each transaction is researched to determine if the correct form of payment was reported. If a cash expenditure in excess of $50.00 was made, the State Board may assess a civil penalty. If not made in cash, documentation supporting a change to the form of payment must be provided, such as a copy of a check, a recording of an electronic funds transfer, etc.
Resolution	

Issue 8		Statutory Citation
Contributions from Lobbyists (Candidate only)		N.C.G.S. § 163-278.13C
Transactions Identified	Not applicable	
Required Action	Each transaction is researched to determine if the contributor was reported correctly. If the committee accepted a contribution from a registered lobbyist, the State Board will seek a forfeiture of the contribution. If the incorrect name is recorded, provide any documentation that proves the contribution was not from a registered lobbyist.	
Resolution		

Issue 9		Statutory Citation
Contributions from PAC's with a Registered Lobbyist, made during Legislative Session (NC Senate, NC House, Council of State only)		N.C.G.S. § 163-278.13B
Transactions Identified	Not applicable	
Required Action	Each transaction is researched to determine the actual receipt date. If the committee accepted a contribution from a limited contributor during a regular session, the State Board will seek a forfeiture of the contribution. If the incorrect date is recorded, any change to dates must be supported by documentation. A copy of each check must be provided.	
Resolution		

Reporting Errors

Reports were checked for the following reporting errors. Dependent on the extent of the error, the committee may be required to file amended reports.

Issue 10		Statutory Citation
Mathematical Errors		N.C.G.S. § 163-278.11
Transactions Identified	None	
Required Action	This issue covers any error with totals and beginning or ending balances. All noted transactions must be investigated, and reports amended when appropriate. Balances must track from one report to the next, with the end balance of one report carrying forward to be the beginning balance of the next report.	
Resolution		

Issue 11		Statutory Citation
Transaction Omissions, or Transactions Recorded on the Wrong Form		N.C.G.S. § 163-278.11
Transactions Identified	None	
Required Action	The noted transactions appear to have been omitted from the report(s) or were reported on the wrong form(s) or with the wrong transaction type. Investigate committee records to determine if these transactions occurred. Determine which transaction type is correct.	
Resolution		

Issue 12	**Statutory Citation**
Expense Purposes are not Complete or the Code is Incorrect. (all Committees) Expense Purposes are not Justified Under Statute (Candidates only)	N.C.G.S. § 163-278.11

Transactions Identified	None
Required Action	Expense purposes do not include enough information to determine how Committee funds were used. Additional information must be provided. Purpose codes are either missing or do not appear to be correct, based on the required remarks given. The noted expenditures must be justified under the statute. The justification must include the purpose of the expense, how the purpose complies with N.C.G.S. §163-278.16B, and must be signed by the candidate under oath.
Resolution	

Issue 13	**Statutory Citation**
48 Hour Notices	N.C.G.S. § 163-278.9 and N.C.G.S. § 163-278.9A (*if examining referendum committees*)

Transactions Identified	None
Required Action	The noted transaction(s) was recorded as received during a 48 Hour Notice period but was not reported on a 48 Hour Notice. The noted transaction(s) was reported on a 48 Hour Notice but was not included on subsequent reports. Reports must be amended to include all transactions reported in a 48 Hour Notice period. Information reported on a 48 Hour Notice was different when reported on the subsequent report.
Resolution	

Issue 14	**Statutory Citation**
Joint Contributions	N.C.G.S. § 163-278.14

Transactions Identified	None
Required Action	Contributions received from a joint account must be attributed to one individual. If the contribution is to be split, each individual must be listed separately with their address and principal occupation information and the amount of their portion of the contribution. The contribution should be attributed to the person who signed the check unless the treasurer has specific authorization from both persons whose names appear on the check to split the contribution.
Resolution	

Issue 15		Statutory Citation
Principal Occupation Information for Contributor Missing, Addresses Missing, Dates Missing or Incorrect		N.C.G.S. § 163-278.11
Transactions Identified	There were contributors reported as "Retired" which is insufficient occupational information. Treasurer is provided written guidance from this office that was issued in 2019.	
Required Action	A committee must report the name, complete mailing address and principal occupation of each contributor, the amount contributed, and the date the contribution was received. When a treasurer can demonstrate that the committee used the Best Efforts in 08 NCAC 21 .0101 to obtain, maintain and report the complete mailing address and principal occupation of a contributor, the committee is considered in compliance with the law. A committee may not list a contributor as retired. Please see the Campaign Finance Manual for more information on how to report a contributor's principal occupation. Treasurers must report the date each contribution was received and the date each expense was incurred. Check dates and deposit dates must not be used. The date an expense clears the bank must not be used.	
Resolution	Best effort was made to comply with the guidance and reports were amended.	

Issue 16		Statutory Citation
Loan Proceeds or Forgiven Loan Statements Missing		N.C.G.S. § 163-278.11
Transactions Identified	None	
Required Action	Each Loan Proceed must be accompanied by a signed Loan Proceeds statement (CRO-6100). This is only required to be filed once, with the report on which the Loan Proceed is recorded. All forgiven loans must be accompanied by a Forgiven Loan Statement (CRO-6200) that is signed by the person making the original Loan.	
Resolution		

Issue 17		Statutory Citation
Refund is Missing Information (such as original date/amount) or is in a Higher Amount than the Original Transaction.		N.C.G.S. § 163-278.11
Transactions Identified	None	
Required Action	All refunds must include information about the original transactions so that program analysts can determine that no overpayment was made and that the refund was appropriate. The refund amount must not exceed the original transaction amount.	
Resolution		

Issue 18		Statutory Citation
Software Errors		
Transactions Identified	None	
Required Action	Software errors are minimal but still occur. Some are related to the actual software, whether this is the CF Remote Software or third-party software. Some errors are related to how an item has been entered.	
Resolution		

Informational Items

The following issues may appear on reports but are deemed minor and do not require reports to be amended. The committee officer was advised of these items so that errors do not occur on future reports.

Issue 19	**Statutory Citation**
Election Cycle Totals are Incorrect or Missing. Sum to Date totals are Incorrect or Missing.	N.C.G.S. § 163-278.11
Transactions Identified	None
Required Action	The Election Cycle column on the Detailed Summary shows an accumulation of totals from report to report, through the entire Election Cycle. Totals were either incorrect or were not carried forward. The sum to date should accumulate per entity through a primary or general election period.
Resolution	

Issue 20	**Statutory Citation**
Bank Account Code Missing or Different than Previously Provided. A new bank account hasn't been reported.	N.C.G.S. § 163-278.11
Transactions Identified	None
Required Action	Each transaction listed on a report must include the code for the bank account to which the receipt was deposited or from which the expense was paid. Each code is unique to an account and must be used for the life of that account.
Resolution	

Issue 21	**Statutory Citation**
Outstanding Loans are Missing	N.C.G.S. § 163-278.11
Transactions Identified	None
Required Action	All outstanding loans must be recorded on each report filed until the loan is either repaid or forgiven.
Resolution	

Issue 22	**Statutory Citation**
Committee Officers	N.C.G.S. § 163-278.7
Transactions Identified	None
Required Action	The committee treasurer has been provided with a list of officers of record with contact details. These should be checked for accuracy.
Resolution	Any information that changes should be filed by mail or hand delivery with our office using an amended Statement of Organization.

Issue 23	**Statutory Citation**
Administrative Support (PACs Only)	N.C.G.S. § 163-278.19
Transactions Identified	None
Required Action	The Parent Entity of a PAC may make reasonable administrative support, as defined by statute. The noted transactions do not appear to conform to the list in the statute or need more explanation as to why they are appropriate.
Resolution	

Issue 24		Statutory Citation
Exempt Sales (Party Executive Committee Only)		N.C.G.S. § 163-278.8A
Transactions Identified	Not applicable	
Required Action	All exempt sales are appropriate, according to statute, and have been pre-approved. The amount raised at an exempt sale has been reported. Exempt sales for the election cycle have not exceeded $20,000.00.	
Resolution		

Contacts made with Committee:

- 07/21/2021 Email sent
- 07/21/2021 Email received
- 07/21/2021 Phone call received
- 07/23/2021 Email sent
- 07/27/2021 Emails received
- 07/27/2021 Email sent
- 07/30/2021 Email received
- 08/02/2021 Email sent
- 08/02/2021 Email received
- 08/03/2021 Emails sent
- 08/03/2021 Email received
- 08/04/2021 Email received
- 08/06/2021 Email received
- 08/06/2021 Email sent
- 08/09/2021 Phone call made
- 08/10/2021 Email sent
- 09/15/2021 Email sent
- 09/15/2021 Email received
- 10/13/2021 Emails sent
- 10/13/2021 Emails received

Examination Conclusion

The review of this committee's reports is complete, through the 2021 Mid-Year semi-annual report.

Additional Review

The North Carolina State Board of Elections may re-open any examination or conduct an additional examination of any committee in response to any complaint or other information made available to the State Board of Elections. N.C.G.S. § 163-278.22.