



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

January 14, 2005

Marcus Vaden, Treasurer
Democratic Party of Arkansas
1300 West Capitol Avenue
Little Rock, AR 72201

Response Due Date:
February 14, 2005

Identification Number: C00024372

Reference: 30 Day Post-General Report (10/14/04-11/22/04)

Dear Mr. Vaden:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-The beginning cash balance of this report should equal the ending balance of your 12 Day Pre-General Report (10/1/04-10/13/04). Please clarify this discrepancy and amend any subsequent report(s) that may be affected by this correction.

-The totals listed on Lines 21(a)(i), 21(a)(ii), 24, 30(b), 30(c), and 32, Column B of the Detailed Summary Page(s) appear to be incorrect. Please be advised that you should add the "Calendar Year-to-Date" total from your previous report to the current "Total This Period" figure from Column A to derive the correct Column B totals. Please amend your report and any subsequent reports that may be affected by this correction.

-Your calculations for Line 8 appear to be incorrect. Cash-on-hand at the close of the current reporting period should always equal the closing calendar year-to-date cash-on-hand amount. Please provide the corrected total on the Summary Page.

-Schedule A supporting Line(s) 11(c) of your report discloses a receipt(s) from a candidate committee(s) (see attached) which requires further clarification. For example, if this activity represents a transfer of funds,

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please indicate "transfer" on Schedule A supporting Line 11(c) of your report. If this activity represents a reimbursement for services provided to this committee, please indicate this on Schedule A supporting Line 15 of your report. Please amend your report to clarify the type of activity this receipt(s) represents.

-Schedule A supporting Line 15 of your report discloses a payment(s) from an organization(s) which is not a political committee(s) registered with the Commission (see attached). It appears the receipt(s) was for goods and/or services provided by your committee. Pursuant to Advisory Opinion 1979-18, the sale/purchase price paid to a political committee could involve the receipt of a contribution from a purchaser if the purchase price exceeds the "usual and normal charge". The term "usual and normal charge" for goods is defined as the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution. Examples of goods and services include equipment, supplies, personnel, advertising services, membership lists, and mailing lists. 11 CFR §100.7(a)(1)(iii)

Please clarify whether your committee assessed the usual and normal charge for the goods and/or services you provided and explain the steps your committee took in determining the amount charged. If your committee provided the goods and/or services at more than the usual and normal charge, the difference between the two is considered to be an in-kind contribution(s) received by your committee from an unregistered organization(s) and is prohibited subject to the limits set forth at 2 U.S.C. §§441a(f) and 441b or 11 CFR §102.5(b).

-Schedule B supporting Line 21(b) discloses \$6,000 in disbursements to "Democratic Party -- Non Federal Account" for "Replenish funds." You are advised that 11 CFR §102.5 prohibits a non-federal account from financing activity in connection with federal elections. Please provide clarifying information regarding these transactions including the date(s) when the original activity was conducted by the non-federal account. In addition, if any of the disbursements disclosed were made to influence the election or defeat of specific federal candidates, the disbursements should be allocated accordingly and disclosed as either in-kind contributions on Schedule B supporting Line 23, independent expenditures on Schedule E supporting Line 24, or as coordinated expenditures on Schedule F supporting Line 25. 11 CFR §§104.3(b)(3) and 106.1

Although the Commission may initiate legal action regarding the activities conducted by your non-federal account, any clarifying information that you can provide will be taken into consideration.

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-Please amend your report by providing the address and purpose for each disbursement itemized on Schedule(s) B supporting Line(s) 30(b).

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) B of your report to clarify the following description(s): "Election day exp- Fayetteville," "Election day exp- Ft Smith," "Election day exp- Pine Bluff off," "Election day exp- West Mphs," and "Radio Remote." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Schedule B of your report discloses payments for "petty cash." Please be advised that a political committee may maintain a petty cash fund out of which it may make expenditures not in excess of \$100 to any person per purchase or transaction. 11 CFR §102.11 Please provide clarifying information regarding these transactions.

-Schedule B supporting Line 30(b) of your report discloses a payment(s) for "banners," "news paper ads," "Newspaper ads," "Phone ID calls," "Radio Ads," "Radio ads," "radio ads," "Radio Production," and "Recorded messages," which is categorized as Federal Election Activity and therefore, may require the disclosure of the candidate(s) this activity should be attributed to. Expenditures and disbursements for public communications that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s).

Further, please be advised that public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate rather than on Schedule B for Line 30(b). Please amend your report to properly disclose this activity or provide clarifying information.

-The independent expenditure schedule (Schedule E) should disclose the following information: the name and mailing address of the payee, the purpose of the expenditure, the date of payment, the amount of payment,

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the name and office sought, state and district (if applicable) of the federal candidate, the calendar year-to-date, per election, for office sought total, the election designation, an indication of whether the candidate was supported or opposed and the signature of the treasurer. Please amend Schedule E by providing the election designation. 11 CFR §104.3(b)(3)(vii)

-Schedule E, supporting Line 24 of your report, discloses an independent expenditure on behalf of John Kerry that appears to have been distributed or publicly disseminated after the general election date. Please be advised that if the communication is aired prior to the date payment is made, but during the same reporting period, the independent expenditure should be reported as a memo entry on Schedule E when the communication is publicly disseminated. When the payment for the independent expenditure is made, the report should show a payment on Schedule E.

Please amend your report to provide further clarifying information regarding the independent expenditures disclosed after the general election.

-On Schedule H2, you disclose the ratio for "Awards Banquet" to be new; however, your Amended 12 Day Pre-General Report (10/1/04-10/13/04), received 12/20/04 disclosed this ratio as same as previously reported. Please clarify the nature of this revision. 11 CFR §§104.10 and 104.17

-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "advertising" and "newspaper layouts." Please be advised that pursuant to 11 CFR §300.33(c)(1), expenditures for public communications (as defined by 11 CFR §100.26) that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any such candidate for Federal office must not be allocated between or among federal and non-federal accounts. Only federal funds may be used.

Further, expenditures and disbursements for public communications that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s). However, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate, rather than on Schedule B for Line 30(b). Please amend your report to properly disclose this activity.

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If this activity was categorized incorrectly, the Commission recommends that you immediately transfer the funds received by your federal account for this activity back to the non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

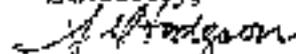
-Schedule H4 of your report discloses \$1,376 in payments for "canvassing" to individuals. Please clarify whether these individuals are employees of your committee. You are advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal, non-federal and Levin accounts. Rather, only federal funds may be used. Any reimbursement from your committee's non-federal or Levin account for salary and wage payments is not permissible and must be returned. Please provide clarification regarding these payments.

-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Contributions from political committees should be properly disclosed on a separate Schedule A, supporting Line 11(c) of the Detailed Summary Page. Please refer to the instructions for each line when determining the proper categorization(s) for your next filing.

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1140.

Sincerely,



Abbie Hodgson

Campaign Finance Analyst

Reports Analysis Division

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Receipts from Candidates, No Purposes

Contributor Name	Date	Amount
Mike Ross for Congress Committee	10/19/04	\$10,000.00
Mike Ross for Congress Committee	10/19/04	\$15,000.00
Snyder for Congress	10/25/04	\$10,000.00
Snyder for Congress	10/26/04	\$500.00
Snyder for Congress	11/01/04	\$50.00
Snyder for Congress	11/10/04	\$800.00
Friends of Blanche Lincoln Campaign Comm	10/25/04	\$50.00
Friends of Blanche Lincoln Campaign Comm	10/26/04	\$100.00
Friends of Blanche Lincoln Campaign Comm	10/27/04	\$150.00
Friends of Blanche Lincoln Campaign Comm	10/15/04	\$6,000.00

Usual and Normal Charge

Contributor Name	Date	Amount
Democratic House Caucus	10/14/04	\$1,219.88

