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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 1, 2004

Richard F. Neel, Jr., Treasurer  
Republican Party of Virginia, Inc.  
115 East Grace Street  
Richmond, VA 23219

**Response Due Date:**  
**October 1, 2004**

Identification Number: C00001305

Reference: Amended February Monthly Report (1/1/03-1/31/04)

Dear Mr. Neel:

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:

-Schedule B supporting Line 21(b) of your report discloses a payment(s) totaling \$16,110.86 for "telemarketing," "direct mail" and "postage." Expenditures and disbursements for public communications (as defined under 11 CFR §100.26) 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 or provide clarifying information.

-Your report does not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §100.24 defines as Federal Election Activity, services provided by an employee of a State, district or local party committee who spends more than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and

wages for employees who spend more than 25 percent of their compensated time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

-Schedule B supporting Line 21(b) discloses \$12,031.46 in disbursements to the Republican Party of Virginia, Inc. for "payroll". While your committee's non-federal account may pay the salary of an employee who does not spend more than 25 percent of their time during that month on activities in connection with a Federal election, 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.

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.

-Schedule H4 of your report discloses \$6,350 in payments for "IT Consulting" and "janitorial svc" 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.

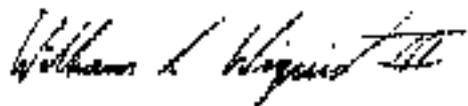
-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "salary," "pay advance" and "employee benefits." Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

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) 694-1394.

Sincerely,



William S. Wiquist  
Campaign Finance Analyst  
Reports Analysis Division

