



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

JUL 23 1997

R. Richard Ryan, Treasurer  
Stonewall Democratic Club  
7985 Santa Monica Boulevard, #325  
West Hollywood, CA 90069

Identification Number: C00323923

Reference: 30 Day Post-General Report (10/2/96-11/25/96)

Dear Mr. Ryan:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your committee reports disbursements on Schedule B and Schedule H4 which appear to be identical. Please note that any activity which is financed entirely by the federal account should be reported on Schedule B supporting Line 21(b), not Schedule H4 supporting Line 21(a)(i). Likewise, any allocable expenses which are paid jointly should only be disclosed on Schedule H4 supporting Line 21(a)(i), not Schedule B supporting Line 21(b). Duplication in reporting disbursements may cause inflated disbursement totals. Please amend your report to clarify your disbursements. 11 CFR §106.5

-Please provide a Schedule H3 to support the entry reported on Line 18 of the Detailed Summary Page. All transfers received from a committee's non-federal account for joint activity must be itemized on Schedule H3 regardless of the amount transferred. 2 U.S.C. §434(b)(3)(D)

-Line 21(a)(i) of the Detailed Summary Page of your report discloses a total of \$5,458.91 in the Federal Share of Joint Expenditures. The sum of the entries itemized on Schedule H4, however, indicates the total to be higher than the Detailed Summary Page. Please amend your report to clarify the discrepancy.

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-Line 21(a)(ii) of the Detailed Summary Page of your report discloses a total of \$12,485.81 in the Non-Federal Share of Joint Expenditures. The sum of the entries itemized on Schedule H4, however, indicates the total to be higher than the Detailed Summary Page. Please amend your report to clarify the discrepancy.

-On Schedule H4 supporting Line 21(a) of the Detailed Summary Page, you have failed to include the purpose for several joint expenditures to various vendors. Note that the unique identifying code for an event is not considered an adequate description of purpose. Please amend your report to include this missing information.

-On Schedule H4 supporting Line 21(a) of the Detailed Summary Page, you have failed to include the total EVENT YEAR-TO-DATE amount for a payment(s) to Peter Kreysa. Please amend your report to include the missing EVENT YEAR-TO-DATE total(s).

-Schedule H4, supporting Line 21 of the Detailed Summary Page, discloses payments for activity categorized as exempt; however, the payments made to various vendors for slate cards may not qualify as exempt activity. Note that all state and local party committees may spend unlimited amounts of money on certain activities that benefit federal candidates but that are exempt from the definition of a contribution or expenditure if certain conditions are met. In the case of slate cards, the conditions are that the list names at least three candidates running for election; no public advertising may be used including broadcast media, newspapers, magazines and billboards; the content is limited to the identification of each candidate, the office or position currently held, the office sought and party affiliation; and finally, all funds used for the activity must be permitted under the Act. For further guidance, please refer to 11 CFR 100.7(b)(9) and to the Campaign Guide for Party Committees.

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Please clarify the nature of the slate card payments and whether or not public advertising was used for activity categorized as exempt. If the activity disclosed on your report does not meet the definition of "exempt" activity as described above and if any portion of the expenditures were made on behalf of specifically identified candidates, that amount must be disclosed on Schedule B or F supporting Line 23 or 25 of the Detailed Summary Page as appropriate.

-It appears your committee is disclosing expenditures on Schedule H4 supporting Line 21(a) for payments which have not been paid by your committee during this reporting period. A party committee must allocate between its federal and non-federal account all expenses for administrative costs, generic voter drives and fundraising programs or events. 11 CFR §106.6(b)(2)

Schedule H2 is used by all political committees to report the allocation ratios of their joint federal and non-federal fundraising events and direct candidate support programs. Schedule H2 is filed with each report that discloses a disbursement for a shared activity. Schedule H3 is used by all political committees to report transfers received by the federal account from the non-federal account(s) to pay the non-federal share of allocable expenses.

Any expenditures made on behalf of both federal and non-federal candidates (including in-kind contributions and coordinated expenditures) must also be allocated between your committee's federal and non-federal accounts. Schedule H4 is used by all political committees to report payments for allocable expenses. 11 CFR §106.1(a) Future payments should be itemized on a Schedule D for Debts and Obligations excluding Loans supporting Line 10 of the Summary Page. Payments for these debts should be reflected on Schedule D and Schedule H4 or B supporting Line 21(a) or 21(b) only during the reporting period of payment.

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Please clarify the procedures you are currently using to allocate shared activity. The Commission recommends that you take steps to correct any non-compliance with the regulations. Also, your committee should establish procedures to ensure future compliance with the allocation regulations.

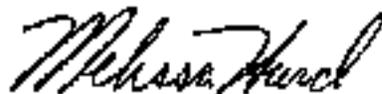
-Your report discloses limited payments for administrative expenses. Each committee utilizing separate federal and non-federal accounts is required to allocate any administrative expenses between the accounts in proportion to the BALLOT COMPOSITION METHOD derived from FEC Schedule H1. A Schedule H1 must be filed with the first FEC FORM 3X submitted each year. 11 CFR §106.5(d)

Any goods or services provided to your committee by a person, except volunteer activity (i.e., a person's time), would be considered an in-kind contribution from that person, and would be subject to the disclosure requirements of 2 U.S.C. §434(b)(3) and 11 CFR §104.13, and the limitations and prohibitions of 2 U.S.C. §§441a and 441b.

Clarification regarding administrative expenses should be disclosed during each two year election cycle beginning with the first report filed in the non-election year. Please provide the necessary information regarding administrative expenses incurred by your committee and/or amend your report to disclose such expenses according to the referenced provisions of the Act and Commission Regulations.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 219-3580.

Sincerely,



Melissa Hurd

Reports Analyst

Reports Analysis Division

