



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

July 2, 2013

SHANE PATRICK CONNOLLY, TREASURER
SANTA CLARA COUNTY REPUBLICAN
PARTY(FED)
522 N MONROE STREET
SAN JOSE, CA 95128-1338

Response Due Date
08/06/2013

IDENTIFICATION NUMBER: C00415075

REFERENCE: JUNE MONTHLY REPORT (05/01/2013 - 05/31/2013)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 3 item(s):

1. Your report discloses in-kind contributions ("donations") from "Clos LaChance Winery," "Emilio Guglielmo Winery," and "Lexus of Stevens Creek" on Schedule H4, supporting Line 21(a) of the Detailed Summary Page Pursuant to Advisory Opinion 1992-33, the Commission concluded that a party committee may accept corporate in-kind donations in connection with fundraising activities as long as the federal share of goods or services is paid or transferred to the non-federal account upon receipt of or in advance of the acceptance of the corporate in-kind donations by the federal account.

Advisory Opinion 1992-33 also discloses a detailed method for reporting the receipt and use of in-kind contributions as follows:

1. The transfer of the in-kind corporate contribution from the non-federal account to the federal account should be disclosed on Schedule H3. The itemization on Schedule H3 should include the date the Committee received the in-kind contribution, the amount of the contribution and the fundraising event involved.

2. The use or expenditure of in-kind corporate contributions should be disclosed on Schedule H4 as non-federal share disbursements. The itemization should provide the same donor identification information required on a

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Schedule A for in-kind contributions for Federal elections.

3. A second entry on Schedule H4 should then disclose the advance or contemporaneous payment of the federal account's share of the in-kind corporate contribution to the non-federal account.

Please amend your report to properly disclose the in-kind corporate contributions received by your committee by providing the second entry on Schedule H4 to disclose the advance or contemporaneous payment of the federal account's share of the in-kind corporate contribution to the non-federal account. (example enclosed).

2. Schedule H4 of your report discloses reimbursements to individuals for "Fundraiser Supplies." Please be advised that when itemizing reimbursements to individuals for goods or services, payment to the original vendors must be itemized as memo entries regardless of amount. Each memo entry must include the name and address of the original vendor, as well as the date, amount and purpose of the original purchase must be provided. Please amend your report to include the missing information and clearly identify on the Schedule H4, which reimbursement each memo entry relates to. (11 CFR §§104.10 and 104.17, and Advisory Opinions 1992-1 and 1996-20, footnote 3)

3. Please clarify all expenditures made for "Event Catering" on Schedule H4. If a portion or all of these expenditures were made on behalf of specifically identified federal candidates, this amount should be disclosed on Schedules B, E, or F supporting Lines 23, 24, or 25 and include the amount, name, address and office sought by each candidate. (11 CFR §§104.3(b) and 106.1)

Alternatively, if the payment(s) on Schedule H4 is associated with fundraising activity conducted for your committee's federal and non-federal accounts, it must be allocated according to the funds received method and the ratio reflected on Schedule H2. Further, it must be categorized as a fundraising activity on Schedule H4. Please provide clarifying information regarding the nature of this transaction(s) and amend your report(s) as appropriate.

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. 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

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taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

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) 694-1147.

Sincerely,

A handwritten signature in black ink that reads "Maureen Benitz". The signature is written in a cursive, slightly slanted style.

Maureen Benitz
Sr. Campaign Finance & Reviewing Analyst
Reports Analysis Division

SAMPLE

Allocating Certain Federal and Nonfederal Expenses

The committee may also use one entry on Schedule H4 to show total federal payments (transfers) made on the same day for the federal share of in-kind donations.

Example

A committee receives two in-kind donations from prohibited sources for a mixed federal/nonfederal fundraising event, “July Fundraiser”:

- Invitations donated by XYZ Printing (value: \$3,000) received on July 1; and
- Balloons donated by Balloons!, Inc. (value: \$1,000) received on July 15.

The fundraising ratio for “July Fundraiser” is 50 percent federal, 50 percent nonfederal. The federal account transfers its \$2,000 share of the two donations on July 1.

Schedule H3—Receipt of In-Kind Donations

The committee uses one entry on Schedule H3 to show the total in-kind donations for “July Fundraiser” received during the reporting period. The “date of receipt” shows the period during which the committee received the contributions. The “July Fundraiser” entry cross references the Schedule H4 entries showing the “disbursement” of the donations and the identity of the contributors.

Schedule H4—“Disbursement” of Donations; Federal Transfer

Schedule H4 shows the “disbursement” of the two in-kind donations by the non-federal account, each entry identifying the donor and the dates the donations were received.

The third entry shows the federal account’s payment for its 50 percent share of the two donations and the date of the transfer to the nonfederal account. The entry refers to the previous two entries to show the transfer relates to those transactions.

“Escrow” Transfer

Advance transfers from the federal account to the nonfederal account to pay the federal share of anticipated in-kind donations for allocable activities are reported on Schedule H4 as federal share payments. If known, the particular activity (fundraising program/event or administrative) to which the

RECEIPT OF IN-KIND DONATION (H3)

SCHEDULE H3 (FEC Form 3X) TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY			PAGE 1 OF 1 FOR LINE 18a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 07 / 01 / 2010	TOTAL AMOUNT TRANSFERRED 4,000.00	
BREAKDOWN OF TRANSFER RECEIVED			
i) Total Administrative			
ii) Generic Voter Drive			
iii) Exempt Activities			
iv) Direct Fundraising (List Activity or Event Identifier)			
a) July Fundraiser - In-kind see H4, p. 1, entries A&B		4,000.00	
b)			
c) Total Amount Transferred For Direct Fundraising		4,000.00	

DISBURSEMENT OF IN-KIND DONATION; FEDERAL TRANSFER (H4)

SCHEDULE H4 (FEC Form 3X) DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			PAGE 1 OF 1 FOR LINE 21a OF FORM 3X
NAME OF COMMITTEE (In Full) Freedom Party State Committee			
A. Full Name (Last, First, Middle Initial) XYZ Printing		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address 111 Pulp Street		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
City City State 00000		Allocated Activity or Event Year-To-Date 3,000.00	
Purpose of Disbursement: Invitations - In-kind		Date 07 / 01 / 2010	
Activity or Event Identifier: July Fundraiser		Category/ Type 003	
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
0.00		3,000.00	3,000.00
B. Full Name (Last, First, Middle Initial) Balloons! Inc.		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address 99 Luft St.		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
City City State 00000		Allocated Activity or Event Year-To-Date 1,000.00	
Purpose of Disbursement: Balloons - In-kind		Date 07 / 01 / 2010	
Activity or Event Identifier: July Fundraiser		Category/ Type 003	
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
0.00		1,000.00	1,000.00
C. Full Name (Last, First, Middle Initial) Freedom Party State Committee Nonfederal Account		Allocated Activity or Event: <input type="checkbox"/> Administrative <input checked="" type="checkbox"/> Fundraising <input type="checkbox"/> Exempt	
Mailing Address 123 Washington St.		<input type="checkbox"/> Voter Drive <input type="checkbox"/> Direct Candidate Support	
City City State 00000		Allocated Activity or Event Year-To-Date	
Purpose of Disbursement: Transfer of Federal Share of In-kind		Date 07 / 01 / 2010	
Activity or Event Identifier: July Fundraiser		Category/ Type 003	
FEDERAL SHARE	+	NON-FEDERAL SHARE	= TOTAL AMOUNT
2,000.00		0.00	2,000.00

transfer applies should be noted. Any adjustment payments made from the nonfederal account to the federal account would appear on Schedule H3, noting the previous H4 entries to which they relate.