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2001 APR 16 A 10:31

April 14, 2001

Federal Election Commission
Reports Analysis Division
Attn: Mr. John Gibson
Assistant Staff Director
999 E Street NW
Washington, DC 20463

Re: Response to Your Inquiry dated April 5, 2001
30 Day Post-General Report (10/19/00-11/27/00)

Encl: (1) Copy of Your Inquiry
(2) Amended FEC Form 3X (pages 1 and 2) for the 30-Day Post Election Report
(10/19/00-11/27/00)
(3) Amended FEC Form 3X (pages 1 and 2) for the Year-End Report
(11/28/00-12/31/00)

Dear Mr. Gibson,

This letter and its enclosures are filed in response to the subject inquiry, a copy of which is provided as enclosure (1) to this letter. We had believed that the very detailed explanation we provided in our prior response was a sufficiently detailed explanation of the values questioned in the report at issue, and that our response was therefore complete. Enclosures (2) and (3) are provided to comply with the requirements detailed in the immediate inquiry. Only the 30-Day Post Election and Year-End Reports were affected by the changes ordered in your letter. The first pages of each report are unchanged from those submitted originally, and they are provided solely for the purpose of clarifying which data are being amended. The respective Detailed Summary Pages reflect the actual changes.

Although we have complied fully with the changes you requested, we are deeply concerned about the data that result. First, line 18 of the Detailed Summary Page is intended to account for all transfers from the Non-Federal account to the Federal account to reimburse the Non-Federal share of allocated expenses. After amending our line 21(a)(ii) data as required, the non-Federal share of allocated costs differs from the line 18 transfers by \$31,855.91. The provisions of 11 FEC 106.6 suggest, however, that these values should be equal. Specifically, 11 FEC 106.6(c)(1) states that the entire amount of an allocable expense must be paid from the Federal fund and that funds shall be

MARVIN JOSEPHSON • CHAIRMAN

620 PENNSYLVANIA AVENUE, S.E. • SUITE 201 • WASHINGTON, D.C. 20003
THE NATIONAL PAC, INC. • Office (202) 879-7710 • Fax (202) 879-1728

transferred from the Non-Federal fund *solely* to cover the Non-Federal share of the allocable expenses. Yet our Non-Federal expenses, as shown on line 21(a)(ii) [\$37,949.45], are greatly exceeded by the transfers from the Non-Federal fund as shown on line 18 [\$69,803.36] on our Year-End Report.

Our second concern is that the amended cumulative line 21(a)(ii) Non-Federal expenses [\$37,949.45], as a percentage of Total Shared Activity Expenses [\$303,492.81], is 12.50%, and does not accord with the final ratio of 77%/23% reported on Schedule H1, where the latter represents the Non-Federal percentage based on our actual candidate support as required under the Commission's rules. Conversely, our original report was consistent in that our line 21(a)(ii) value [\$69,803.38] equaled 23% of the Total Shared Activity Expenses.

The requirement to commence electronic filing shortly prompts our third concern. When a PAC revises its funds expended on Schedule H1 during the course of a given year, FEC reporting software sponsored by VOCUS and GROSSOS retroactively revises all expenditure splits from the start of the year to the date of the revision. This forces the restatements of lines 21(a)(i) and 21(a)(ii) that appeared in our original report. While one may affect the restatements you have ordered manually, we are unaware of any method by which one may achieve such compliance electronically. Since the Commission's rules prescribe the initial use of estimated candidate support experience as a basis for allocating expenditures, and require subsequent revisions to reflect actual candidate support experience as it becomes known, it is inevitable that restatements will be necessary. However, our research of existing Commission guidance does not reveal how a PAC may freeze its initial allocation experience so that it is not superseded retroactively by a subsequent revision when filing electronically.

So that we may avoid future issues when we revise our basis for allocating shared expenditures, we request specific written guidance that allays the three concerns detailed above. If there are any questions concerning the information we have provided, please do not hesitate to contact me during the week at (202) 418-2230. Thank you.

Sincerely,

Warren E. O'Hearn

WARREN E. O'HEARN, CPA
Assistant Treasurer

WEO:mmm

Enclosures



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-3

April 5, 2001

Lane Brent Forsythe, Treasurer
National PAC Inc. A/K/A NATPAC
600 Pennsylvania Avenue, SE, Suite 207
Washington, DC 20003

Identification Number: C00150995

Reference: 30 Day Post-General Report (10/19/00-11/27/00)

Dear Mr. Forsythe:

On March 13, 2001, you were notified that a review of the above-referenced report(s) raised questions as to specific contributions and/or expenditures, and the reporting of certain information required by the Federal Election Campaign Act.

Your March 19, 2001, response is incomplete because you have not provided all the requested information. For this response to be considered adequate, the following information is still required.

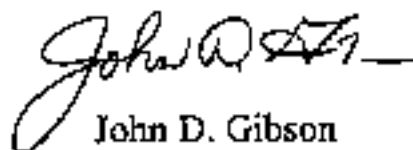
-Your response states that the mathematical discrepancies on Lines 21(a)(i) and 21(a)(ii), Column B occurred as result of a change in your allocation ratios during the 30 Day Post-General Reporting Period and that applying the adjusted ratio to previous reports, your current Column B totals are correct. Please be advised that you should amend any necessary reports to reflect adjusted line totals. Furthermore, you still need to correct Lines 21(a)(i), 21(a)(ii) and 31, Column B of the Detailed Summary Page. 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 this report and any subsequent reports that may be affected by this correction.

An adequate response must be received at the Commission by April 25, 2001. 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.

If you should have any questions related to this matter, please contact Scott Walker on our toll-free number (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or our local number (202) 694-1130.

Sincerely,

A handwritten signature in cursive script, appearing to read "John D. Gibson", with a horizontal line extending to the right.

John D. Gibson
Assistant Staff Director
Reports Analysis Division

REPORT OF RECEIPTS AND DISBURSEMENTS

EXHIBIT A

For Other Than An Authorized Committee
(Summary Page)

RECEIVED
FEC MAIL ROOM

2001 APR 16 A 10:31

USE FEC MAILING LABEL
OR
TYPE OR PRINT

1. NAME OF COMMITTEE (in full) The National PAC Inc.		2. FEC IDENTIFICATION NUMBER 000150995
ADDRESS (number and street) <input type="checkbox"/> Check if different than previously reported 603 Pennsylvania Avenue SE # 207	3. <input checked="" type="checkbox"/> This committee has qualified as a multicandidate committee. (see FEC FORM 1M) Prior to 1/01/82	
CITY, STATE and ZIP CODE Washington, DC 20003		

4. TYPE OF REPORT

- (a) April 15 Quarterly Report
 July 15 Quarterly Report
 October 15 Quarterly Report
 January 31 Year End Report
 July 31 Mid Year Report (Non-election Year Only)
 Termination Report
- Monthly Report Due On:
 February 20 June 20 October 20
 March 20 July 20 November 20
 April 20 August 20 December 20
 May 20 September 20 January 31
- 12-Day Pre-Election Report for the _____ (Type of Election) election on _____ in the State of _____
- 30-Day Post-Election Report following the General Election on **11/07/00** in the State of _____

(b) Is this Report an Amendment? YES NO

SUMMARY		COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period	10/19/00 through 11/27/00		
6. (a) Cash on Hand January 1, 12 2000			\$ 32,534.03
(b) Cash on Hand at Beginning of Reporting Period		\$ 12,648.65	
(c) Total Receipts (from Line 19)		\$ 63,298.44	\$ 401,881.23
(d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)		\$ 75,947.14	\$ 434,415.26
7. Total Disbursements (from Line 30)		\$ 30,935.98	\$ 389,404.10
8. Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))		\$ 45,011.16	\$ 45,011.16
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)		\$ 0.00	For further information contact: Federal Election Commission 999 E Street NW Washington, DC 20433 Toll Free 800-424-9530 Local 202-694-1100
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)		\$ 0.00	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer Warren E. O'Hearn	Assistant Treasurer	Date 4/14/01
Signature of Treasurer <i>Warren E. O'Hearn</i>		

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. §437g.

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FEC FORM 3X
(revised 9/93)

**DETAILED SUMMARY PAGE
OF RECEIPTS AND DISBURSEMENTS
PAGE 2, FEC FORM 3X**

(revised 1/1/91)

NAME OF COMMITTEE		REPORT COVERING PERIOD		
The National PAC Inc. aka Nat PAC		FROM 10/1/1990	TO: 11/27/90	
		COLUMN A Total This Period	COLUMN B Calendar Year	
I. Receipts				
11.	Contributions (other than loans) From:			
a.	Individual/Persons Other Than Political Committees			
i.	Itemized (use Schedule A)	14,125.00	195,557.42	11(a)(i)
ii.	Unitemized	11,964.00	133,808.28	11(a)(ii)
iii.	Total	26,089.00	329,365.70	11(a)(iii)
b.	Political Party Committees	0.00	0.00	11(b)
c.	Other Political Committees (such as PACs)	0.00	0.00	11(c)
d.	Total Contributions	26,089.00	329,365.70	11(d)
12.	Transfers From Affiliated/Other Party Committees	0.00	0.00	12
13.	All Loans Received	0.00	0.00	13
14.	Loan Repayments Received	0.00	0.00	14
15.	Offsets To Operating Expenditures (Refunds, Rebates, etc.)	0.00	6,105.07	15
16.	Refunds of Contributions Made to Federal Candidates and Other Political Committees	0.00	0.00	16
17.	Other Federal Receipts (Dividends, Interest, etc.)	0.00	0.00	17
18.	Transfers from Nonfederal Account for Joint Activity	37,209.49	46,410.46	18
19.	Total Receipts	63,298.49	405,882.23	19
20.	Total Federal Receipts	26,089.00	335,476.77	20
II. Disbursements				
21.	Operating Expenditures:			
a.	Shared Federal/Non-Federal Activity (from Schedule H4)			
i.	Federal Share	17,923.86	254,186.06	21(a)(i)
ii.	Non-Federal Share	5,358.92	34,555.05	21(a)(ii)
b.	Other Federal Operating Expenditures	158.20	1,412.00	21(b)
c.	Total Operating Expenditures	23,439.98	290,154.10	21(c)
22.	Transfers to Affiliated/Other Party Committees	0.00	0.00	22
23.	Contributions to Federal Candidates/Committees and Other Political Committees	2,500.00	99,250.00	23
24.	Independent Expenditures (use Schedule E)	0.00	0.00	24
25.	Coordinated Expenditures Made by Party Committees (2 U.S.C. 441a(d)) (use Schedule F) ..	0.00	0.00	25
26.	Loan Repayments Made	0.00	0.00	26
27.	Loans Made	0.00	0.00	27
28.	Refunds of Contributions To:			
a.	Individuals/Persons Other Than Political Committees	0.00	0.00	28(a)
b.	Political Party Committees	0.00	0.00	28(b)
c.	Other Political Committees (such as PACs)	0.00	0.00	28(c)
d.	Total Contribution Refunds	0.00	0.00	28(d)
29.	Other Disbursements	0.00	0.00	29
30.	Total Disbursements	30,935.98	389,404.10	30
31.	Total Federal Disbursements	25,582.06	354,849.05	31
III. Net Contributions/Operating Expenditures				
32.	Total Contributions (other than loans)(from line 11d)	26,089.00	329,365.70	32
33.	Total Contribution Refunds (from line 28d)	0.00	0.00	33
34.	Net Contributions (other than loans)(subtract line 33 from 32)	26,089.00	329,365.70	34
35.	Total Federal Operating Expenditures	18,032.06	255,599.05	35
36.	Offsets to Operating Expenditures (from line 15)	0.00	6,105.07	36
37.	Net Operating Expenditures	18,032.06	249,493.98	37

Federal Election Commission

**ENVELOPE REPLACEMENT PAGE
FOR INCOMING DOCUMENTS**

The Commission has added this page to the end of this filing to indicate how it was received.

<input checked="" type="checkbox"/> Hand Delivered	Date of Receipt <i>4-16-01</i>
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<input type="checkbox"/> Postmark Illegible	
<input type="checkbox"/> Received from the House office of Records and Registration	Date of Receipt
<input type="checkbox"/> Received from the Senate Office of Public Records	Date of Receipt
<input type="checkbox"/> Other (Specify):	Postmarked and/or Date of Receipt
<input type="checkbox"/> Electronic Filing	
<i>See</i> PREPARER	<i>4-16-01</i> DATE PREPARED