



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

January 19, 2007

Ken Sagar, Treasurer
Iowa Democratic Party
5661 Fleur Drive
Des Moines, IA 50321

**Response Due Date:
February 20, 2007**

Identification Number: C00035600

Reference: August Monthly Report (7/1/06-7/31/06)

Dear Mr. Sagar:

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 totals listed on Lines 11(a)(i) and 11(a)(ii), Column B of the Detailed Summary Page 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. When an individual's aggregate exceeds the \$200 threshold, the amount should not be deducted from the Column B figure for Line 11(a)(ii). **Please amend your report and any subsequent reports that may be affected by this correction.**

-The totals listed on Lines 21(b) and 30(b), Column B of the Detailed Summary Page(s) appears to be incorrect. Please be advised that you should add the "Calendar Year-to-Date" total from your previous report (including amended reports) 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.**

-Schedule B supporting Line 21(b) of your report discloses a payment(s) for "Voter File Update" which appears to be disclosed on the wrong line

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of the Detailed Summary Page. Please be advised that Voter Identification, Generic Campaign and Get-out-the-vote activity conducted in connection with an election in which one or more candidates for Federal office appear on the ballot is considered to be Federal Election Activity. 11 CFR §100.24 Please amend your report to properly disclose this activity on Line 30(b) or provide clarification regarding this activity.

-Schedule B supporting Lines 21(b) discloses \$14,490 on Schedule B in transfers to what appears to be a non-federal account of your committee. Please provide further clarification regarding this transfer(s) to your non-federal account.

You are advised that 11 CFR §102.5 prohibits a non-federal account from financing activity in connection with federal elections. If any of these disbursements 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 In addition, if your non-federal account has paid any expenditures which should have been allocated, you are advised to correct any non-compliance with 11 CFR §§106.6 and 106.7 and establish procedures to insure future compliance with allocation regulations.

-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for **“Insurance, Payroll, Payroll Taxes, and Simple IRA”**. 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 (FEA) 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.

Please clarify whether this activity is for employees who spent 25% or less of their time during the month(s) referenced above on FEA or activities in connection with a Federal election. If this is not the case, 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 any improper allocation activity, your prompt action will be taken into consideration.

-Schedule H4 of your report discloses reimbursements to individuals for **“Airfare Reimbursement, Cell Phone, Decorations Reimbursement, Food Reimbursement, Meals, Meals Reimbursement, Mileage & Cell Phone, Mileage & Copies, Mileage & Copies Reimbursement, Mileage & Meals, Mileage & Meals Reimbursement, Mileage & Office Supplies, Mileage & Postage, Mileage & Shipping, Mileage & Supplies Reimbursement, Mileage; Postage, Mileage; Postage Reimbursement, Mileage and Meals, Office Supplies, Office Supplies Reimbursement, Supplies Reimbursement, and Travel Reimbursement.”** 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 **In addition, it is advisable to include the missing itemized information (memo entries) for all subsequent reports.**

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) H4 of your report to clarify the following description(s): **“Payroll Processing Fees.”** For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Please clarify all expenditures made for **“Deposit for JJ Dinner, Century Club Breakfast, Fundraising Sign Printing, and Fundraising Programs”** on Schedule B. 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

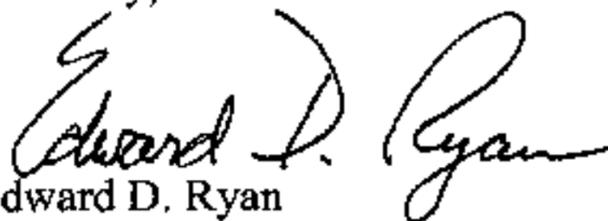
Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for**

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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) 694-1144.

Sincerely,



Edward D. Ryan
Campaign Finance Analyst
Reports Analysis Division

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