

REED SMITH SHAW & MCCLAY LLP

Writer's Direct Numbers
Phone 202-414-9223
jarieeb@rsm.com

1301 K Street, N.W.
Suite 1100 - East Tower
Washington, D.C. 20005-3317
Phone: 202-414-9200
Fax: 202-414-9299

RECEIVED
FEDERAL ELECTION
COMMISSION MAIL ROOM

2000 MAR 20 P 12:14

March 17, 2000

Ms. Andrea Wilkens
Senior Reports Analyst
Reports Analysis Division
Federal Election Commission
999 E St., N.W.
Washington, D.C. 20463

Re: Reed Smith PAC
Identification No. C00242057

Dear Ms. Wilkens:

I write in response to your March 8, 2000 letter to David C. Evans regarding reporting of administrative expenses incurred by Reed Smith PAC.

Please be advised that certain of the PAC's activities are performed by volunteers. The activities performed by volunteers generally relate to PAC decisions regarding solicitation of contributions to the PAC and contributions by the PAC.

Please also be advised that Reed Smith PAC also receives various administrative and/or other services from the law firm of Reed Smith Shaw & McClay LLP. A large part of these services consist of exempt legal and accounting services. Such exempt services have been separately reported as a memo entry on Schedule A of its reports. A much lesser portion of the services which Reed Smith Shaw & McClay LLP provides to Reed Smith PAC consists of non-exempt services, principally those of an analyst who performs various PAC non-exempt administrative activities not otherwise performed by volunteers, plus associated postage and other expenses. In this regard, Reed Smith PAC has adopted the practice of prepaying Reed Smith Shaw & McClay LLP for such services. In other words, in order to avoid the possibility that Reed Smith Shaw & McClay LLP might be making an impermissible extension of credit by

REED SMITH SHAW & MCCLAY

Ms. Andrea Wilkens

March 17, 2000

Page 2

rendering services a lengthy period of time before compensation was received, the PAC pays Reed Smith Shaw & McClay LLP in advance for such services, before they were rendered, much like a client retainer. Such payments are duly disclosed on the reports of Reed Smith PAC. Reed Smith Shaw & McClay LLP then applies against this payment the value of the non-exempt services and expenses as they are provided or incurred. When this advance payment is close to being depleted, it is replenished with another payment, which is also reported.

In applying non-exempt services against such payments on account, Reed Smith Shaw & McClay LLP values such services according to its normal and customary time charges. Expenses, such as postage and reproduction costs, are similarly valued. In this regard and as is the case with its other clients, items of overhead such as rent and utilities are not separately billed for, but are recovered through its time charges for services.

Very truly yours,



Joseph A. Rieser, Jr.

JAR,Jr.:wlg

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 type="checkbox"/> Hand Delivered	Date of Receipt
<input checked="" type="checkbox"/> First Class Mail	POSTMARKED 3-17-00
<input type="checkbox"/> Registered/Certified Mail	POSTMARKED
<input type="checkbox"/> No Postmark	
<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>Jel</i> PREPARER	3-21-00 DATE PREPARED