

RQ-2



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

May 12, 2004

Mary Maloney, Treasurer  
Iowa Democratic Party  
5661 Fleur Drive  
Des Moines, IA 50321

**Response Due Date:**  
**June 11, 2004**

Identification Number: C00035600

Reference: Amended Year End Report (7/1/03-12/31/03), Received 3/22/03

Dear Ms. Maloney:

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:

-Schedule A of your report (see attached) discloses one or more contributions from an organization(s), which is not a political committee registered with the Commission. In order for your committee to accept contributions from unregistered organizations into accounts used to influence federal elections, your committee should take steps to insure that the contributor(s) used permissible funds to make the contribution(s) to avoid violating 2 U.S.C. §§441a(f) and 441b or 11 CFR §102.5(b). Under 11 CFR §102.5(b), organizations which are not political committees under the Act and choose to contribute to federal committees must either: 1) establish a separate account which contains only those funds permitted under the Act, or 2) demonstrate through a reasonable accounting method that the organization has received sufficient funds subject to the limitations and prohibitions in order to make the contribution.

If any apparently prohibited contribution in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information. In addition, please clarify whether the contribution(s) received from the referenced organization(s) is permissible.

To the extent that your committee has received prohibited funds, you may have to make a refund. If within 30 days of receipt you (1) transferred the prohibited amount to an account not used to influence federal elections, and (2) provided written notice to the person making the contribution of the option of receiving a refund, you may retain the contribution in an account not used to influence federal elections. Any request from a donor for a refund must be honored.

If the foregoing conditions for transfers to a non-federal account were not met within 30 days of receipt, the prohibited amount must be refunded. See 11 CFR §103.3(b)(1).

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for any transfer-out or refund. Should you choose to transfer-out or refund the contribution(s), the Commission will presume the funds were impermissible if no statement from your committee provides information to the contrary. Transfers-out and refunds should be disclosed on a Schedule B supporting Line 22 or 28 of the report covering the period during which the transaction was made.

Although the Commission may take further legal action concerning the acceptance of prohibited contributions, prompt action by your committee in transferring-out or refunding the amounts will be taken into consideration.

-Schedule A of your report (see attached) discloses one or more contributions which appear to exceed the limits set forth in the Act. 2 U.S.C. §441a(f) and 11 CFR §110.1(c) prohibit a state, district or local party committee (combined) from receiving any contribution from a person or non-multicandidate political committee in excess of \$10,000 per calendar year.

If any apparently excessive contribution in question was incompletely or incorrectly disclosed, you must amend your original report with the clarifying information.

If any contribution you received exceeds the limits, you may have to refund the excessive amount. The funds can be retained if within 60 days of receipt, (1) the excessive amount was properly reattributed to another person, such as a joint account holder, by obtaining signed written authorizations from each person making the contribution pursuant to 11 CFR 110.1(k)(3), and (2) the treasurer informs the person making the contribution that he or she may request the return of the excessive portion of the contribution if it is not

intended to be a joint contribution. Any request from a donor for a refund must be honored.

Alternatively, the funds can be retained if within 60 days of receipt you (1) transferred the excessive amount to an account not used to influence federal elections, and (2) provided written notice to the person making the contribution of the option of receiving a refund. Any request from a donor for a refund must be honored.

If the foregoing conditions for reattributions or transfers to a non-federal account were not met within 60 days of receipt, the excessive amount must be refunded.

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for any transfer-out or refund. In addition, any reattributions should be reported as memo entries on Schedule A of the report covering the period during which the authorization for the retribution is received. Any transfers-out or refunds should be disclosed on Schedule B supporting Line 22 or 28 of the report during which the transaction was made.

Although the Commission may take further legal action regarding the acceptance of an excessive contribution(s), prompt action by your committee to seek retribution, transfer-out or refund the excessive amount will be taken into consideration.

-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Contributions from unitemized individuals should be properly disclosed as a total on Line 11(a)(ii) of the Detailed Summary Page, not Schedule A supporting Line 11(a)(i). Please refer to the instructions for each line when determining the proper categorization(s) and amend your report accordingly.

-2 U.S.C. §434(b)(3) requires itemization of contributions from individuals and persons other than political committees, where the aggregate total from the contributor exceeds \$200 in a calendar year. In addition, 11 CFR §104.3(a)(2)(i)(B) requires a committee to report the total amount of unitemized contributions (see Line 11(a)(ii) of the Detailed Summary Page). If a committee wishes to disclose contributions regardless of the amount contributed, the committee must separate (on separate receipt schedules) those contributors requiring itemization from those who are not required to

be itemized. 11 CFR §104.3(a)(4)(i) For future filings, please submit your reports in this order.

-Line 11(c) of the Detailed Summary Page of your report discloses a total of \$77,055 in contributions from other political committees. The sum of the entries itemized on Schedule A, however, indicates the total to be \$75,850. Please amend your report to clarify the discrepancy.

-Your report discloses receipts totaling \$75,000 from Dollars for Democrats, which is a joint fundraising committee(s) affiliated with your committee. Please be advised that a memo Schedule A must be provided to itemize your committee's share of the gross contributions received through the joint fundraiser(s). The memo schedule should itemize each individual who has contributed an aggregate in excess of \$200 during the calendar year, and provide the amount of unitemized contributions received. In addition, the memo schedule should itemize your committee's share of all contributions from political committees, regardless of amount. Please amend your report by providing the omitted memo schedule(s). 11 CFR §102.17(c)(8)(i)(B)

-Your report does not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §100.24 defines as Federal Election Activity, services provided by an employee of a State, district or local party committee who spends more than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and wages for employees who spend more than 25 percent of their compensated time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

-Schedule H4 discloses a disbursement(s) which is categorized as a fundraising expense(s); however, a Schedule H2 has not been filed to disclose the allocation ratio. All committees are required to allocate the direct costs of each fundraising event in which the committee collects both federal and non-federal funds. The costs are allocated according to the funds received ratio and reported on Schedule H2. 11 CFR §§106.6(d) and 106.7(d)(4). Please file a Schedule H2 to disclose the ratio for the fundraising event(s).

-On Schedule H4 of your report, you have failed to include the purposes of almost all of the disbursements for administrative activities and for some of

the fundraising activities. All payments for administrative and fundraising activities must include both a purpose and an event identifier for the disbursement. Please amend your report to include the missing information.

-Your report discloses limited payments for administrative expenses. Administrative expenses are payments made for the purpose of operating a political committee including, but not limited to, rent, utilities, salaries, telephone service, office equipment and supplies. Each state, district or local party committee utilizing separate federal and non-federal accounts is required to allocate any administrative expenses (excluding salary) between the accounts according to a fixed percentage selected on FEC Schedule H1. A Schedule H1 must be filed with the first FEC FORM 3X filed at the beginning of each calendar year. Payments for salary and wages for employees who spend more than 25% of their compensated time on Federal election activities or on activities in connection with a Federal election must be made from a federal account and disclosed on a Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §106.7

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 provided 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.

-Schedule H4 of your report discloses activity which is 100% federal. For future reporting, please be advised that any activity which is financed entirely by the federal account (including administrative expenses), should be reported on Schedule B supporting Line 21(b). 11 CFR §§106.6 and 106.7

-Your report(s) was not signed by the treasurer or designated agent listed on your Statement of Organization. Please amend your report(s) by providing the signature of an individual that is authorized to sign the report(s). 2 U.S.C. §434(a)(1) and 11 CFR §104.14(a) and (d) If a new treasurer has been appointed, please file an amended Statement of Organization (FORM 1) or a letter (if not an electronic filer) to reflect this change.

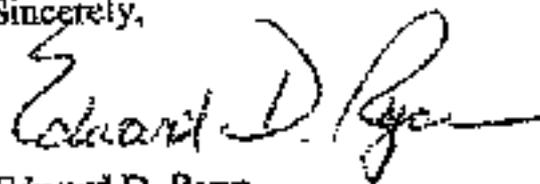
-Schedule B supporting Line 22 discloses \$229,000 in transfers to what appears to be a non-federal account of your committee. Please provide further clarification regarding this transfer to your non-federal account.

You are advised that 11 CFR §102.5 prohibits a non-federal account from financing activity in connection with federal elections. If any of the disbursements disclosed on Schedule B supporting Line 22 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.

Unlike previous election cycles, 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 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 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1144.

Sincerely,



Edward D. Ryan  
Campaign Finance Analyst  
Reports Analysis Division

| Contributor Name                          | Date       | Amount     |
|---|------------|------------|
| AFL-CIO IA Cmte                           | 11/30/2003 | \$2,000.00 |
| Berry for Iowa House                      | 10/17/2003 | \$600.00   |
| Boilermakers-Blacksmiths LEAP             | 10/20/2003 | \$2,000.00 |
| Brian Quirk for State Representative      | 10/28/2003 | \$450.00   |
| Citizens for Kuhn                         | 10/21/2003 | \$200.00   |
| Committee to Elect Jack Hofveck           | 10/10/2003 | \$300.00   |
| Committee to Elect Matt McCoy             | 08/28/2003 | \$500.00   |
| CWA Council of State of Iowa COPE Fund    | 11/10/2003 | \$2,000.00 |
| CWA Local 7102 PAC                        | 11/05/2003 | \$2,000.00 |
| Fraise for Senate                         | 10/14/2003 | \$300.00   |
| Heavy Highway PAC                         | 11/18/2003 | \$1,500.00 |
| Huser for State Representative            | 10/28/2003 | \$2,500.00 |
| IA Friends of Rural Electrification       | 11/10/2003 | \$1,000.00 |
| IA Laborers PAC                           | 11/15/2003 | \$1,000.00 |
| IA State Council of Machinists            | 10/28/2003 | \$1,000.00 |
| Ironworkers Local 21 Legislative          | 10/15/2003 | \$1,000.00 |
| Jacoby for House Committee                | 11/13/2003 | \$300.00   |
| MCI Iowa PAC                              | 10/27/2003 | \$1,500.00 |
| Mertz for Representative                  | 10/31/2003 | \$1,000.00 |
| Operating Engineers                       | 11/15/2003 | \$1,000.00 |
| Paul Bell for State Representative        | 10/31/2003 | \$300.00   |
| Plumbers and Pipe Fitters Local 125 PEF   | 10/27/2003 | \$1,200.00 |
| UFCW Region Council 6                     | 10/27/2003 | \$2,000.00 |
| United Steel Workers of America Local 310 | 10/17/2003 | \$1,000.00 |
| Van Buren County Democratic Party         | 10/27/2003 | \$300.00   |
| Verizon Iowa State Good Government Club   | 11/11/2003 | \$500.00   |
| Verizon Iowa State Good Government Club   | 11/11/2003 | \$100.00   |
| Winckler for State House                  | 11/18/2003 | \$600.00   |

| Contributor Name | Date       | Amount     |
|------------------|------------|------------|
| E Robert Josten  | 04/04/2003 | \$1,000.00 |
| E Robert Josten  | 04/29/2003 | \$1,000.00 |
| E Robert Josten  | 05/19/2003 | \$1,000.00 |
| Robert E. Josten | 07/18/2003 | \$1,000.00 |
| Robert E. Josten | 07/18/2003 | \$1,000.00 |
| Robert E. Josten | 09/10/2003 | \$1,000.00 |
| Robert E. Josten | 09/17/2003 | \$1,000.00 |
| Robert E. Josten | 10/14/2003 | \$3,000.00 |
| Robert E. Josten | 12/30/2003 | \$2,500.00 |

