



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

March 1, 2006

Mr. Mark Lindsey, Treasurer
XM Satellite Radio Inc. Political Action
Committee
1500 Eckington Place NE
Washington, DC 20002

**Response Due Date:
March 31, 2006**

Identification Number: C00401992

Reference: Mid-Year Report (1/01/05 – 6/30/05) and Year-End Report (7/01/05 – 12/31/05)

Dear Mr. Lindsey:

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:

-Your reports do not include a Schedule H1 to disclose the ratio for the allocation of certain costs. For State, District and Local party committees, Schedule H1 must be filed in the first report each calendar year that discloses an allocable disbursement and for Separate Segregated Funds and Non-connected committees, in each report that discloses an allocable disbursement for administrative expenses, generic voter drives or public communications that refer to any political party, but do not refer to any clearly identified candidates.

Further, for State, District and Local party committees, all shared administrative, generic voter drive and exempt activity costs incurred during the two-year cycle must be allocated according to the appropriate fixed ratio, unless the federal account elects to pay a higher percentage of its cost. For Separate Segregated Funds and Non-connected committees, administrative expenses, generic voter drive costs and expenses related to public communications referencing any political party committee (but no clearly identified candidates) must be allocated according to a 50% flat minimum federal percentage unless the federal account elects to pay a

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higher cost. 11 CFR §106.7(d)(2), (d)(3) and 11 CFR §§104.10(b)(1) and 106.6(c)

-Schedule(s) H4 discloses 100% non-federal activity. Please be advised that by definition, this activity does not qualify as a shared expense(s) to be allocated between your federal and non-federal accounts. If the disbursements represent 100% federal operating expenditures, they should be itemized on Schedule B supporting Line 21(b) of the Detailed Summary Page. If your non-federal account paid for these expenses as 100% non-federal expenditures, they should not be disclosed on Schedule H4. Any reimbursement from your committee's non-federal account for any portion of this activity is not permissible and must be returned. 11 CFR §102.5(a)(1)(i) Please amend your report to clarify this discrepancy.

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 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) 694-1398.

Sincerely,



Michael H. Hartsock
Campaign Finance Analyst
Reports Analysis Division

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