



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-3

February 25, 1999

Ralph L. Rogers, Jr., Treasurer  
Philip Morris Companies Inc Political  
Action Committee (AKA PHIL-PAC)  
120 Park Avenue  
New York, NY 10017

Identification Number: C00089136

Reference: Amended 12 Day Pre-General Report (10/1/98-10/14/98), dated  
12/18/98

Dear Mr. Rogers:

On February 3, 1999, 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 February 18, 1999, 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.

-In order for your committee to accept these funds from PM Wisconsin PAC into your federal account, your committee should take steps to insure that permissible funds were used to make the contribution 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 the contribution(s) 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 impermissible funds, the Commission recommends that you transfer the impermissible funds to an account not used to influence federal elections or refund the impermissible amount(s) to the donor(s) in accordance with 11 CFR §103.3(b). In order to protect the donor's interests, the Commission recommends that you inform the contributor(s) in writing to provide the donor(s) with the option of receiving a refund or granting written authorization for a transfer to another account.

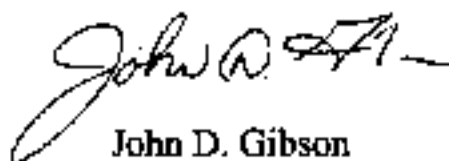
Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for the transfer-out or refund. Should you choose to transfer-out or refund the contribution(s), the Commission will presume the funds were impermissible if no statement from your committee 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.

If this information is not received by the Commission within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Kenneth Davis on our toll-free number (800) 424-9530 or our local number (202) 694-1130.

Sincerely,



John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

