



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

February 25, 2005

Erik Stowers, Treasurer  
Downtown for Democracy  
181 North 11TH Street, #205  
Brooklyn, NY 11211

Response Due Date:  
March 28, 2005

Identification Number: C00389361

Reference: Amended 30 Day Post-General Report (10/01/04 - 11/22/04), received  
1/28/05

Dear Mr. Stowers:

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 report discloses the apparent receipt of a corporate in-kind donation for "In-Kind-Rec.- Song Rights," however, Schedule H4 indicates that the federal share of this in-kind contribution was transferred to the non-federal account after the in-kind contributions was received by the federal account. Pursuant to Advisory Opinion 1992-33, the Commission concluded that a committee may accept corporate in-kind contributions in connection with fundraising activities as long as the federal share of goods and services is paid to the non-federal account *in advance or on receipt* of the acceptance of the corporate in-kind donations.

Although the Commission may take further legal action concerning the acceptance of a prohibited in-kind contribution, your prompt action in transferring the federal share to the non-federal account will be taken into consideration.

-Schedule B supporting Line 28(a) discloses \$5,320.00 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 28(a) 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 A supporting Line 15 of the Detailed Summary Page discloses a refund or rebate of what appears to be a previously disclosed allocable expense from "FSView." Please be advised that when a committee receives a refund or rebate of an allocable expense, it must be allocated between the federal and non-federal accounts according to the same allocation ratio used to allocate the original disbursement. Furthermore, the federal account must transfer the non-federal portion to the non-federal account and disclose this transfer-out on Schedule H4. Your report does not appear to disclose a transfer-out of the non-federal portion of this refund or rebate. Please provide clarification regarding this apparent omission.

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedules B and H4 of your report to clarify the following description(s): "Reimbursement/Event Expenses" and "Office Supplies." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Please amend your report by providing the address for each disbursement itemized on Schedules B and H4 supporting Lines 21(b) and 21(a).

-Please clarify all expenditures made for "Advertising," "Photography," "Printing," "Space Rental," "Ad Production," "Print Advertising," "Print Design," "Signs," "Television Ad Production," "TV Ad Production," and "TV Production" on Schedules B and H4. 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 or E supporting Lines 23 or 24 and include the amount, name, address and office sought by each candidate. 11 CFR §§104.3(b) and 106.1

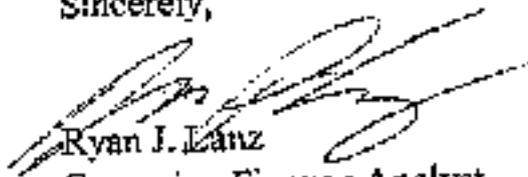
DOWNTOWN FOR DEMOCRACY

Page 3

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 5 to reach the Reports Analysis Division) or my local number (202) 694-1399.

Sincerely,



Ryan J. Lantz  
Campaign Finance Analyst  
Reports Analysis Division

218

