



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

January 31, 2011

KATHERINE MORET, TREASURER
DEMOCRATIC STATE CENTRAL COMMITTEE
OF CA - FEDERAL
1401 21ST STREET SUITE 200
SACRAMENTO, CA 95811-5221

Response Due Date
03/07/2011

IDENTIFICATION NUMBER: C00105668

REFERENCE: JUNE MONTHLY REPORT (05/01/2010 - 05/31/2010)

Dear Treasurer:

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. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following **13** item(s):

1. A review of the reports filed by your committee (see attached) indicates that your committee received one or more transfers from Boxer CDP 2010 which has not been disclosed on their report(s) of receipts and disbursements. Please provide clarifying information regarding the source of the transfer(s) received by your committee.
2. 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

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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 reattribution 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 reattribution, transfer-out or refund the excessive amount will be taken into consideration.

3. The totals listed on Lines 6(c), 7, 11(a)(ii), 11(a)(iii), 11(d), 15, 19, 20, 21(a)(i), 21(a)(ii), 21(b), 21(c), 31 and 32, Column B of the Summary and Detailed Summary Page(s) appear to be incorrect. Please be advised that you should add the "Calendar Year-to-Date" total from your previous report to the current "Total This Period" figure from Column A to derive the correct Column B totals. Please amend your report and any subsequent reports that may be affected by this correction.

4. The beginning cash balance of this report should equal the ending balance of your May Monthly Report (4/1/10 - 4/30/10). Please clarify this discrepancy and amend any subsequent report(s) that may be affected by this correction.

5. Schedule A supporting Line 12 discloses a transfer(s)-in from Democratic National Committee. Schedule H6 supporting Line 30(a) reflects payments for Federal Election Activity. Please be advised that under 11 CFR §300.34, a State, district or local party committee must not use any Federal funds transferred to it from a national party committee or any other State, district or

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local party committee, as the Federal component of an expenditure or disbursement for Federal Election Activity. Furthermore, your committee must itself raise the Federal component of expenditure or disbursement allocated between Federal and Levin funds.

Please clarify whether the transfer(s)-in was used for the subsequent payments for Federal Election Activity. In addition, please clarify the procedures you are currently using to ensure that Federal funds transferred to your committee from national, State, district and local party committees are not being used for Federal Election Activity.

6. Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "advertising (website)". Please be advised that pursuant to 11 CFR §300.33(c) (1), expenditures for public communications (as defined by 11 CFR §100.26) that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any such candidate for Federal office must not be allocated between or among federal and non-federal accounts. Only federal funds may be used.

Further, expenditures and disbursements for public communications that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s). However, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate, rather than on Schedule B for Line 30(b). Please amend your report to properly disclose this activity or provide clarifying information.

If this activity was categorized incorrectly, the Commission recommends that you immediately transfer the funds received by your federal account for this activity back to the non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

7. Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "401-k employee contribution," "employee wage garnishment," "federal payroll taxes," "health insurance," "salary," "state payroll taxes" and "vision

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insurance". Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal Election Activity (FEA) or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Please clarify whether this activity is for employees who spent 25% or less of their time during the month(s) referenced above on FEA or activities in connection with a Federal election. If this is not the case, any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding any improper allocation activity, your prompt action will be taken into consideration.

8. Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) H4 of your report to clarify the following description(s): "finance council retreat" (paid to Angela Tate and W Los Angeles - Westwood). For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

9. Schedule H4 supporting Line 21(a) discloses a voided check(s) to "Women Democrats of Sacramento County," however, it appears that the original contribution(s) has not been reported by your committee. Please amend the report covering the period(s) during which the contribution(s) was disbursed and disclose the original date of the contribution.

10. Schedule H4 of your report discloses voided or returned checks for expenditures made during this or previous reporting periods. Please clarify if and when these checks were reissued. If they were not reissued, please clarify the steps your committee has taken to account for the federal portion of these voided or returned checks in order to avoid the acceptance of a prohibited in-kind contribution.

11. Schedule B discloses an expenditure(s) for "Fundraising: telemarketing services." If a portion or all of these expenditures were for public communications (as defined by 11 CFR §100.26) or voter drive activity (under 11 CFR §106.6(b)(2)(i)) containing express advocacy as defined under 11 CFR §100.22, this would constitute an in-kind contribution or an independent

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expenditure and should be properly disclosed on a Schedule B or E supporting Line 23 or 24 as appropriate. Public communications and voter drive activity that refer to a clearly identified Federal candidate, but that do not expressly advocate the election or defeat of that candidate should be reported on Schedule B for Line 21(b) of the Detailed Summary Page. Please clarify whether this activity contained express advocacy and amend your report to properly disclose this activity, if necessary.

12. Please clarify all expenditures made for "Fundraising: bank charges" and "Fundraising: credit card services" on Schedule B. 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, E or F supporting Lines 23, 24 or 25 and include the amount, name, address and office sought by each candidate. 11 CFR §§104.3(b) and 106.1

13. Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Contributions from federal committees should be properly disclosed on a separate Schedule B, supporting Line 11(c) of the Detailed Summary Page. Please refer to the instructions for each line when determining the proper categorization(s) for your next filing.

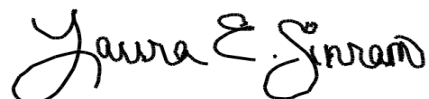
Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions 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. **Requests for extensions of time in which to respond will not be considered.**

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) 694-1157.

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Sincerely,

A handwritten signature in black ink that reads "Laura E. Sinram". The signature is written in a cursive style with a large initial 'L' and a distinct 'E'.

Laura Sinram
Senior Campaign Finance Analyst
Reports Analysis Division

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Transfers Not Disclosed on Joint Fundraising Representative's Report:

Contributor Name	Date	Amount	Report
Boxer CDP 2010	5/31/10	\$250	2010 June Monthly
Boxer CDP 2010	5/31/10	\$10,000	2010 June Monthly
Boxer CDP 2010	5/31/10	\$500	2010 June Monthly
Boxer CDP 2010	5/31/10	\$200	2010 June Monthly
Boxer CDP 2010	5/31/10	\$100	2010 June Monthly
Boxer CDP 2010	5/31/10	\$10,000	2010 June Monthly
Boxer CDP 2010	5/31/10	\$250	2010 June Monthly
Boxer CDP 2010	5/31/10	\$250	2010 June Monthly
Boxer CDP 2010	5/31/10	\$10,000	2010 June Monthly
Boxer CDP 2010	5/31/10	\$5,000	2010 June Monthly
Boxer CDP 2010	5/31/10	\$5,000	2010 June Monthly
Boxer CDP 2010	5/31/10	\$300	2010 June Monthly

Excessive Contribution from an Individual:

Contributor Name	Date	Amount	Report
Peg Yorkin	5/31/10	\$10,000	2010 June Monthly
Peg Yorkin	5/31/10	\$5,000	2010 June Monthly