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Reference: MAY Monthly Report (4/1/03-4/30/03)

In addition, most of AFSCME PEOPLE's contribution occur through payroll deduction, a contribution method for which there is generally no particular fundraising event. AFSCME PEOPLE transfers some of these funds to a non-federal account on an as needed basis. In this context, even if AFSCME PEOPLE were not permitted to pay more than the federal allocable share, it does not appear that there is 'joint activity' as that term is used in 11 CFR 106.6(d).

Finally, applying the allocation rules to a non-federal committee that has no source of funds other than an affiliated federal account would produce an absurd result. If AFSCME PEOPLE were required to allocate the cost of this sort of fundraising, it could do so by determining an allocation ratio, transferring funds from its federal account to its non-federal account (so that the non-federal account has sufficient funds to pay its allocable share) and then transferring those same funds right back into its federal account (to meet the allocation formula). This sort of merry-go-round transaction does not make sense in the context of a non-federal account that is only funded with contributions that are raised subject to the prohibitions and limitations of the Act.

**MAY MONTHLY REPORT (4/1/03-4/30/03)**

We have reviewed our records with respect to Other Disbursements shown on the Detailed Summary Page, Line 29 in the amounts of \$73,644.81 and \$408080.38. We have transferred these amounts to Other Federal Operating Expenditures shown on Detailed Summary Page, Line 21(b) which changes the amounts in columns A and B to \$74,795.92 and \$409,942.24, respectively.

The amount in column A, Line 21(b) is supported by disclosure on separate schedule B, page 36/65. We have amended Schedule B, page 36/65 to indicate the purpose and category type of these disbursements. The expenditures represent fundraising product and incentives costs incurred by the committee for operations.

We have reviewed our records with respect to unitemized receipts from individual/persons other than political committees shown on the Detailed Summary Page, Line 11(a)(ii) in the amount of \$320,367.18. We have transferred \$595.08 from Line 11(a)(ii) to line 11(a)(i). This transfer changes of the amounts on Lines 11(a)(i) and 11(a)(ii) to \$5,264.93 and \$319,772.10, respectively. The amount on Line 11(a)(i) is supported by disclosure on amended schedule A.