



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

September 28, 2011

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

Response Due Date
11/02/2011

IDENTIFICATION NUMBER: C00105668

REFERENCE: AMENDED FEBRUARY MONTHLY REPORT (01/01/2011 - 01/31/2011),
RECEIVED 07/20/2011

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 3 item(s):

1. Your report does 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. Further, 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. (11 CFR §§106.7(d)(2) and (3))
2. Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "401-k employee contribution," "bicycle commuter benefit," "dental insurance," "employee wage garnishment," "federal payroll taxes," "health insurance," "medical insurance," "salary," "state payroll taxes" and "vision 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.

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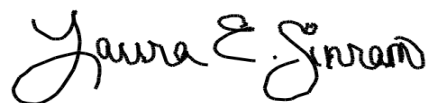
Please clarify whether this activity is for employees who spent 25% or less of their time during the month(s) referenced above on FEA or activities in connection with a Federal election. If this is not the case, any reimbursement from your committee's non-federal account for this payment is not permissible 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.

3. Schedule H4 discloses "expesne offset: Liu Employment Law Firm" paid to Arthur Levy. If this offset represents a payment from Liu Employment Law Firm that corresponds to disbursements made to Arthur Levy, please amend your report to disclose the name of the person from whom your committee actually received funds. You should indicate the source of the original payment in the purpose field of that entry. Please clarify the source of the offset.

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.

Sincerely,



Laura Sinram
Senior Campaign Finance Analyst
Reports Analysis Division