



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

October 27, 2006

Ken Sagar, Treasurer  
Iowa Democratic Party  
5661 Fleur Drive  
Des Moines, IA 50321

**Response Due Date:  
November 28, 2006**

Identification Number: C00035600

Reference: July Monthly Report (6/1/06-6/30/06)

Dear Mr. Sagar:

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:

-The totals listed on Lines 21(b) and 30(b), Column B of the 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 (including amended reports) 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.

-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "Health Insurance, Insurance, Payroll, Payroll Taxes, and Simple IRA". 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

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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.

-Schedule H4 of your report discloses reimbursements to individuals for "Airfare, Keys, Meals, Office Supplies, Meals, Meals Reimb., Mileage, Copies, Mileage, Copies, Office Supplies, Mileage, Keys, Mileage, Meals, Mileage, Meals, Shipping, Mileage, Office Supplies, Mileage, Shipping, Mileage and Copies, Mileage and Keys, Mileage and Meals, Mileage and Shipping, and Office Supplies." Please be advised that when itemizing reimbursements to individuals for goods or services, payment to the original vendors must be itemized as memo entries regardless of amount. Each memo entry must include the name and address of the original vendor, as well as the date, amount and purpose of the original purchase must be provided. Please amend your report to include the missing information and clearly identify on the Schedule H4, which reimbursement each memo entry relates to. 11 CFR §§104.10 and 104.17, and Advisory Opinions 1992-1 and 1996-20, footnote 3

-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): "Payroll Processing Fees." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

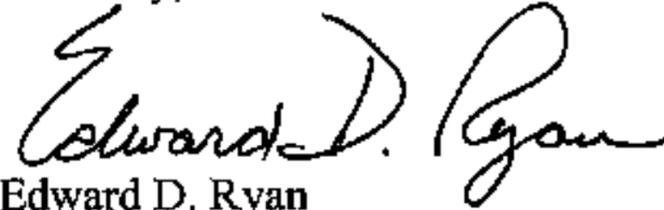
**Please note, you will not receive an additional notice from the Commission on this matter.** Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.**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

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on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1144.

Sincerely,

A handwritten signature in cursive script that reads "Edward D. Ryan". The signature is written in black ink and is positioned above the printed name.

Edward D. Ryan  
Campaign Finance Analyst  
Reports Analysis Division

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