



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

Jack Hanson, Treasurer  
Pioneer Political Action Committee  
499 South Capitol Street SW, Suite 2000A  
Washington, DC 20003

Identification Number: C00325357

APR 25 2001

Reference: July Monthly Report (6/1/00-6/30/00)

Dear Mr. Hanson:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-In a letter to the Commission you state "you indicated that we are not permitted to engage in exempt activities and we have not. However, your form H2 does not permit the designation of an activity as administrative." Please be advised, Schedule H2 is used for shared federal and non-federal fundraising, exempt, and direct candidate support activity. The ratio for administrative expenses is derived from the Schedule H1. Please refer to the instructions contained on the forms when preparing your next filing.

Furthermore, you state "we will amend schedules H4 and show these expenditures as administrative". However, this change has made your EVENT YEAR-TO-DATE calculations for administrative/voter drive incorrect. EVENT YEAR-TO-DATE totals for administrative and voter drive costs are derived by aggregating all disbursements during the calendar year for the whole administrative/voter drive category, **not by individual purpose** such as "Consultant Fundraising" or "Office Rent". Please amend your report by providing the correct administrative/voter drive EVENT YEAR-TO-DATE totals.

Please note, it appears your Schedule H3 was also affected by this change;

please amend your report accordingly to disclose the appropriate transfers-in as administrative.

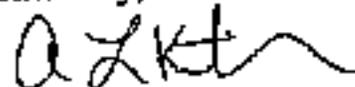
-The Commission is in receipt of your letter dated August 14, 2000 which states your software currently can not properly complete some of the schedules. You further state that you are evaluating various software programs to file future reports electronically. However, 11 CFR §104.18 states "if a committee chooses to file its reports electronically, and its first electronic report passes the Commission's validation program ...it must continue to file in an electronic format all reports covering financial activity for that calendar year, unless the Commission determines that extraordinary and unforeseeable circumstances have made it impracticable for the committee to continue filing electronically". Since the Commission has not made a determination at this time, your committee must continue to file all reports electronically for the calendar year. Please file the above referenced report electronically.

-Schedule H3 discloses the receipt of \$2,700.00 from your non-federal account for a expenditure event(s) which is listed as 100% non-federal on Schedules H2 and H4. A committee is permitted to pay the entire amount of an allocable activity from its federal account and receive a transfer(s) from its non-federal account solely to cover the non-federal share of the allocable expense(s). 11 CFR §106.5(g)(i). However, a 100% non-federal expenditure event does not fall within the definitions of an allocable expense, and constitutes an impermissible transfer of funds received by your federal account from your non-federal account.

The Commission recommends you immediately transfer the total amount received by your federal account back to your non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Antoinette Kitchen  
Senior Reports Analyst  
Reports Analysis Division

