

April 6, 2007

Laura S.
Federal Elections Commission

RE: California Republican Party
FEC ID# C00140590
Amended Pre-general
Response 1 of 3 Due to Space Limitations

Dear Laura S.

Listed below are our responses to the matters you raised.

In relation to the expenses dealing with absentee mailer; no specific federal candidate was identified. Therefore we believe no further clarification is necessary.

In regards to the Schedule L issue; computer software issues caused certain entries to be reported as negative when they should have been pulling on Line 2 of Schedule L. We believe Schedule L is now correct.

For schedule L-A we have filled in the missing information where applicable.

In regards to the items classified as exempt party activity; as previously addressed in a similar inquiry on the prior report listed below is our response.

For the reasons below, we believe the expenditures do not require any non-federal or Levin reimbursement of the federal account. The mailings in question were state candidate related, mostly involving non-federal "issue advocacy" as defined in California Government Code 85310. No federal candidate appeared on any California Republican Party/Victory 06 mailing or communication during the 2006 election cycle other than one specific mailings using coordinated expenditure authority largely due to the impact of such identification on the funding requirements imposed for FEA under BCRA. A small portion of the piece included an element that was "voter drive" but not Federal Election Activity.

However, because California Republican Party/Victory 06 had used federal funds to pay for a portion of such mailings, and because its computer software program would not accommodate any allocation other than the 21% federal and 79% non-federal allocation programmed into the program for our 2005-2006 allocation percentages under 11 CFR 106.7(d)(2), the only manner in which this unusual allocation could be accommodated with the Aristotle software program was to utilize the flexibility the program affords to use Schedule H2 to input an unusual allocation activity. Here the Schedule H2 was checked for direct candidate support (the only other option to do so being allocable fundraising expenses, a more implausible method in our view.
