



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

April 12, 2015

JONATHAN LINES, TREASURER  
ARIZONA REPUBLICAN PARTY  
3501 NORTH 24TH STREET  
PHOENIX, AZ 85016

**Response Due Date**

**05/18/2015**

IDENTIFICATION NUMBER: C00008227

REFERENCE: AMENDED MAY MONTHLY REPORT (04/01/2014 - 04/30/2014),  
RECEIVED 06/19/2014

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report 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 7 item(s):

1. On Schedule H4 supporting Line 21(a) of the Detailed Summary Page, you have not included the mailing address for the payments made to "US Postmaster," "Eegees," "University Of Arizona," "Maroneys Dry Cleaners," "Taco Bell," "Wells Fargo," "LD 17 Republican Committee," "Us Airways," and "Facebook.com." Please amend your report accordingly. (11 CFR § 104.10(b)(4) and 104.17(b)(3))
2. Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule H4 to clarify the following descriptions: "Contract labor" and "Voter registration." (11 CFR § 104.3(b)(3) and 104.10(a)(4))

Additional clarification regarding inadequate purposes of disbursement published in the Federal Register can be found at: [http://www.fec.gov/law/policy/purposeofdisbursement/inadequate\\_purpose\\_list\\_3507.pdf](http://www.fec.gov/law/policy/purposeofdisbursement/inadequate_purpose_list_3507.pdf)

3. Schedule H4 supporting Line 21(a) of your report discloses payments for "Payroll taxes," "Employee benefits," and "Payroll." 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

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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 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.

**4.** Schedule H4 supporting Line 21(a) of your report discloses a payment for "Printing & production." Please be advised that pursuant to 11 CFR §300.33(c) (1), expenditures for public communications (as defined by 11 CFR §100.26) that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any such candidate for Federal office must not be allocated between or among federal and non-federal accounts. Only federal funds may be used.

Further, expenditures and disbursements for public communications that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s). However, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate, rather than on Schedule B for Line 30(b). Please amend your report to properly disclose this activity or provide clarifying information.

If this activity was categorized incorrectly, the Commission recommends that you immediately transfer the funds received by your federal account for this activity back to the non-federal account. Although the Commission may take

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further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

**5.** Please clarify all expenditures made for "Fundraising retainer fee," "Online fundraising fees," "Social networking fundraising fees," and "Event flags" on Schedule H4. If a portion or all of these expenditures were made on behalf of specifically identified federal candidates, this amount should be disclosed on Schedules B, E, or F supporting Lines 23, 24, or 25 and include the amount, name, address and office sought by each candidate. (11 CFR §§104.3(b) and 106.1)

Alternatively, if the payment(s) on Schedule H4 is associated with fundraising activity conducted for your committee's federal and non-federal accounts, it must be allocated according to the funds received method and the ratio reflected on Schedule H2. Further, it must be categorized as a fundraising activity on Schedule H4. Please provide clarifying information regarding the nature of this transaction(s) and amend your report(s) as appropriate.

**6.** Schedule H4 of your report discloses a payment to "Digital Expressions," which is categorized as an Administrative expense; however, the purpose of disbursement disclosed is "Photo booth for party event." Please be advised that payments made for your committee's fundraising activities must be allocated according to the funds received method and the ratio reflected on Schedule H2. Please amend your report to clarify the appropriate category for this activity or provide clarifying information regarding this apparent discrepancy. (11 CFR §106.7(d)(4))

**7.** Schedule H4 of your report discloses payments for "Voter registration files," "Voter registration consulting," and "Voter registration." 11 CFR §100.24(b) defines as Federal Election Activity, voter registration activity during the period beginning on the date that is 120 calendar days before the date that a regularly scheduled Federal election is held, and ending on the date of the election. Furthermore, the costs for this type of Federal Election Activity must either be paid with federal funds or can be allocated between federal and Levin funds as long as the activity conducted does not refer to a clearly identified candidate for Federal office. It appears that you have allocated these costs between federal and non-federal funds. Any reimbursement from your committee's non-federal account for Federal Election Activity costs is not permissible and must be returned. (11 CFR §§300.32 and 300.33)

Please inform the Commission of your corrective action immediately or

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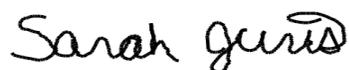
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provide clarifying information regarding this activity. Although the Commission may take further legal action regarding this apparent prohibited activity, your prompt action will be taken into consideration.

**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) 694-1175.

Sincerely,



Sarah Juris  
Senior Campaign Finance Analyst  
Reports Analysis Division