



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

December 24, 2009

Ramesh Verma, Treasurer
Michigan Democratic State Central Committee
606 Townsend St.
Lansing, MI 48933

**Response Due Date:
January 28, 2010**

Identification Number: C00031054

Reference: November Monthly Report (10/1/09-10/31/09)

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 4 items:

1. Schedule A supporting Line 11(a)(i) of your report discloses a negative MEMO entry for an apparent transfer to your nonfederal account to correct an apparent excessive contribution received from "Kilgore, Margaret" (see attached chart). Please note that the dollar amount of a memo entry is not factored into the total receipts or disbursements for the report. If your committee transferred funds from your federal account to your non-federal account, this disbursement should be disclosed as a regular entry on Schedule B supporting Line 22 of the Detailed Summary Page. The payee's name should indicate your non-federal account and the contributor's information should be disclosed in the purpose field.

Further, if the funds are being transferred to a non-federal account to correct an excessive contribution from an individual, the funds can be retained if within 60 days of receipt you (1) transferred the excessive amount to an account not used to influence federal elections, and (2) provided written notice to the person making the contribution of the option of receiving a refund. Any request from a donor for a refund must be honored.

If the conditions for reattributions or transfers to a non-federal account were not met within 60 days of receipt, the excessive amount must be refunded.

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MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE

Page 2

Any transfers-out or refunds should be disclosed on Schedule B supporting Line 22 or 28, respectively, of the report during which the transaction was made. Please amend your report to provide further clarifying information regarding the transaction.

2. Schedule B supporting Line 21(b) of your report discloses a payment(s) to your non-federal account for goods and/or services provided by that entity. 11 CFR §100.52(d)(1) states that "...the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution." Examples of goods and services include equipment, supplies, personnel, membership lists and mailing lists. The term "usual and normal charge" for goods is defined as "...the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution". The usual and normal charge for services is defined as "...the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 CFR §100.52(d)(2)

Please clarify whether your committee was assessed the usual and normal charge for the goods and/or services you received and explain the steps your non-federal account took in determining the amount(s) charged to you. If your committee was provided the goods and/or services at less than the usual and normal charge, the difference between the two is considered to be an in-kind contribution by your non-federal account to your federal account and is subject to the conditions set forth at 11 CFR 102.5(a). (11 CFR §100.52(d)(1))

3. Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "401k plan," "Payroll taxes," and "Salary." 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 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

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MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE

Page 3

Commission may take further legal action regarding any improper allocation activity, your prompt action will be taken into consideration.

4. Schedule H4 of your report discloses \$5,000 in payments for "Community organizer" to individuals. Please clarify whether these individuals are employees of your committee. If they are employees, please clarify whether this activity is for employees who spent 25% or less of their time during the month(s) referenced above on Federal election activity (FEA) or activities in connection with a Federal election. You are 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 FEA or activities in connection with a Federal election must not be allocated between or among federal, non-federal and Levin accounts. Rather, only federal funds may be used.

Any reimbursement from your committee's non-federal or Levin account for salary and wage payments for employees who spent more than 25% of their compensated time in a given month on FEA is not permissible and must be returned. Please provide clarification regarding these payments.

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) 694-1139.

Sincerely,



Nicole Della Rocco
Senior Campaign Finance Analyst
Reports Analysis Division

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MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE

Page 4

| Contributor Name | Date | Amount | Report |
|-------------------|-----------|--------|-----------------------|
| Kilgore, Margaret | 1/3/2009 | \$300 | 2009 February Monthly |
| Kilgore, Margaret | 1/16/2009 | \$400 | 2009 February Monthly |
| Kilgore, Margaret | 1/24/2009 | \$400 | 2009 February Monthly |
| Kilgore, Margaret | 1/30/2009 | \$300 | 2009 February Monthly |
| Kilgore, Margaret | 1/31/2009 | \$400 | 2009 February Monthly |
| Kilgore, Margaret | 1/31/2009 | \$400 | 2009 February Monthly |
| Kilgore, Margaret | 2/13/2009 | \$300 | 2009 March Monthly |
| Kilgore, Margaret | 2/21/2009 | \$400 | 2009 March Monthly |
| Kilgore, Margaret | 2/27/2009 | \$300 | 2009 March Monthly |
| Kilgore, Margaret | 3/6/2009 | \$300 | 2009 April Monthly |
| Kilgore, Margaret | 3/7/2009 | \$300 | 2009 April Monthly |
| Kilgore, Margaret | 3/13/2009 | \$300 | 2009 April Monthly |
| Kilgore, Margaret | 3/14/2009 | \$400 | 2009 April Monthly |
| Kilgore, Margaret | 3/20/2009 | \$200 | 2009 April Monthly |
| Kilgore, Margaret | 3/21/2009 | \$300 | 2009 April Monthly |
| Kilgore, Margaret | 3/28/2009 | \$400 | 2009 April Monthly |
| Kilgore, Margaret | 4/3/2009 | \$200 | 2009 May Monthly |
| Kilgore, Margaret | 4/11/2009 | \$400 | 2009 May Monthly |
| Kilgore, Margaret | 4/18/2009 | \$400 | 2009 May Monthly |
| Kilgore, Margaret | 4/24/2009 | \$300 | 2009 May Monthly |
| Kilgore, Margaret | 4/24/2009 | \$400 | 2009 May Monthly |
| Kilgore, Margaret | 4/25/2009 | \$300 | 2009 May Monthly |
| Kilgore, Margaret | 5/1/2009 | \$400 | 2009 June Monthly |
| Kilgore, Margaret | 5/16/2009 | \$400 | 2009 June Monthly |
| Kilgore, Margaret | 5/23/2009 | \$400 | 2009 June Monthly |
| Kilgore, Margaret | 5/29/2009 | \$400 | 2009 June Monthly |
| Kilgore, Margaret | 5/30/2009 | \$400 | 2009 June Monthly |
| Kilgore, Margaret | 6/5/2009 | \$400 | 2009 July Monthly |
| Kilgore, Margaret | 6/6/2009 | \$400 | 2009 July Monthly |
| Kilgore, Margaret | 6/12/2009 | \$300 | 2009 July Monthly |
| Kilgore, Margaret | 6/12/2009 | \$400 | 2009 July Monthly |
| Kilgore, Margaret | 6/13/2009 | \$400 | 2009 July Monthly |
| Kilgore, Margaret | 6/20/2009 | \$300 | 2009 July Monthly |
| Kilgore, Margaret | 6/26/2009 | \$400 | 2009 July Monthly |
| Kilgore, Margaret | 7/3/2009 | \$400 | 2009 August Monthly |
| Kilgore, Margaret | 7/4/2009 | \$400 | 2009 August Monthly |
| Kilgore, Margaret | 7/17/2009 | \$400 | 2009 August Monthly |
| Kilgore, Margaret | 7/18/2009 | \$400 | 2009 August Monthly |
| Kilgore, Margaret | 7/24/2009 | \$400 | 2009 August Monthly |
| Kilgore, Margaret | 7/25/2009 | \$200 | 2009 August Monthly |
| Kilgore, Margaret | 7/31/2009 | \$300 | 2009 August Monthly |

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MICHIGAN DEMOCRATIC STATE CENTRAL COMMITTEE

Page 5

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|-------------------|-----------|-------|------------------------|
| Kilgore, Margaret | 8/1/2009 | \$400 | 2009 September Monthly |
| Kilgore, Margaret | 8/7/2009 | \$400 | 2009 September Monthly |
| Kilgore, Margaret | 8/7/2009 | \$400 | 2009 September Monthly |
| Kilgore, Margaret | 8/8/2009 | \$400 | 2009 September Monthly |
| Kilgore, Margaret | 8/15/2009 | \$400 | 2009 September Monthly |
| Kilgore, Margaret | 8/22/2009 | \$400 | 2009 September Monthly |
| Kilgore, Margaret | 8/28/2009 | \$400 | 2009 September Monthly |
| Kilgore, Margaret | 8/29/2009 | \$400 | 2009 September Monthly |
| Kilgore, Margaret | 9/18/2009 | \$400 | 2009 October Monthly |
| Kilgore, Margaret | 9/26/2009 | \$400 | 2009 October Monthly |

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