



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

October 12, 2016

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

Response Due Date

11/16/2016

IDENTIFICATION NUMBER: C00008227

REFERENCE: JUNE MONTHLY REPORT (05/01/2016 - 05/31/2016)

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 **8** item(s):

1. Schedule A (see attached) discloses one or more contributions which appear to be from corporations. Please be advised that 52 U.S.C. §30118(a) (formerly 2 U.S.C. §441b(a)) prohibits the receipt of contributions from corporations unless made from a separate segregated fund established by the corporation. Limited liability companies (LLCs) that choose to be treated as corporations under the Internal Revenue Service rules, or have shares that are traded publicly, are considered corporations. In the event that the LLC is treated as a partnership under IRS rules, the aforementioned contributions are to be attributed to each member in direct proportion to his or her share of the LLC's profit or by agreement of its members. Each member who has contributed in excess of \$200 for the calendar year should be identified by name, address, amount of contribution, name of employer, occupation and aggregate total on Schedule A. (11 CFR §110.1(g)(1) through (5))

If any apparently prohibited contribution in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information.

If you have received a prohibited contribution(s), you may have to make a refund. If within 30 days of receipt you (1) transferred the prohibited 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

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refund, you may retain the contribution in an account not used to influence federal elections. Any request from a donor for a refund must be honored.

If the foregoing conditions for transfers to a non-federal account were not met within 30 days of receipt, the prohibited amount must be refunded. (11 CFR §103.3(b)(1))

Please inform the Commission of your corrective action promptly in writing and provide a photocopy of your check for any transfer out or refund. In addition, any transfers out or refunds should be disclosed on Schedule B supporting Line 22 or 28 of the report covering the period during which the transaction was made.

Although the Commission may take further legal action concerning the acceptance of a prohibited contribution, prompt action by your committee to transfer out or refund the amount will be taken into consideration.

2. Schedule A of your report (see attached) discloses one or more contributions from organizations, which are not political committees registered with the Commission. In order for your committee to accept contributions from unregistered organizations into accounts used to influence federal elections, your committee should take steps to insure that the contributors used permissible funds to make the contributions to avoid violating 52 U.S.C. § 30116(f) and 30118 (formerly 2 U.S.C. §§441a(f) and 441b) or 11 CFR §102.5(b). Under 11 CFR §102.5(b), organizations which are not political committees under the Act and choose to contribute to federal committees must either: 1) establish a separate account which contains only those funds permitted under the Act, or 2) demonstrate through a reasonable accounting method that the organization has received sufficient funds subject to the limitations and prohibitions in order to make the contribution.

If any apparently prohibited contribution in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information. In addition, please clarify whether the contributions received from the referenced organizations is permissible.

To the extent that your committee has received prohibited funds, you may have to make a refund. If within 30 days of receipt you (1) transferred the prohibited 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, you may retain the contribution in an account not used to influence

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federal elections. Any request from a donor for a refund must be honored.

If the foregoing conditions for transfers to a non-federal account were not met within 30 days of receipt, the prohibited amount must be refunded. (11 CFR §103.3(b)(1))

Please inform the Commission of your corrective action promptly in writing and provide a photocopy of your check for any transfer- out or refund. Should you choose to transfer-out or refund the contributions, the Commission will presume the funds were impermissible if no statement from your committee provides information to the contrary. Transfers-out and refunds should be disclosed on a Schedule B supporting Line 22 or 28 of the report covering the period during which the transaction was made.

Although the Commission may take further legal action concerning the acceptance of prohibited contributions, prompt action by your committee in transferring-out or refunding the amounts will be taken into consideration.

3. Schedule A supporting Line 11(c) of your report discloses one or more receipts totaling \$1,906 from "State of Arizona." Please amend your report to clarify the nature of this receipt.

4. A review of the reports filed by your committee indicates that your committee received one or more contributions from "Enterprise Holdings, Inc. PAC" and "Ted Cruz for President" which has not been disclosed on their report(s) of receipts and disbursements. Please clarify if the contributions were received from the disclosed donor's federal account and amend your report(s) if necessary.

5. Please amend your report by providing the full name, address, and purpose for each disbursement itemized on Schedule H4 supporting Line 21(a). (11 CFR §§104.3(a)(4) and 104.10(4))

6. Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule H4 to clarify the following description: "Professional Consulting." (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

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7. Schedule H4 supporting Line 21(a) of your report discloses payments for "Dental Insurance," "Insurance," "Payroll," and "Payroll Taxes." 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 Commission may take further legal action regarding any improper allocation activity, your prompt action will be taken into consideration.

8. Schedule H4 supporting Line 21(a) of your report discloses payments for "Printing." 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

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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 further legal action concerning this 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

Impermissible, Excessive, and Prohibited Contributions
ARIZONA REPUBLICAN PARTY (C00008227)

Contributions from Possible Prohibited Entities (Corporations, Labor Organization, LLCs)

Contributor Name	Date	Amount	Report
Aetna	5/2/16	\$5,000.00	2016 June Monthly
All Pro Classics	5/2/16	\$500.00	2016 June Monthly
Artcraft Sports Apparat	5/2/16	\$500.00	2016 June Monthly
Dorn Policy Group, Inc.	5/2/16	\$400.00	2016 June Monthly
Hilton	5/3/16	\$418.37	2016 June Monthly
MDS Communications Corporation	5/2/16	\$5,000.00	2016 June Monthly

Contributions from Unregistered Organizations

Contributor Name	Date	Amount	Report
AZ Chapter NCAA	5/2/16	\$500.00	2016 June Monthly
Bill Gates for AZ	5/2/16	\$475.00	2016 June Monthly
Boyd Dunn for AZ	5/2/16	\$350.00	2016 June Monthly
Committee to Elect Bob Burns	5/18/16	\$150.00	2016 June Monthly
Committee to Elect Steve Watson	5/19/16	\$40.00	2016 June Monthly
Elect Sheriff Joe Arpaio	5/9/16	\$1,000.00	2016 June Monthly
Kate Brophy McGee AZ	5/19/16	\$250.00	2016 June Monthly
Lynn London for National Committeewoman	5/2/16	\$450.00	2016 June Monthly
National Popular Vote	5/18/16	\$500.00	2016 June Monthly
Re-elect Debbie Lesko	5/19/16	\$1,000.00	2016 June Monthly
Steve Christy for Supervisor	5/27/16	\$1,000.00	2016 June Monthly
Vote Suzanne Klapp	5/27/16	\$250.00	2016 June Monthly