



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

December 17, 2004

Brent Weaver, Treasurer
Democratic Party of South Carolina
P.O. Box 5965
1517 Blanding Street
Columbia, SC 29250

**Response Due Date:
January 18, 2005**

Identification Number: C00007658

Reference: Mid-Year Report (1/01/03-6/30/03)

Dear Mr. Weaver:

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. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Your report discloses receipts totaling \$12,595.16 from "ASSOCIATION OF STATE DEMOCRATIC CHAIRS DOLLARS FOR DEMOCRATS," which is a joint fundraising committee(s) affiliated with your committee. Please be advised that a memo Schedule A must be provided to itemize your committee's share of the gross contributions received through the joint fundraiser(s). The memo schedule should itemize each individual who has contributed an aggregate in excess of \$200 during the calendar year, and provide the amount of unitemized contributions received. In addition, the memo schedule should itemize your committee's share of all contributions from political committees, regardless of amount. Please amend your report by providing the omitted memo schedule(s). 11 CFR §102.17(c)(8)(i)(B)

-Your report does not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §100.24 defines as Federal Election Activity, services provided by an employee of a State, district or local party committee who spends more than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and wages for employees who spend more than 25 percent of their compensated

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time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

-Your report discloses limited payments for administrative expenses. Administrative expenses are payments made for the purpose of operating a political committee including, but not limited to, rent, utilities, salaries, telephone service, office equipment and supplies. Each state, district or local party committee utilizing separate federal and non-federal accounts is required to allocate any administrative expenses (excluding salary) between the accounts according to a fixed percentage selected on FEC Schedule H1. A Schedule H1 must be filed with the first FEC FORM 3X filed at the beginning of each calendar year. Payments for salary and wages for employees who spend more than 25% of their compensated time on Federal election activities or on activities in connection with a Federal election must be made from a federal account and disclosed on a Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §106.7

Any goods or services provided to your committee by a person, except volunteer activity (i.e., a person's time), would be considered an in-kind contribution from that person, and would be subject to the disclosure requirements of 2 U.S.C. §434(b)(3) and 11 CFR §104.13, and the limitations and prohibitions of 2 U.S.C. §§441a and 441b.

Clarification regarding administrative expenses should be provided during each two year election cycle beginning with the first report filed in the non-election year. Please provide the necessary information regarding administrative expenses incurred by your committee and/or amend your report to disclose such expenses according to the referenced provisions of the Act and Commission Regulations.

-Schedule H4 of your report discloses \$15,085 in payments for "consulting - compliance & treasury," "consulting - convention setup," "consulting - voter file," and "janitorial services" to individuals. Please clarify whether these individuals are employees of your committee. 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 Federal election activity 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

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salary and wage payments is not permissible and must be returned. Please provide clarification regarding these payments.

-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "autocall - new Chair call" and "blast fax service." 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, 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.

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.

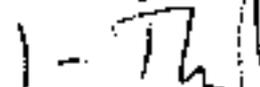
-Schedule H4 of your report discloses payments to "William L. Drake," "K. Michelle Macrina," "Dorchester County Election Comm," "State of SC," "APT," "Trimeros Inc," and "SC Election Commission," which are categorized as Administrative expenses; however, the purposes of disbursement disclosed are "consulting - voter file," "precinct information," "precinct maps," "voter file build," "voter file enhancements," and "voter file information." Please be advised that payments made for your committee's generic voter drive activities should be categorized as Voter Drive expenses on Schedule H4. Please amend your report to clarify the appropriate category for these activities or provide clarifying information regarding these apparent discrepancies.

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Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. Requests for extensions of time in which to respond will not be considered. Failure to provide an adequate response by this date may result in an audit of the committee. 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.

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) 694-1143.

Sincerely,



Jennifer Thangavelu
Campaign Finance Analyst
Reports Analysis Division

