



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

J. Brian Murphy, Treasurer
Democratic State Committee Delaware
P.O. Box 2065
Wilmington, DE 19899

MAR 28 2001

Identification Number: C00211763

Reference: 12 Day Pre-General Report (10/1/00-10/18/00) and Amended 12 Day Pre-General Report (10/1/00-10/18/00), dated 12/7/00

Dear Mr. Murphy:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your report discloses receipts totaling \$3,643.32 from the Victory Fund, 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. 11 CFR §102.17(c)(8)(i)(B)

-Please clarify all expenditures made for "Advertising" on Schedule(s) 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

-Schedule H4 discloses disbursements for "Issue Ads", "Direct Mail", and "Literature 1" which are categorized as exempt activity; however, Schedule H2 does not include the allocation ratios for these activities. Please amend Schedule H2 to disclose the omitted ratios.

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) H4 of your report to clarify the following description(s): "Consultant" and "Contractor". For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Schedule A supporting Line 12 of your original 12 Day Pre-General Report, dated 10/26/00, discloses a transfer(s)-in from the Democratic National Committee. Schedule H4 supporting Line 21(b) reflects payments for exempt activity. Please be advised that a state or local party committee may pay for campaign materials (such as bumper stickers) that are distributed by volunteers in connection with activity on behalf of the party's nominees in a general election. Payments for this type of activity are exempt from the definition of a contribution or expenditure if certain conditions are met. The conditions are that no public advertising may be used, including distribution by direct mail (mailings by a commercial vendor or from commercial lists); all funds used for the activity must be permitted under the Act; none of the funds used may have been designated for a particular candidate; and finally, payments for the activity may not be made from transfers-in from the national committee to specifically fund the activity. For further guidance, please refer to 11 CFR §100.7(b)(15) and (17) and to the Campaign Guide for Party Committees.

Please clarify the nature of the transfer(s)-in and subsequent payments for the aforementioned disbursement(s). If the activity disclosed on your report does not meet the definition of "exempt" activity as described above and if any portion of the expenditures were made on behalf of specifically identified candidates, that amount must be disclosed on Schedule B or F supporting Line 23 or 25 of the Detailed Summary Page as appropriate

-You have made disbursements for "advertising" which you have characterized as exempt activities. In order for an activity to be classified as exempt, it must meet the following conditions: (1) For slate cards and sample ballots: it names at least three candidates running for election to any public office, it is not distributed through public political advertising (including broadcast media, newspapers, magazines, and billboards), the content is limited to the identification of each candidate, the office or position currently held, the office sought and party affiliation, and the costs allocable to federal candidates are paid with permissible funds; (2) For campaign materials: the activity is conducted on behalf of the party's nominees in the general election, the materials are distributed by volunteers-

-not through public political advertising, the party committee does not use materials purchased by the national party committee or money transferred from the national committee to purchase materials, the party committee does not use funds designated for a particular federal candidate, a payment from a non-federal campaign to help pay for the materials does not exceed its allocated share of the expenses, and the costs allocable to federal candidates are paid with permissible funds; (3) For voter drives: the activity is on behalf of the party's Presidential and Vice Presidential nominees, the activity does not involve the use of public political advertising such as television, radio, newspapers, magazines, billboards or direct mail, phone banks are operated by volunteers (although paid professionals may design the system, develop calling instructions and train supervisors), the party committee does not use funds transferred by the national party committee for voter drive activities, the party committee does not use funds designated for a particular federal candidate, and the cost allocable to federal candidates are paid with permissible funds.

If the activity disclosed on your report does not meet the definition of "exempt" activity as described above, and if any portion of the expenditures were made on behalf of specifically identified candidates, this amount must be disclosed on Schedule B or F supporting Line 23 or 25 of the Detailed Summary Page as appropriate. Please provide the Commission with a more detailed explanation of these activities.

-Schedules H2 and H4 disclose 100% federal activity. Please be advised that by definition, this activity does not qualify as a shared expense to be allocated between your federal and non-federal accounts. This activity should be itemized on a Schedule B for Line 21(b) of the Detailed Summary Page. Any reimbursement from your committee's non-federal account for any portion of this activity is not permissible and must be returned. Please amend your report to clarify this discrepancy.

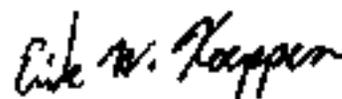
-Please provide a Schedule C or D, as appropriate, to support the entry of \$10,000 reported on Line 10 of the Summary Page. Loans and debts must be continuously reported until they are either repaid or settled. 11 CFR §104.3(d)

-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Contributions to non-federal PACs should be properly disclosed on a separate Schedule B, supporting Line 29 of the Detailed Summary Page. Please refer to the

instructions contained on the forms to determine the proper categorization when preparing your next filing.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Erik W. Koeppen
Reports Analyst
Reports Analysis Division