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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 5, 2005

P. James Nicholson, Treasurer
Maine Republican Party
76 Silver Street
Waterville, ME 04901

Response Due Date:
February 4, 2005

Identification Number: C00003111

Reference: 30 Day Post-General Report (10/14/04 - 11/22/04)

Dear Mr. Nicholson:

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:

-The totals listed on Lines 21(a)(i), 21(a)(ii), 21(b), 23, 29 and 32, Column B of the Detailed Summary Page appear to be incorrect. Please be advised that you should add the "Calendar Year-to-Date" total from your previous report to the current "Total This Period" figure from Column A to derive the correct Column B totals. Please amend your report and any subsequent reports that may be affected by this correction.

-Schedule B supporting Line 21(b) of your report discloses a payment totaling \$780 for "Audio Rental." Expenditures and disbursements for public communications (as defined under 11 CFR §100.26) 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).

Further, 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

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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.

-Schedule H4 supporting Line 21(a) of your report discloses payments for "direct mail", "mailing", "advertising", and "colateral [sic]." 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 a payment for "equipment - palm card" which appears to meet the definition of Federal Election Activity ("FEA") and may also meet the conditions of exempt party activity as defined under 11 CFR §§100.80, 100.87, 100.89 and 11 CFR §§100.140, 100.147 and 100.149. Please be advised that activity which simultaneously constitutes both exempt activity and FEA must be paid for as an FEA activity.

If this apparent exempt activity represents Get-out-the-vote activity conducted in connection with an election in which one or more candidates for Federal office appear on the ballot, it is considered to be Federal

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Election Activity. If this apparent exempt activity represents Voter Registration activity during the period that begins on the date that is 120 calendar days before the date that a regularly scheduled Federal election is held and ends on the date of the election, it is considered to be Federal Election Activity. 11 CFR §100.24 Further, Levin funds may only be used for these types of FEA if there is no reference to a clearly identified candidate for Federal office. 11 CFR §300.32(b) and (c)

If this apparent exempt activity is a public communication(s) (as defined under 11 CFR §100.26) that refers to a clearly identified candidate for Federal office and promotes, supports, attacks or opposes any candidate for Federal office, it meets the definition of Federal Election Activity under 11 CFR §100.24 and must be paid for with 100% Federal funds and disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s).

Further, 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.

It appears that you have allocated the costs for this activity between federal and non-federal funds. Any reimbursement from your committee's non-federal account for Federal Election Activity costs referencing a clearly identified candidate for Federal office is not permissible and must be returned. 11 CFR §§300.32 and 300.33

-Schedule H4 supporting Line 21(a) of your report discloses a payment for "Health Insurance." 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 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.

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

-Schedule H4 of your report discloses an apparent transfer to the Republican National Committee. Please be advised that contributions and transfers to federal committees and/or non-federal committees/organizations do not qualify as shared expenses to be allocated between your federal and non-federal accounts. Transfers to affiliated committees should be disclosed on Schedule B supporting Line 22 of the Detailed Summary Page, contributions to federal committees should be disclosed on a Schedule B supporting Line 23 of the Detailed Summary Page and contributions to non-federal committees/organizations on a separate Schedule B supporting Line 29. Any reimbursement from your committee's non-federal account for any portion of this contribution(s) is not permissible. 11 CFR §102.5(a)(1)(i)

The Commission recommends that you immediately transfer the funds received by your federal account, as reimbursement for the non-federal portion, back to your 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 \$5,350 in payments for "consulting" and "accounting fees" 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 salary and wage payments is not permissible and must be returned. Please provide clarification regarding these payments.

-On Schedule H2, you disclose the ratio for "Direct Mail 2004" to be New; however, Schedule H2 of your 2004 Amended August Monthly Report disclosed a ratio for this activity/event which is identical to the one given in this report. Please amend your report to clarify this discrepancy. 11 CFR §§104.10 and 104.17

-On Schedule H4, your allocated activity or event year-to-date total calculations for the Administrative category are incorrect. Allocated activity or event year-to-date totals for administrative, voter drive and

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exempt activity costs are derived by aggregating all disbursements during the calendar year for each separate category. Allocated activity or event year-to-date totals for fundraising and direct candidate support activities are derived by aggregating all disbursements during the calendar year within a specific event. These should be calculated by adding the latest disbursement for a category or event to the previous event year-to-date total for that category or event. This running event year-to-date total should be disclosed after each disbursement is listed. Please amend your report by providing the correct event year-to-date totals.

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedules B and H4 of your report to clarify the following descriptions: "expense reimbursement", "expense reimbursement and casual la", "design", "voter ID", "consulting", "collateral" and "office supplies" (where the payee is an individual). For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Please amend your report by providing the address for each disbursement itemized on Schedules B and H4 supporting Lines 21(a), 21(b) and 30(b).

-Schedule H4 of your report discloses payments to the City of Portland and the Department of Human Services, which are categorized as Administrative expenses; however, the purposes of disbursement disclosed are "Voter ID" and "Voter List." 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.

-Schedule B supporting Line 21(b) of your report discloses a payment(s) for "Voter List" which appears to be disclosed on the wrong line of the Detailed Summary Page. Please be advised that Voter Identification, Generic Campaign and Get-out-the-vote activity conducted in connection with an election in which one or more candidates for Federal office appear on the ballot is considered to be Federal Election Activity. 11 CFR §100.24 Please amend your report to properly disclose this activity on Line 30(b) or provide clarification regarding this activity.

-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Disbursements for FEA payroll expenses should be properly disclosed on a separate

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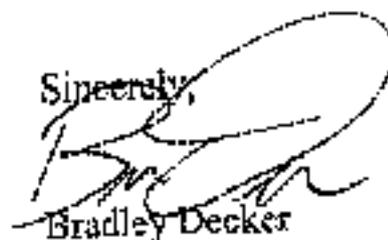
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Schedule B, supporting Line 30(b) of the Detailed Summary Page. Please refer to the instructions for each line when determining the proper categorization(s) for your next filing.

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) 694-1301.

Sincerely,



Bradley Decker

Campaign Finance Analyst
Reports Analysis Division

