



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

August 24, 2012

KATHERINE MORET, TREASURER
DEMOCRATIC STATE CENTRAL COMMITTEE
OF CA - FEDERAL
1401 21ST STREET, SUITE 200
SACRAMENTO, CA 95811-5221

Response Due Date
09/28/2012

IDENTIFICATION NUMBER: C00105668

REFERENCE: AMENDED AUGUST MONTHLY REPORT (07/01/2011 - 07/31/2011),
RECEIVED 07/22/2012

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 7 item(s):

1. Schedule B supporting Line 30(b) of your report discloses a payment(s) for "vote-by-mail apps. printing" and "vote-by-mail apps. graphics" which is categorized as Federal Election Activity and therefore, may require the disclosure of the candidate(s) this activity should be attributed to. 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).

Further, please be advised that 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 Line 30(b). Please clarify if this activity meets the definition of Federal Election Activity or if it contains express advocacy and amend your report to properly disclose this activity, if necessary.

2. Schedule A supporting Line 12 discloses a transfer(s)-in from the

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"Democratic National Committee." Schedule(s) H4 and B supporting Line(s) 21(a) and 30(b) reflects payments for "t-shirts," "mail-exempt act - HahnCD36Spec" and "graphics-exempt act - HahnCD36Spec." Please be advised that a state or local party committee may pay for campaign materials (such as bumper stickers, pins and yard signs) that are distributed by volunteers in connection with activity on behalf of the party's nominees in a general election and voter drive activity on behalf of the party's Presidential and Vice Presidential nominees. 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 §§100.87 and 100.147 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, any portion of the expenditures made on behalf of specifically identified candidates must be disclosed on Schedule B, E or F supporting Line 23 or 30(b), 24 or 25 of the Detailed Summary Page as appropriate.

3. Schedule H4 of your report discloses payments to "Lisa Presta" and "Bertolina & Barnato Consulting," which are categorized as Administrative expenses; however, the purposes of disbursement disclosed are "fundraising consultant (manage donor fil" and "fundraising consulting." Please be advised that payments made for your committee's fundraising activities must be allocated according to the funds received method and the ratios reflected on Schedule H2. Please amend your report to clarify the appropriate category for these activities or provide clarifying information regarding these apparent discrepancies. (11 CFR §106.7(d)(4))

4. 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): "gifts" and "**gifts**, flowers." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

5. Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for

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"postage" checked as Voter Drive, "postage for voter drive," "program ad" and "robo calls." 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 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.

6. Please clarify all expenditures made for "voter drive consulting" paid 7/27/11, "voter drive consulting services" paid 7/22/11 and 7/29/11, and "voter registration booth" on Schedule(s) H4. If a portion or all of these expenditures were made for activity that promotes or opposes a Federal candidate, but does not qualify as exempt party activity, this amount should be disclosed on Schedule B or F supporting Lines 23 or 25. (11 CFR §§104.3(b), 104.17(a) and 106.1)

7. Schedule H4 of your report discloses a payment(s) for "voter drive consulting" paid 7/1/11 and "voter drive consulting services" paid 7/1/11 and 7/8/11. Please be advised that 11 CFR §100.24(b) defines as Federal Election Activity, Voter identification, Generic Campaign and Get-out-the vote activities conducted in connection with an election in which one or more candidates for Federal office appear on the ballot. Furthermore, the costs for

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these types of Federal Election Activity must either be paid with federal funds or can be allocated between federal and Levin funds as long as the activity conducted does not refer to a clearly identified candidate for Federal office. It appears that you have allocated these costs between federal and non-federal funds. Any reimbursement from your committee's non-federal account for Federal Election Activity costs is not permissible and must be returned. (11 CFR §§300.32 and 300.33)

Please inform the Commission of your corrective action immediately or provide clarifying information regarding this activity. Although the Commission may take further legal action regarding this apparent prohibited activity, your prompt action will be taken into consideration.

- Schedule B supporting Line 21(b) of your report discloses a payment(s) for "canvass forms -startup costs Natl Dem Partnership" 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.

- Schedule H4 of your report discloses allocated payments to federally registered local party committees for the purpose of registering voters outside of the Federal Election Activity period. As a best practice, the Commission recommends you advise the recipient committees that checks received from your committee which include federal and non-federal funds must be properly disclosed and segregated, and that you provide them with specific deposit and disclosure instructions. Specifically, any transfers received from your committee by the local party committees should be deposited into their federal account and the full amount disclosed on Schedule A, Line 12. In addition, the non-federal share of the transfer received by the local party committee should be transferred to a non-federal account and disclosed on Schedule B, Line 29. 11 CFR §102.5

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**

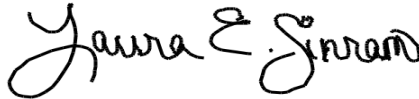
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not be considered.

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) 694-1157.

Sincerely,

A handwritten signature in black ink that reads "Laura E. Sinram". The signature is written in a cursive style with a large, stylized "L" and "S".

Laura Sinram
Senior Campaign Finance Analyst
Reports Analysis Division