



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 9, 2004

RQ-2

Michael Lux, Treasurer
21st Century Democrats
1311 L Street NW #300
Washington, DC 20005

Response Due Date:
July 9, 2004

Identification Number: C00230342

Reference: May Monthly Report (4/01/04-4/30/04)

Dear Mr. Lux:

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:

-Schedule A of your report discloses one or more contributions totaling \$1,000 from Communication Workers of America, which appears to be a corporation(s) and/or labor organization(s). 2 U.S.C. §441b(a) prohibits the receipt of contributions from corporations and labor organizations unless made from separate segregated funds established by the corporations and labor organizations.

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

If you have received prohibited contributions, 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 federal elections. Any request from a donor for a refund must be honored.

21ST CENTURY DEMOCRATS

Page 2

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. See 11 CFR §103.3(b)(1).

Please inform the Commission of your corrective action immediately 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 prohibited contributions, prompt action by your committee to transfer-out or refund the amount will be taken into consideration.

-Schedule A supporting Line 17 of your report discloses a payment from Names in the News. It appears this receipt was for goods and/or services provided by your committee. Pursuant to Advisory Opinion 1979-18, the sale/purchase price paid to a political committee could involve the receipt of a contribution from a purchaser if the purchase price exceeds the "usual and normal charge". The term "usual and normal charge" for goods is defined as the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution. Examples of goods and services include equipment, supplies, personnel, advertising services, membership lists, and mailing lists. 11 CFR §100.52(d)(1) and (2)

Please clarify whether your committee assessed the usual and normal charge for the goods and/or services you provided and explain the steps your committee took in determining the amount charged. If your committee provided the goods and/or services at more than the usual and normal charge, the difference between the two is considered to be an in-kind contribution received by your committee from a corporation and is prohibited subject to the limits set forth at 2 U.S.C. §441.b(a)

-On Schedule H2, you disclose the ratio for Campaign 101 Training (06/20/2003) to be same as previously reported; however, it appears that you are using a different ratio for this event as reported on your 2004 April Monthly Report. Please amend your report to clarify this discrepancy. 11 CFR § 104.10(a)(1)

21ST CENTURY DEMOCRATS

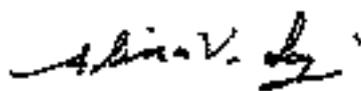
Page 3

-Schedule H2 of your report indicates that your committee participated in "Campaign 101 Training (06/20/2003)" activities or events during the reporting period. However, there are no corresponding disbursements reflected on your Schedule H4. Note that you need not include activities on Schedule H2 if there are no corresponding payments made for the activity during the reporting period. If any disbursements were incorrectly reported, you should file an amended Schedule H4 with the correct activity or event identifier, or provide clarifying information regarding the activities on Schedule H2.

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 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1153.

Sincerely,



Alissa V. Saggi
Campaign Finance Analyst
Reports Analysis Division

