



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

October 30, 2014

KATHERINE MORET, TREASURER
CALIFORNIA DEMOCRATIC PARTY
1830 9TH STREET
SACRAMENTO, CA 95811

Response Due Date**12/04/2014**

IDENTIFICATION NUMBER: C00105668

REFERENCE: OCTOBER MONTHLY REPORT (09/01/2014 - 09/30/2014)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report 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. The totals listed on Line(s) 21(b), 21(c) and 23, Column B of the Detailed Summary Page(s) appear to be incorrect. Column B figures for the Summary and Detailed Summary Pages should equal the sum of the Column B figures on your previous report and the Column A figures on this report. Please file an amendment to your report to correct the Column B discrepancies for this report and all subsequent report(s) which may be affected by this correction. Note that Column B should reflect only the Calendar Year-to-Date totals. (52 U.S.C. §30104(b) (formerly 2 U.S.C. § 434(b)))
2. Schedule A of your report (see attached) discloses one or more contributions which appear to exceed the limits set forth in the Act. Please be advised that 52 U.S.C. §30116(f) (formerly 2 U.S.C. §441a(f)) and 11 CFR §110.1(c) prohibit a state, district or local party committee (combined) from receiving any contribution from a person or non-multicandidate political committee in excess of \$10,000 per calendar year.

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

If any contribution you received exceeds the limits, you may have to refund the excessive amount. The funds can be retained if within 60 days of receipt, (1)

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the excessive amount was properly reattributed to another person, such as a joint account holder, by obtaining signed written authorizations from each person making the contribution pursuant to 11 CFR 110.1(k)(3), and (2) the treasurer informs the person making the contribution that he or she may request the return of the excessive portion of the contribution if it is not intended to be a joint contribution. Any request from a donor for a refund must be honored.

Alternatively, the funds can be retained if within 60 days of receipt you (1) transferred the excessive 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. Any request from a donor for a refund must be honored.

If the foregoing conditions for reattributions or transfers to a non-federal account were not met within 60 days of receipt, the excessive amount must be refunded.

Please inform the Commission of your corrective action promptly in writing and provide a photocopy of your check for any transfer-out or refund. In addition, any reattributions should be reported as memo entries on Schedule A of the report covering the period during which the authorization for the reattribution is received. Any transfers-out or refunds should be disclosed on Schedule B supporting Line 22 or 28 of the report during which the transaction was made.

Although the Commission may take further legal action regarding the acceptance of an excessive contribution(s), prompt action by your committee to seek reattribution, transfer-out or refund the excessive amount will be taken into consideration.

3. Schedule A supporting Lines 11(c) and 12 discloses a transfer(s)-in from "Alameda County Democratic Central Committee - Federal Allocation Account," "Butte County Democratic Central Committee," "Democratic Luncheon Club of San Bernardino" and "Democratic Congressional Campaign Committee". Schedule H6 supporting Line 30(a) reflects payments for Federal Election Activity. Please be advised that under 11 CFR §300.34, a State, district or local party committee must not use any Federal funds transferred to it from a national party committee or any other State, district or local party committee, as the Federal component of an expenditure or disbursement for Federal Election Activity. Furthermore, your committee must itself raise the Federal component of expenditure or disbursement allocated between Federal

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and Levin funds.

Please clarify whether the transfer(s)-in was used for the subsequent payments for Federal Election Activity. In addition, please clarify the procedures you are currently using to ensure that Federal funds transferred to your committee from national, State, district and local party committees are not being used for Federal Election Activity.

4. Schedule H6 of your report discloses a payment(s) for "printing -doorhangers (walk-piece)" 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 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.

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It appears that you have allocated the costs for this activity between federal and Levin funds. Any reimbursement from your committee's non federal or Levin 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)

Please amend your report to clarify if the activity disclosed meets the conditions of exempt party activity and also if it meets the definition of Federal Election Activity. If the activity does not meet the conditions of exempt party activity, please clarify if it contains express advocacy. Further, please inform the Commission of any corrective action immediately and properly disclose this activity, if necessary.

5. Schedule H6 supporting Line 30(a) of your report discloses a payment(s) for "VBM phone-bank follow-up". 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, non-federal and Levin 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 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.

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 or Levin account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

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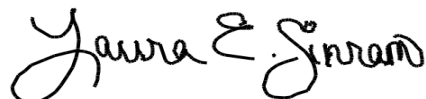
6. The total listed on Line(s) 1(a), 1(c), 3, 8, 9 and 11, Column B of the Schedule L Aggregation Page for the "Levin" account appears to be incorrect. Please be advised that you should add the "Column B Year to Date" total from your previous report to the current "Column A Total This Period" figure to derive the correct Column B total. Please amend your report and any subsequent reports that may be affected by this correction. (52 U.S.C. §30104(b) and (e) (formerly 2 U.S.C. §434(b) and (e)))

7. On the Schedule L Aggregation Page for the "Levin" account, the beginning cash balance, Line 7, Column A, should equal the ending balance, Line 11, Column A, of your previous report. Please clarify this discrepancy and amend any subsequent report(s) that may be affected by this correction. (52 U.S.C. §30104(b) and (e) (formerly 2 U.S.C. §434(b) and (e)))

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 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,



Laura Sinram
Sr. Campaign Finance & Reviewing Analyst
Reports Analysis Division

**Excessive, Prohibited, and Impermissible Contributions
California Democratic Party (C00105668)**

Excessive Contributions from Individuals

Contributor Name	Date	Amount	Report
Alonzo Cantu	2/3/14	\$10,000.00	2014 March Monthly
Alonzo Cantu	9/18/14	\$10,000.00	2014 September Monthly
Barbara Field	2/3/14	\$9,900.00	2014 March Monthly
Barbara Field	9/18/14	\$10,000.00	2014 September Monthly
Duncan McFarland	2/3/14	\$10,000.00	2014 March Monthly
Duncan McFarland	9/18/14	\$10,000.00	2014 September Monthly
Michael Reich	2/3/14	\$10,000.00	2014 March Monthly
Michael Reich	9/18/14	\$10,000.00	2014 September Monthly