



committee and/or amend your report to disclose such expenses according to the referenced provisions of the Act and Commission Regulations.

-Your report discloses a transfer(s) to the Elections Committee of the County of Orange which appears to be the non-federal account of your committee. 11 CFR §106.5 and 106.6 prohibits a committee's federal account from reimbursing its non-federal account for shared allocable expenses. Also, the non-federal account is prohibited from paying the federal accounts share of these expenses. These types of costs must be paid according to the allocation ratio derived from the appropriate method on schedule H1.

If the transfer(s) in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information. If your non-federal account has paid any expenditures which should have been allocated, you are advised to correct any non-compliance with 11 CFR §106.5 and 106.6 and establish procedures to insure future compliance with allocation regulations.

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

-Your report fails to disclose the federal portion of administrative expenses payments. A nonconnected committee must allocate between its federal and non-federal account all expenses for administrative costs, generic voter drives and fundraising programs or events. 11 CFR §106.6(b)(2)

Nonconnected committees must report the estimated percentages of their direct federal and non-federal candidate support for a two-year election cycle by filing a schedule H1. To calculate the allocation ratio for administrative and generic voter drive costs, nonconnected committees use the funds expended method. 11 CFR §106.6(c)(1)

Schedule H2 is used by all political committees to report the allocation ratios of their joint federal and non-federal fundraising events and direct candidate support programs. Schedule H2 is filed with each report that discloses a disbursement for a shared activity. Schedule H3 is used by all political committees to report transfers received by the federal account from the non-federal account(s) to pay the non-federal share of allocable expenses.

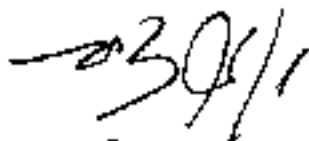
Any expenditures made on behalf of both federal and non-federal candidates (including in-kind contributions and independent expenditures) must also be allocated between your committee's federal and non-federal accounts. Schedule H4 is used by all political committees to report payments for allocable expenses. 11 CFR §106.1(a)

Please clarify the procedures you are currently using to allocate shared activity. The commission recommends that you take steps to correct any non-compliance with the regulations. Also, your committee should establish procedures to ensure future compliance with the allocation regulations.

-For future filings, please note that your committee need only file the pages on which you have itemized activity. Schedules with no activity may be omitted.

Any amendment or clarification should be filed with the Federal Election Commission. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 219-3580.

Sincerely,



Neil Evans  
Reports Analyst  
Reports Analysts Division

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