



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

July 25, 2007

Brian L. Wolff, Treasurer
Democratic Congressional Campaign Committee
430 South Capitol Street SE, 2nd Floor
Washington, DC 20003

**Response Due Date:
August 24, 2007**

Identification Number: C00000935

Reference: Year End Report (11/28/06-12/31/06)

Dear Mr. Wolff:

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 supporting Line 15 of your report discloses a payment(s) from a federal candidate committee(s) for goods and/or services provided by your committee. 11 CFR §100.52(d)(1) states that "...the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution." Examples of goods and services include equipment, supplies, personnel, membership lists and mailing lists. 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". The usual and normal charge for services is defined as "...the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 CFR §100.52(d)(2)

Please clarify whether your committee assessed the usual and normal charge for the goods and/or services you provided to the federal candidate committee(s) and explain the steps your committee took in determining the amount(s) charged. If your committee provided the goods and/or services at less than the usual and normal charge, the difference between the two is considered to be an in-kind contribution by your committee to the federal

27039521471

candidate committee(s) and is subject to the limits set forth at 2 U.S.C. §441a. (11 CFR §100.52(d)(1))

-Schedule A supporting Line 17 of your report disclosed payments from **American List Council, Inc.** It appears these receipts were 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. §441b(a)

-The beginning cash balance of this report should equal the ending balance of your **30 Day Post General Report**. Please clarify this discrepancy and amend any subsequent report(s) that may be affected by this correction.

-The totals listed on **Lines 6(c), 7, 11(a)(i), 11(a)(ii), and 28(a), Column B of the Summary and Detailed Summary Page(s)** 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.

-Your calculations for **Line 8** appear to be incorrect. Cash-on-hand at the close of the current reporting period should always equal the closing calendar year-to-date cash-on-hand amount. Please provide the corrected total on the Summary Page.

-Schedule A of your **12 Day Pre-General Report (10/01/06 – 10/18/06), 30 Day Post General Report (10/19/06 – 11/27/06), and Year End**

27039521472

Report (11/28/06 – 12/31/06) disclose transfers totaling \$303,722.13 from the House and Senate Victory Fund and Illinois Victory 2006, which appear to be joint fundraising committee(s) affiliated with your committee. Please be advised that a memo Schedule A must be provided to itemize your committee's share of the gross contributions received through the joint fundraiser(s). The memo schedule should itemize each individual who has contributed an aggregate in excess of \$200 during the calendar year, and provide the amount of unitemized contributions received. In addition, the memo schedule should itemize your committee's share of all contributions from political committees, regardless of amount. Please amend your report by providing the omitted memo schedule(s). 11 CFR §102.17(c)(8)(i)(B)

-Pursuant to 11 CFR §110.6(c), all earmarked contributions, that have passed through a conduit's account, must be itemized on the receipt (Schedule A) and disbursement (Schedule B) schedules, regardless of the amount. Please identify the original contributors for earmarked contributions made and disclosed on Schedule B.

-Schedule A of your report discloses apparent earmarked contributions totaling \$344,500.00 with \$343,500.00 in corresponding entries on Schedule B. Pursuant to 11 CFR §110.6(c)(1)(v), all earmarked contributions that have passed through a conduit's account must be itemized on the receipt (Schedule A) and disbursement (Schedule B) schedules, regardless of amount. All earmarked contributions that have been forwarded in the form of the contributor's check or written instrument must be itemized as memo entries on the receipt (Schedule A) and disbursement (Schedule B) schedules, regardless of the amount, see attached reporting example. Please amend your report to clarify these discrepancies.

-Schedule E of your report indicates that your committee may have failed to timely file one or more of the required 24 hour notices regarding "last minute" independent expenditures (see attached). A political committee must file a 24 hour report with the Federal Election Commission as specified in 11 CFR §104.4(c), within 24 hours of any independent expenditures of \$1,000 or more with respect to a given election, made between two and twenty days before an election. The notice must be received by the Commission by 11:59 p.m. on the day following the date on which independent expenditures that aggregate \$1,000 or more are publicly distributed or disseminated. These expenditures must then be fully itemized on Schedule E, or as memo entries on Schedule E and reflected on

27059521473

Schedule D if distributed or disseminated prior to payment, of the next report required to be filed by the committee. Although the Commission may take further action concerning this matter, your prompt response will be taken into consideration. 11 CFR §104.3(b)

-Your committee filed **24 hour notice(s)** informing the Commission of independent expenditures made in support or opposition of federal candidates. However, the amounts and dates of public dissemination disclosed on the notice(s) do not appear to correlate with the entries disclosed on Schedule E, supporting Line 24 for the reporting period. If your committee has filed a **24 hour notice(s)** for independent expenditures that are not reflected on your report(s), you must file Schedule E during the appropriate reporting period(s) to disclose the payments. Please amend your report to clarify this discrepancy and provide clarifying information.

-Your committee has filed **24 hour notices** for independent expenditures supporting **Ciro D. Rodriguez (H/TX/23)** (see attached) which have not been itemized on Schedule E supporting Line 24 of the Detailed Summary Page. Please be advised that independent expenditures disclosed on **24 hour notices** must also be itemized on a corresponding **Schedule E or MEMO Schedule E and Schedule D (if applicable)**, in the appropriate reporting period. Further, if the actual payment(s) for the independent expenditure(s) occurs after the date of dissemination, the appropriate report(s) should continue to show payment on **Schedule E and Schedule D, until the debt is fully extinguished. Please amend your report and any subsequent reports that may be affected by this correction.**

-The independent expenditure schedule (Schedule E) should disclose the following information: the name and mailing address of the payee, the purpose of the expenditure, the date of payment, the amount of payment, the name and office sought, state and district (if applicable) of the federal candidate, the calendar year-to-date, per election, for office sought total, **the election designation**, an indication of whether the candidate was supported or opposed and the signature of the treasurer. Please amend Schedule E by providing the **the election designation**. 11 CFR §104.3(b)(3)(vii)

-Schedule E, supporting Line 24 of your report, discloses \$221,897.07 in independent expenditures which appear to have been distributed or publicly disseminated after the general election date. Please be advised that if the communication is aired in one reporting period and the payment is made in

27039521474

a later reporting period, the independent expenditure should be reported as a memo entry on Schedule E when the communication is publicly disseminated and on a Schedule D if it is a reportable debt under 11 CFR 104.11. When the payment for the independent expenditure is made, the report should show a payment on Schedule E and the same payment on Schedule D, if applicable.

Please amend your report to provide further clarifying information regarding the independent expenditures disclosed after the general election dates.

-Itemized independent expenditures must include a brief statement or description of why the expenditures were made. Please amend Schedule E of your report to clarify the following description(s): **“Independent Expenditures, Production, and Production Refund”**. For further guidance regarding acceptable purposes, please refer to 11 CFR §104.3(b)(3).

-Schedule B supporting Line 23 of your report discloses in-kind contributions made to Federal Candidates for the **2006 General election**. However, these goods or services appear to have been provided after the General election date. Please be advised that if goods or services are provided to a candidate in one reporting period and the payment is made in a later reporting period, the in-kind contribution should be reported as a memo entry on Schedule B, supporting line 23, as well as a debt on schedule D when the goods or services are provided. When the payment for the in-kind contribution is made, the report should show a payment to the vendor on Schedule B, supporting line 23.

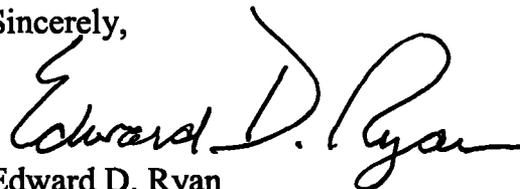
Please provide further clarifying information regarding these in-kind contributions disclosed after the General election date and amend your report as appropriate.

Please note, 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.

27039521475

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) 694-1144.

Sincerely,



Edward D. Ryan
Senior Campaign Finance Analyst
Reports Analysis Division

209

27039521476

Late 24 Hour Notices

Payee	Date	Amount	Notice	Candidate
Great American Media	12/01/2006	\$34,398.43	12/06/2006	Ciro D. Rodriguez
Great American Media	12/01/2006	\$34,398.43	12/06/2006	Henry Bonilla
Great American Media	12/01/2006	\$6,496.51	12/06/2006	Ciro D. Rodriguez
Great American Media	12/01/2006	\$43,476.62	12/06/2006	Henry Bonilla
Great American Media	12/04/2006	\$52,650.54	12/06/2006	Ciro D. Rodriguez
Great American Media	12/04/2006	\$325,333.14	12/06/2006	Henry Bonilla
Groundswell Communications Inc.	12/08/2006	\$12,743.98	12/11/2006	Ciro D. Rodriguez

Missing on Schedule E

Name of Payee	Date	Amount	Purpose	Candidate
Groundswell Communications Inc.	12/02/2006	\$16,031.05	Phone Banking	Ciro D. Rodriguez
Groundswell Communications Inc.	12/05/2006	\$785.70	Phone Banking	Ciro D. Rodriguez

27039521477