

ETEXT ATTACHMENT

09/09/2005 11 : 67

To: Ryan Lanz
Campaign Finance Analyst
Reports Analysis Division

In response to your September 2, 2005 letter and our subsequent conversations on September 8, 2005, please consider the following:

1. As noted in our conversation, the report we filed earlier this year incorrectly reported both legal & accounting fees and administrative expenses incurred by Nixon Peabody on behalf of the PAC incorrectly. As you pointed out, the way we reported the total expenses (as an in-kind contribution and an expenditure on line 21b) was not correct. The total expense should have been split between exempt legal and accounting expenses and admin expenses contributed in-kind. I filed an amendment this morning that correctly reflects this split.
2. Time spent by Nixon Peabody LLP personnel on PAC matters is tracked as incurred. The value of the time is calculated such that it covers the salary, benefits, and overhead (including rent, utilities, etc.) associated with each individual's employment. We will report the value of this time on the PAC Form 3X filings in two ways: for the value of the administrative time, an in-kind contribution from Nixon Peabody LLP and a corresponding expenditure for administrative expenses will be reflected (we do not expect this contribution to exceed \$5,000 in any year); for the value of the legal accounting time spent in connection with complying with the Act, a memo entry reflecting the value will be reported on Schedule A.
3. We duly noted your recommendation that our PAC designate future contributions to specific elections in order to avoid the appearance of excessive contributions made to candidates.

I trust this information, along with the amended report, is a satisfactory response to your letter. Be sure to let me know if you need more information. I thank you for your patient and thoughtful responses to the questions and comments I raised in our phone conversation yesterday.