



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

April 14, 2015

MICHAEL F. CHILDERS, TREASURER
DEMOCRATIC PARTY OF WISCONSIN
15 N. PINCKNEY SUITE 200
MADISON, WI 53703

Response Due Date
05/19/2015

IDENTIFICATION NUMBER: C00019331

REFERENCE: YEAR-END REPORT (11/25/2014 - 12/31/2014)

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 **8** item(s):

1. The totals listed on Line(s) 6(c), 7, 11(a)(i), 11(a)(ii), 11(a)(iii), 11(d), 19, 20, 21(a)(i), 21(a)(ii), 21(b), 21(c), 30(b), 30(c), 31 and 32, Column B of the Summary and 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. 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. (52 U.S.C. §30104(b) (formerly 2 U.S.C. § 434(b)))
3. Schedule A of your report (see attached) discloses one or more contributions from an organization(s), which is not a political committee registered with the Commission. In order for your committee to accept contributions from unregistered organizations into accounts used to influence federal elections, your committee should take steps to insure that the contributor(s) used permissible funds to make the contribution(s) to avoid violating 52 U.S.C. § §30116(f) and 30118 (formerly 2 U.S.C. §§441a(f) and 441b) or 11 CFR

DEMOCRATIC PARTY OF WISCONSIN

Page 2 of 5

§102.5(b). Under 11 CFR §102.5(b), organizations which are not political committees under the Act and choose to contribute to federal committees must either: 1) establish a separate account which contains only those funds permitted under the Act, or 2) demonstrate through a reasonable accounting method that the organization has received sufficient funds subject to the limitations and prohibitions in order to make the contribution.

If any apparently prohibited contribution in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information. In addition, please clarify whether the contribution(s) received from the referenced organization(s) is permissible.

To the extent that your committee has received prohibited funds, 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.

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. (11 CFR §103.3(b)(1))

Please inform the Commission of your corrective action promptly in writing and provide a photocopy of your check for any transfer- out or refund. Should you choose to transfer-out or refund the contribution(s), the Commission will presume the funds were impermissible if no statement from your committee provides information to the contrary. Transfers-out and refunds should be disclosed on a 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 in transferring-out or refunding the amounts will be taken into consideration.

4. Your 2014 Reports combined discloses memo Schedule A's totaling \$42,617.99 for "WI Party Victory Fund," which appears to be your committee's share of the gross contributions received from a joint fundraising committee. However, there are no corresponding transfers-in from the related joint fundraising committee disclosed on Schedule A supporting Line 12 of the Detailed Summary Page. Please amend your report(s) to clarify this apparent

DEMOCRATIC PARTY OF WISCONSIN

Page 3 of 5

discrepancy. (11 CFR §102.17(c)(8)(i)(B))

5. On Schedule B, you have disclosed disbursements to a state party committee. Commission regulations require that these itemized disbursements include the recipient's full name, complete address, date, amount, purpose, state, office sought (House, Senate, or President), and district (if applicable). Please amend your report to include the address. (11 CFR §104.3 (b)(3))

6. On Schedule H4, your allocated activity or event year-to-date total calculations for Administrative category are incorrect. Allocated activity or event year-to-date totals for administrative, voter drive, exempt activity costs and expenses for public communications made by PACs referencing only political parties are derived by aggregating all disbursements during the calendar year for each separate category. Allocated activity or event year-to-date totals for fundraising and direct candidate support activities are derived by aggregating all disbursements during the calendar year within a specific event. These should be calculated by adding the latest disbursement for a category or event to the previous event year-to-date total for that category or event. This running event year-to-date total should be disclosed after each disbursement is listed. Please amend your report by providing the correct event year-to-date totals. (11 CFR §§104.10(b)(2) and 104.17(b)(1)(ii))

7. -Schedule H4 discloses \$18,338.19 in activity identified as MEMO entries that do not appear to correspond with any itemized transaction(s). Please be advised, a memo entry is used to disclose additional information about an itemized transaction and the amount of a memo entry is not included in the total receipts or disbursements for the report. Please amend your report to provide clarifying information regarding this activity. (11 C.F.R. § 104.3(a) and (b))

8. Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "payroll-see memo," "federal unemployment," "FICA match," "Salary," "wisconsin unemployment," "health insurance" and "insurance." Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal Election Activity (FEA) or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the

DEMOCRATIC PARTY OF WISCONSIN

Page 4 of 5

category of compensated time.

Please clarify whether this activity is for employees who spent 25% or less of their time during the month(s) referenced above on FEA or activities in connection with a Federal election. If this is not the case, any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding any improper allocation activity, your prompt action will be taken into consideration.

- Your report discloses certain categories of financial activity that have been reflected on the wrong lines of the Detailed Summary Page. For your information and consideration when preparing future filings, transfers to affiliated/other party committees should be properly disclosed on a separate Schedule(s) B, supporting Line(s) 22 of the Detailed Summary Page. Please refer to the instructions for each line when determining the proper categorization(s) for your next filing. (52 U.S.C. §30104(b) (formerly 2 U.S.C §434(b)) and FORM 3X Instructions)

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) 694-1143.

DEMOCRATIC PARTY OF WISCONSIN

Page 5 of 5

Sincerely,

A handwritten signature in black ink that reads "Kaitlin E. Seufert". The signature is written in a cursive style with a large initial 'K' and a distinct 'E'.

Kaitlin Seufert
Sr. Campaign Finance & Reviewing Analyst
Reports Analysis Division

315

**Excessive, Prohibited, and Impermissible Contributions
Democratic Party of Wisconsin (C00019331)**

Contributions from Unregistered Organizations

Contributor Name	Date	Amount	Report
Friends of Dianne Hesselbein	12/31/14	\$1,000.00	2014 Year-End
Friends of Fred Kessler	12/31/14	\$1,000.00	2014 Year-End
Friends of Melissa Sargent	12/31/14	\$1,000.00	2014 Year-End
Friends of Robb Kahl	12/31/14	\$1,000.00	2014 Year-End
Friends of Tod Ohnstad	12/31/14	\$1,000.00	2014 Year-End
Friends of Vruwink	12/31/14	\$1,000.00	2014 Year-End
Hintz for Assembly	12/31/14	\$1,000.00	2014 Year-End