



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

May 19, 2006

Rob Fyrst, Treasurer
Democratic Party Of Wisconsin Federal Account
222 W. Washington Avenue
Suite 150
Madison, WI 53703

**Response Due Date:
June 19, 2006**

Identification Number: C00019331

Reference: April Quarterly Report (1/1/06-3/31/06)

Dear Mr. Fyrst:

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 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 2 U.S.C. §§441a(f) and 441b or 11 CFR §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.

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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. See 11 CFR §103.3(b)(1).

Please inform the Commission of your corrective action immediately 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.

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

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-Schedule A supporting Line 15 of your report discloses a payment from CenturyTel. It appears this receipt was 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)

-Schedule A supporting Line 15 of your report discloses a payment(s) from an organization(s) which is not a political committee(s) registered with the Commission (see attached). It appears the receipt(s) was 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)

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(s) received by your committee from an unregistered organization(s) and is prohibited subject to the limits set forth at 2 U.S.C. §§441a(f) and 441b or 11 CFR §102.5(b).

-Your report discloses activity that indicates your committee has raised or spent funds for Federal Election Activity as defined at 11 CFR §100.24.

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Please be advised that as a result of this activity, your committee is required to file reports under a monthly filing schedule. Please comply with the monthly filing schedule for all future reports filed during the calendar year. 11 CFR §§104.5(c)(3) and 300.36(c)(1)

-Schedule B of your report discloses a voided or returned check(s) for an expenditure(s) or reimbursement(s) made to an individual(s) during this or previous reporting periods where an adequate explanation has not been provided. Please clarify if and when this check(s) was reissued. If this check(s) was not reissued, please be advised that this may result in an in-kind contribution received by your committee from this individual(s) and should be reported on Schedules A and B accordingly. Please amend your report to provide further clarification regarding this activity.

-Schedule H4 of your report discloses voided or returned checks, in addition to several memo voided checks, for expenditures made during this or previous reporting periods. However, you have failed to disclose a transfer-out for the non-federal portion of the memo voided checks issued for allocable expenses. Please provide clarifying information regarding the non-federal portion of the memo voided checks and, in addition, please clarify if and when all of the voided checks were reissued. If they were not reissued, please clarify the steps your committee has taken to account for the federal portion of the voided or returned checks in order to avoid the acceptance of a prohibited in-kind contribution.

-Schedule H4 of your report discloses \$8,005.88 in disbursements for "Voter File Maintenance," "Rent," "IT Support Service," "Office Supplies," "Software," "Telephone" and "E-mail Addresses" as memo entries with memo text that states, "Incorrectly allocated. 78% Paid by the non federal account, 22% paid by the federal account." Additional memo text attached to the report states, "This report includes memo records for the incorrect payment of several H4 transaction. A check was written for the federal portion out of the federal account and another check was written from the non federal account for the non federal portion. The committee has realized the error and has corrected the issue."

Please be advised that any disbursements for operating expenditures which are financed entirely by the federal account should be reported on Schedule B supporting Line 21(b). 11 CFR §§104.3(b) and 104.9 Further, committees that make disbursements in connection with federal and non-federal elections and have established separate federal and non-federal accounts, must allocate their expenses pursuant to 11 CFR §§106.6 and 106.7. Please amend your report to disclose the federal payments on Schedule B supporting Line 21(b) with a reference to the H4 memo entries.

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Also, please clarify the procedures you are currently using to pay for allocable expenses. 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.

Although the Commission may take further legal action concerning this matter, your prompt action will be taken into consideration.

-Schedule B supporting Line 30(b) of your report discloses disbursements as memo entries for "Payroll" totaling \$15,557.70. Memo text attached to these entries state, "Payroll drawn off of the non federal account. The federal account reimbursed the non federal account on 4/1/2006."

Please be advised, all disbursements, contributions, and expenditures made wholly or in part in connection with Federal elections must be made entirely from the Federal account, and not from any non-Federal account. 11 CFR §§102.5(a)(1)(i), 300.30(b)(1) and (3)(iii) If your committee chooses to have one or more separate allocation accounts, which must be treated as Federal accounts for reporting purposes, all disbursements, contributions, and expenditures made wholly or in part in connection with Federal elections must be made entirely from this separate allocation account, and not from any non-Federal account. 11 CFR §§102.5(a)(1)(i) and (5), 300.30(b)(4) However, the non-Federal account is permitted to transfer its share of allocable expenditures to the Federal or separate allocation account pursuant to 11 CFR §106.7.

Please amend these memo entries of your report to cross-reference the forthcoming Schedule B entries for the federal account's reimbursement to the non-federal account, that you have indicated transpired on 4/1/06.

Further, please clarify the procedures you are currently using to pay for allocable expenses. 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.

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

-Schedule B supporting Line 29 discloses three transfers in the amounts of \$8,000.00, \$6,200.00 and \$2,500.00 to what appears to be a non-federal account of your committee. Please provide further clarification regarding this transfer(s) to your non-federal account.

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You are advised that 11 CFR §102.5 prohibits a non-federal account from financing activity in connection with federal elections. If any of these disbursements were made to influence the election or defeat of specific federal candidates, the disbursements should be allocated accordingly and disclosed as either in-kind contributions on Schedule B supporting Line 23, independent expenditures on Schedule E supporting Line 24, or as coordinated expenditures on Schedule F supporting Line 25. 11 CFR §§104.3(b)(3) and 106.1 In addition, 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 §§106.6 and 106.7 and establish procedures to insure future compliance with allocation regulations.

-Schedule H4 of your report discloses \$8,825.99 in disbursements for "Payroll" as memo entries with memo text attached to the report that states, "This report includes memo records for the incorrect payment of payroll. Due to a error made by the payroll processing company, payroll for the month of March was withdrawn from the non federal account. On 4/1/06 the committee refunded the non federal account for the federal portion of payroll. The committee has consulted with the payroll company and has corrected the issue."

Please be advised, all disbursements, contributions, and expenditures made wholly or in part in connection with Federal elections must be made entirely from the Federal account, and not from any non-Federal account. 11 CFR §§102.5(a)(1)(i), 300.30(b)(1) and (3)(iii) If your committee chooses to have one or more separate allocation accounts, which must be treated as Federal accounts for reporting purposes, all disbursements, contributions, and expenditures made wholly or in part in connection with Federal elections must be made entirely from this separate allocation account, and not from any non-Federal account. 11 CFR §§102.5(a)(1)(i) and (5), 300.30(b)(4) However, the non-Federal account is permitted to transfer its share of allocable expenditures to the Federal or separate allocation account pursuant to 11 CFR §106.7.

Please amend these memo entries on Schedule H4 to cross-reference the forthcoming Schedule B entries for the federal account's reimbursement to the non-federal account, that you have indicated transpired on 4/1/06.

Also, please clarify the procedures you are currently using to pay for allocable expenses. 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.

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Although the Commission may take further legal action concerning this matter, your prompt action will be taken into consideration.

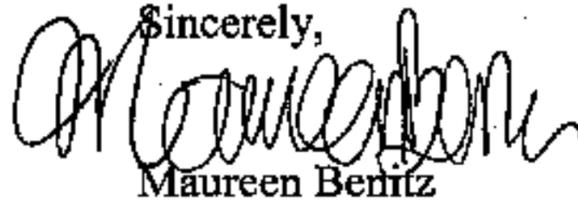
-Schedule A of your report discloses contributions from political committees that fail to include a full and/or recognizable name. Reporting only the name of the connected organization, abbreviating the name of the committee so it is unrecognizable, or using an indistinguishable acronym is inadequate. The following committee names from your report need further clarification: "The NEA Fund" and "IUPAT Member & Family Fundraising PC Account."

Please amend your report to include the missing information. 11 CFR §§100.12, 102.14(c) and 104.3(a)(4)(ii)

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.

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) 694-1135.

Sincerely,



Maureen Benitz

Senior Campaign Finance Analyst
Reports Analysis Division

Receipts from Unregistered Organizations

Contributor Name	Date	Amount
Breske For Senate Committee	02/27/06	\$25.00
Breske For Senate Committee	03/20/06	\$1,000.00
Friends Of Dave Travis	01/30/06	\$25.00
Friends Of Fred Risser	03/17/06	\$1,000.00
Friends Of Jim Kreuser	03/21/06	\$60.00
Plouff For Assembly	01/05/06	\$25.00
Southwest Suburban Democratic Unit	03/13/06	\$20.00
Friends of Mark Miller	02/08/06	\$500.00
Friends of Mark Miller	02/20/06	\$500.00
WEAC PAC	03/03/06	\$6,000.00
IUPAT Member & Family Fundraising PC Account	02/01/06	\$1,000.00
Citizens for Spencer Black	02/06/06	\$25.00
CWA Wisconsin 500786 Legislative Committee	01/11/06	\$5,000.00

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DEMOCRATIC PARTY OF WISCONSIN FEDERAL ACCOUNT
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Usual and Normal Charges from Unregistered Organizations

Contributor Name	Date	Amount
Progressive Majority Wisconsin	02/17/06	\$1,212.56
Progressive Majority Wisconsin	03/07/06	\$1,155.22
Progressive Majority Wisconsin	03/24/06	\$1,333.62
St. Croix Co. Democratic Party	03/08/06	\$215.00
Doyle For Wisconsin	01/10/06	\$8.45
Doyle For Wisconsin	01/10/06	\$258.11
Doyle For Wisconsin	01/10/06	\$500.00
Doyle For Wisconsin	01/10/06	\$826.66
State Senate Democratic Committee	02/03/06	\$435.11
State Senate Democratic Committee	03/02/06	\$744.54
Assembly Democratic Campaign Committee	01/03/06	\$2,092.30
Assembly Democratic Campaign Committee	01/06/06	\$30.53
Assembly Democratic Campaign Committee	01/06/06	\$59.55
Assembly Democratic Campaign Committee	01/06/06	\$357.92
Assembly Democratic Campaign Committee	01/06/06	\$500.00
Assembly Democratic Campaign Committee	01/06/06	\$3,462.60
Assembly Democratic Campaign Committee	03/08/06	\$3,452.67
Planned Parenthood of Wisconsin, Inc.	02/06/06	\$8,194.32

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