



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

RQ-2

Mr. Steven B. Long, Treasurer
North Carolina Republican Excc. Committee
1506 Hillsborough Street
Raleigh, NC 27605

JUN 20 2002

Identification Number: C00038505

Reference: April Quarterly Report (1/1/02-3/31/02)

Dear Mr. Long:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule B of your report to clarify the following description(s): "Supplies Expense Reimbursement" and "Deposit for Joint Committee". For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Please clarify all expenditures made for "FAX Broadcasting" on Schedule(s) B. If a portion or all of these expenditures were made on behalf of specifically identified federal candidates, this amount should be disclosed on Schedules B, E, or F supporting Lines 23, 24, or 25 and include the amount, name, address and office sought by each candidate. 11 CFR §§104.3(b) and 106.1

-Your report discloses a payment(s) on Schedule C to Nations Bank (Bank of America), which has not been recorded on a disbursement schedule. Loan payments must be reflected on Schedule B as well as on Schedule C. Please amend your report to clarify this discrepancy. 2 U.S.C. §434(b)(5)(D)

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-Your report includes multiple Schedules H1, with varying ratios and methods of allocation. One Schedule H1 has section B – FUNDS EXPENDED checked and a Ballot Composition ratio of 33.33%. The second Schedule H1 has sections A and B checked and indicates a 33.33% Fixed Federal Percentage. The third and fourth Schedules H1 have sections A and B checked and indicate a 65% Fixed Federal Percentage. Please be advised that a state party committee should only submit one Schedule H1 with section D – BALLOT COMPOSITION completed. All shared administrative and generic voter drive costs incurred during the two-year cycle must be allocated according to this ratio, unless the federal account elects to pay a higher percentage of its cost. Please amend your report to clarify these apparent discrepancies. 11 CFR §106.5(b)(2),(d)(1),(d)(2) and 11 CFR §104.10(b)(1)

-On Schedule H4 supporting Line 21(a) of the Detailed Summary Page, your committee discloses apparent refunds or rebates of \$-419.32, \$-209.66, and \$-52.00; however, on Schedule H3 supporting Line 18 you have also disclosed \$-454.01 in transfers from your non-federal account. Please be advised that the method of reporting described in Advisory Opinion 1995-22 allows a committee to itemize the refund or rebate as a negative entry on Schedule H4. Alternatively, a committee may disclose the receipt of the refund or rebate into the federal account on Schedule A supporting Line 15, and the transfer of the non-federal account's share to the non-federal account on Schedule H4. Please refer to the enclosed sample of properly reported refunds and rebates of allocable activity and amend your report as appropriate.

-On Schedule H4 supporting Line 21(a) of the Detailed Summary Page, your committee discloses payments of \$-419.32 and \$-209.66 with a purpose of "Langham Insurance Reimbursement" and lists itself (NC Republican Party) as the vendor. Please clarify the nature of these transactions or amend Schedule H4 by providing the correct name and mailing address of the vendor(s).

A response or amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. 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 need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at

10. Refunds and Rebates of Allocable Expenses

If a committee receives a refund or a rebate of an allocable expense, the refund or rebate must be deposited in the federal or allocation account. The refund or rebate must then be allocated between the federal and nonfederal accounts according to the same allocation ratio used to allocate the original disbursement. The federal account must transfer the nonfederal portion to the nonfederal account.

Example

A committee receives a \$400 rebate on office equipment from the Acme Office Store. The original purchase was an administrative expense allocated according to the following ratio: 75 percent federal; 25 percent nonfederal.

Reporting Method 1 illustrates how this rebate would be reported according to the method approved in *Advisory Opinion (AO) 1995-22*. Reporting Method 2 shows how the rebate would be reported under an alternative method.

Reporting Method 1

Using the method of reporting described in *AO 1995-22*, the committee discloses the receipt of the rebate and the federal and nonfederal shares on Schedule H4. The amounts are *negative entries* subtracted from total shared federal and nonfederal disbursements for the reporting period (disclosed on Lines 21a(i) and (ii) of the Detailed Summary Page).

Reporting Method 2

Under the alternative method, the committee reports the receipt of the \$400 rebate under the category "Offsets to Operating Expenditures" on Line 15 of the Form 3X Detailed Summary Page. The committee uses Schedule H4 to disclose the federal account's \$100 transfer to the nonfederal account for the nonfederal share.

ALLOCATION OF REBATE (H4) (METHOD 1)

DISBURSEMENT SCHEDULE H4 (Schedule H4B)		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE 1 OF 1 FOR LINE 21a	
NAME OF COMMITTEE State Party Committee							
A. FULL NAME, ADDRESS AND ZIP CODE Acme Office Store 888 Deed Road City, State ZIP		PURPOSE/REASON rebate	DATE 5/15/98	TOTAL AMOUNT (\$400.00)	FEDERAL SHARE (\$300.00)	NON-FEDERAL SHARE (\$100.00)	
DISBURSED TO: <input checked="" type="checkbox"/> ADMINISTRATIVE/OPERATING EXPENSE <input type="checkbox"/> PERSONNEL <input type="checkbox"/> OTHER		DISBURSED TO: <input type="checkbox"/> FEDERAL/STATE/LOCAL GOVERNMENT <input type="checkbox"/> PRIVATE ORGANIZATION					

This entry shows the receipt of the \$400 rebate and the federal and nonfederal allocated shares. All the amounts are in parentheses to indicate that they are negative entries, that is, the amounts are subtracted from the corresponding Schedule H4 totals (thus reducing the federal and nonfederal shares of disbursements). The year-to-date total is also reduced by the amount of the rebate.

RECEIPT OF REBATE (A/LINE 15) (METHOD 2)

SCHEDULE A ITEMIZED RECEIPTS		PAGE 1 OF 1 FOR LINE NUMBER 15	
Offsets to Operating Expenditures			
NAME OF CONTRIBUTOR (If any) State Party Committee			
A. FULL NAME, ADDRESS AND ZIP CODE Acme Office Store 888 Deed Road City, State ZIP		DATE 5/1/98	AMOUNT OF GAIN Receipt of Cash \$400.00
REMARKS: <input type="checkbox"/> Other Receipts <input type="checkbox"/> Primary <input type="checkbox"/> General		REMARKS: Receipt of Cash \$400.00	

The \$400 rebate is reported as a receipt under the category "offsets to operating expenditures" (Line 15 of the Form 3X Detailed Summary Page). The rebate has to be itemized on Schedule A because it exceeds \$200.

TRANSFER OF NONFEDERAL SHARE (H4) (METHOD 2)

DISBURSEMENT SCHEDULE H4 (Schedule H4B)		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE 1 OF 1 FOR LINE 21a	
NAME OF COMMITTEE State Party Committee							
A. FULL NAME, ADDRESS AND ZIP CODE State Party Committee Nonfederal Account 448 Democracy Blvd. City, State ZIP		PURPOSE/REASON transfer of nonfederal share of rebate (see Schedule A/Line 15)	DATE 5/18/98	TOTAL AMOUNT \$100	FEDERAL SHARE \$100	NON-FEDERAL SHARE 0	
DISBURSED TO: <input checked="" type="checkbox"/> ADMINISTRATIVE/OPERATING EXPENSE <input type="checkbox"/> PERSONNEL <input type="checkbox"/> OTHER		DISBURSED TO: <input type="checkbox"/> FEDERAL/STATE/LOCAL GOVERNMENT <input type="checkbox"/> PRIVATE ORGANIZATION					

Based on the 75/25 allocation ratio for administrative expenses, the federal account must return \$100 (25 percent of the rebate) to the nonfederal account. The transfer to the nonfederal account is shown on Schedule H4. This entry explains the reason for this transfer and includes a cross-reference to the Schedule A where the rebate is itemized.

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