



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

RQ-2

Jon Anderson, Treasurer
Georgia Federal Elections Committee
1100 Spring Street, Suite 710
Atlanta, GA 30309

JAN 29 2003

Identification Number: C00041269

Reference: October Quarterly Report (7/1/02-9/30/02)

Dear Mr. Anderson:

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:

- Line 11(a)(i) of the Detailed Summary Page of your report discloses a total of \$110,407.00 in contributions from individuals/persons other than political committees. The sum of the entries itemized on Schedule A, however, indicates the total to be \$116,907.00. Please amend your report to clarify the discrepancy.
- The totals listed on Lines 21(a)(i), 21(a)(ii), and 31, Column B of the 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.
- Schedule F of your report discloses the Aggregate General Election Expenditure(s) for Joseph Maxwell Cleland to be \$90.13. However, FEC calculations disclose this amount(s) to be \$1,760.13. Please amend your report to clarify this discrepancy.
- Schedule H2 indicates the allocation ratio for "GC02" was revised during the reporting period. Please provide the date of the fundraising program or event. In the case of a telemarketing or direct mail campaign, the "date" is the last day of the telemarketing campaign, or the day on which the final

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direct mail solicitations are mailed. 11 CFR §106.5(f)(2) In the event that an excessive non-federal transfer was received, the excessive amount should be transferred back to your non-federal account.

-Schedule B supporting Line 21(b) of your report (pertinent portion(s) attached) discloses a payment to Selig Enterprises, Inc. for "Fed Portion of Inkind - Office Rent". Pursuant to Advisory Opinion 1992-33, the Commission concluded that a "national party committee may accept corporate in-kind donations in connection with fundraising activities" as long as "the federal share of goods or services is paid or transferred to the non-federal account in advance" of the acceptance of the corporate in-kind donations by the federal account.

Advisory Opinion 1992-33 also discloses a detailed method for reporting the receipt and use of in-kind contributions as follows:

1. The transfer of the in-kind corporate contribution from the non-federal account to the federal account should be disclosed on Schedule H3. The itemization on Schedule H3 should include the date the Committee received the in-kind contribution, the amount of the contribution and the fundraising event involved.
2. The use or expenditure of in-kind corporate contributions should be disclosed on Schedule H4 as non-federal share disbursements. The itemization should provide the same donor identification information required on a Schedule A for in-kind contributions for Federal elections.
3. A second entry on Schedule H4 should they disclose the advance or contemporaneous payment of the federal account's share of the in-kind corporate contribution to the non-federal account.

Please clarify the nature of this disbursement. If this activity is intended to disclose an in-kind corporate contribution, please amend your report to properly disclose the in-kind corporate contribution received by your committee (example enclosed).

-Schedule H4 discloses payments made to credit card companies for shared federal and non-federal activity. Please be advised that these payments must identify as memo entries, the original vendors from which you have purchased an item or service regardless of the amount. Please amend your report by providing the name and mailing address of the original vendor,

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along with the date, amount and purpose of each expenditure. 11 CFR §104.10.

-Schedule H4 of your report discloses payments to several vendors that include "pd w/ credit card" in the purpose of disbursement. Please note that disbursements for credit card expenses must disclose the name and address of the credit card company, and the date and amount of the payment. In addition, you must identify, in memo entries, the original vendors from which you have purchased an item or service. Please provide clarifying information and amend your report to properly disclose this activity.

-Please clarify all expenditures made for "canvassing" on Schedule(s) H4. 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

-Schedule H4 of your report appears to disclose disbursements associated with fundraising activities/events that have been incorrectly categorized as Administrative/Voter Drive expenses. Payments made for expenses relating to committee fundraising must adhere to the following reporting requirements:

1. A committee which allocates the costs of fundraising events between its federal and non-federal accounts is required to allocate the costs directly associated with a fundraising program or event according to the "funds-received" method. The fundraising ratio shall be estimated prior to each fundraising event based on the committee's reasonable prediction of its federal and nonfederal revenue from that event. The estimated percentage of federal funds received to nonfederal funds received for a fundraising event must be disclosed on a Schedule H2 with a unique identifier code and included with each report disclosing a disbursement for that event or program.
2. Any transfer received from your nonfederal account for the nonfederal account's share of fundraising expenses must be disclosed on a Schedule H3 identifying the date of receipt, amount, fundraising event and unique identifier code.
3. All disbursements for fundraising expenses which have been allocated between the federal and nonfederal accounts must be categorized as fundraising disbursements on Schedule H4. The date of disbursement,

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purpose of disbursement, unique identifier code, event year-to-date total and both the federal and nonfederal shares of the disbursement must also be provided.

4. The committee has up to 60 days after the ending date of the event to adjust the estimated allocation ratio based on the actual funds received.
 - a.) The Committee must report the adjusted ratio for the fundraising event on Schedule H2 and date of the fundraising event.
 - b.) If the adjusted ratio increases the federal portion of the fundraising ratio the federal account must make a transfer to the nonfederal account for any nonfederal over-payment of fundraising expenses on Schedule H4.

Please amend your report to properly disclose the payments made for "fundraising consulting fee" on Schedule H4.

-Line 11(c) of the Detailed Summary Page of your report discloses a total of \$17,800 in contributions from other political committees such as PACs. The sum of the entries itemized on Schedule A, however, indicates the total to be \$16,840. Please amend your report to clarify the discrepancy.

-You have received a contribution from "The B.W.W. Family Limited Partnership", which appears to be an unincorporated proprietorship or partnership. Generally, these types of contributions are to be attributed to each person based on their percentage of ownership in the firm. Each person who has contributed in excess of \$200 since January 1 should be identified by name, address, occupation, name of employer, amount of contribution, and aggregate total on Schedule A. 11 CFR §110.1(k) Please amend your report by providing the omitted information.

-Note: Please be advised that the ballot composition ratio for allocation of administrative and generic voter drive expenses should be the same for the full two-year election cycle.

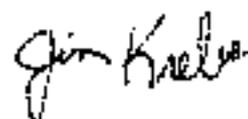
A response or amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in

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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 the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Jim Krebs
Campaign Finance Analyst
Reports Analysis Division

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**SCHEDULE B (FEC Form 3X)
ITEMIZED DISBURSEMENTS**

Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)								PAGE 35 / 223
	<input checked="" type="checkbox"/> 21b 26	<input type="checkbox"/> 22 27	<input type="checkbox"/> 23 28a	<input type="checkbox"/> 24 28b	<input type="checkbox"/> 25 28c	<input type="checkbox"/> 28			

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)
Georgia Federal Elections Committee

A. Gordon & Schwenkmeier, Inc.

Date of Disbursement: 07 / 02 / 2002

Mailing Address: 550 N. Continental Blvd., Suite 180, El Segundo, CA 90245

Purpose of Disbursement: FUNDRAISING FEE

Candidate Name: _____

Category/Type: FUNDRAISING FEE

Amount of Each Disbursement this Period: 1216.00

Transaction ID: 1014200233E17573

Office Sought: House, Senate, President
Disbursement For: Primary, General, Other (specify) ▼

State: _____ District: _____

B. Phillip Hickey

Date of Disbursement: 08 / 17 / 2002

Mailing Address: 8215 Roswell Rd., Bldg. 800, Atlanta, GA 30305

Purpose of Disbursement: DINNER / CATERING

Candidate Name: _____

Category/Type: IN KIND: DINNER / CATERING

Amount of Each Disbursement this Period: 457.00

Transaction ID: 1014200228C92333IK

Office Sought: House, Senate, President
Disbursement For: Primary, General, Other (specify) ▼

State: _____ District: _____

C. Selig Enterprises, Inc.

Date of Disbursement: 09 / 10 / 2002

Mailing Address: 1100 Spring Street, Suite 550, Atlanta, GA 30367

Purpose of Disbursement: FED PORTION OF INKIND - OFFICE RENT

Candidate Name: _____

Category/Type: FED PORTION OF INKIND - OFFICE RENT

Amount of Each Disbursement this Period: 1143.12

Transaction ID: 1014200232E17489

Office Sought: House, Senate, President
Disbursement For: Primary, General, Other (specify) ▼

State: _____ District: _____

SUBTOTAL of Disbursements This Page (optional)	2816.52
TOTAL This Period (last page dis line number only)	283810.35

11. Prohibited In-Kind Donations for Allocable Activities

While contributions from corporations, labor organizations and federal government contractors are prohibited under federal law, they are permissible under some state laws. If that is the case, such donations may be accepted by a nonfederal account for strictly nonfederal activity. However, the situation is more complicated when donations of goods or services from such sources are made in connection with allocable activity, such as a fundraiser at which both federal and nonfederal funds are collected.

In AO 1992-39, the Commission explained how a committee can legally accept an in-kind donation from a prohibited source in connection with an allocable administrative or fundraising activity. Note that the Commission has not addressed the receipt of in-kind donations from prohibited sources for the other types of allocable expenses (i.e., general voter drives and candidate support activity).

Advance Payment of Federal Share

To avoid the receipt of a prohibited contribution by the federal account, that account must pay the nonfederal account for the federal share of the in-kind donation. This payment—a transfer to the nonfederal account—must be made in advance or on the date the goods or services are received.

Per-Transaction Transfers

The federal transfer may be made on a per-transaction basis—that is, shortly before or on the same day the in-kind donation is received.

Escrow Transfers

Alternatively, the federal account may make bulk transfers to cover the federal share of anticipated in-kind donations. Under this "escrow" arrangement, a committee makes a good faith estimate of the amount of in-kind donations that it expects to receive and transfers sufficient funds from the federal account to cover the federal share.

Adjustments

Should the federal account pay more than its share of an in-kind donation, adjustment transfers from the nonfederal account are permissible.

Basic Reporting of In-Kind Donations: Example

On October 1, a state party committee receives a \$5,000 in-kind donation of flowers from a corporation for a federal/nonfederal fundraiser ("Chairman's Gala"). The estimated allocation ratio for the fundraiser is 50 percent federal and 50 percent nonfederal. That same day, the federal account transfers its share of the in-kind donation (\$2,500) to the nonfederal account.

Required Forms

- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses

Schedule H3—Receipt of In-Kind Donation

The committee reports the receipt of the in-kind donation as a transfer from the nonfederal account for the "Chairman's Gala" fundraiser. The data used here is the date the committee received the flowers.

RECEIPT OF IN-KIND DONATION (H3)

NAME OF ACCOUNT	DATE OF RECEIPT			5
	10/1/96	10/1/96	10/1/96	
NONFEDERAL TRANSFER MONIES				
	AMOUNT WITH FEDERAL SHARE	AMOUNT WITHOUT FEDERAL SHARE	CURRENT ACCOUNT DEBITED AMOUNT	
1 Total Available for Sale				
2 Date Received (as transferred to Fed)				
3				
4				
5				

The Schedule H3 shows the nonfederal account's receipt of the \$5,000 in-kind donation of flowers on October 1.

"Disbursement" of In-Kind Donation (H4)

Like in-kind contributions, in-kind disbursements must be reported as both receipts and disbursements so as not to inflate the cash-on-hand balance. (The disbursement side reflects the use or "expenditure" of the resources.) Schedule H4 is used for the disbursement entry, which shows the \$5,000 in-kind donation as a 100 percent nonfederal disbursement. The donor's name and address is disclosed in the box generally used for payees.

Transfer from Federal Account (H4)

The second entry on Schedule H4 shows the contemporaneous transfer of \$2,500 (the federal share of the donation) from the federal account to the nonfederal account. The explanation of the transfer is described in the "Purpose" box, with a reference to the previous entry.

Alternative Reporting Method

To minimize entries and avoid duplication a committee may use alternative methods to report transactions relating to in-kind donations.

The committee may use one entry on Schedule H3 to show the receipt of all in-kind donations made within the same reporting period for a particular fundraising program or event (or administrative activity).

The committee may also use one entry on Schedule H4 to show total federal payments (transfers) made on the same day for the federal share of in-kind donations.

Example

A committee receives two in-kind donations from prohibited sources for a mixed federal/nonfederal fundraising event, "July Fundraiser":

- Invitations donated by XYZ Printers, Inc. (value: \$3,000) received on July 1, and
- Balloons donated by ABC Balloons, Inc. (value: \$1,000) received on July 15.

The fundraising ratio for "July Fundraiser" is 50 percent federal, 50 percent nonfederal. The federal account transfers its \$2,000 share of the two donations on July 1.

DISBURSEMENT OF IN-KIND DONATION; FEDERAL TRANSFER (H4)

DISBURSEMENT SCHEDULE H4 (FORM 4720-D)		JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE	OF
						1	1
NAME OF DONOR(S)							
A. FULL NAME, MAILING ADDRESS & ZIP CODE		PAYOR(S)	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE	
CAYLEIGH 12345678901234567890 12345678901234567890		<input type="checkbox"/> FEDERAL <input type="checkbox"/> NON-FEDERAL	<input type="checkbox"/> FEDERAL <input type="checkbox"/> NON-FEDERAL				
B. FULL NAME, MAILING ADDRESS & ZIP CODE		PAYOR(S)	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE	

The first entry shows the "disbursement" of the \$5,000 in-kind donation by the nonfederal account. The second entry shows the federal account's transfer of its share of the donation (50 percent or \$2,500) to the nonfederal account.

Schedule H3--Receipt of In-Kind Donations

The committee uses one entry on Schedule H3 to show the total in-kind donations for "July Fundraiser" received during the reporting period. The "date of receipt" shows the period during which the committee received the contributions. The "July Fundraiser" entry cross-references the Schedule H4 entries showing the "disbursement" of the donations and the identity of the contributors.

RECEIPT OF IN-KIND DONATIONS (H3)

NAME OF DONOR		DATE OF RECEIPT			4
		BY SOURCE OF DONATION RECEIVED			
		ADMINISTRATIVE COSTS	UNIFORMED SERVICES	GROUPS/INDIVIDUALS/ORGANIZATIONS	
1. Total In-Kind Donations					
2. Description of In-Kind Donations					
3. _____					
4. _____					
5. _____					

The \$4,000 in-kind transfer represents a \$3,000 donation received on July 1 and a \$1,000 donation received on July 15. The entry notes the Schedule H4 entries where information on the donations is available.

