



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

J. Brian Murphy, Treasurer  
Democratic State Committee Delaware  
P.O. Box 2065  
Wilmington, DE 19899

MAY 16 2001

Identification Number: C00211763

Reference: Year End Report (11/28/00-12/31/00)

Dear Mr. Murphy:

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:

-Your report discloses memo Schedule A's totaling \$4,242.91 from State Party Democratic Victory Fund. However, there appear to be no transfers in from this committee disclosed on Schedule A supporting Line 12 of the Detailed Summary Page. Please clarify this apparent discrepancy.

-The outstanding balance of a debt owed to a creditor at the close of one report should be exactly the same as the beginning outstanding balance of the next report. The 30 Day Post-General Report shows an ending balance to "Non-Federal Account" of \$6,000, while this report shows a beginning balance of \$5,000. Please amend your report to clarify this discrepancy.

-Schedule H4 discloses a disbursement(s) which is categorized as an exempt expense(s); however, a Schedule H2 has not been filed to disclose the allocation ratio. All committees are required to allocate the direct costs of each exempt activity in which the committee disburses funds for both federal and non-federal purposes. The costs are allocated according to the time and space method and reported on Schedule H2. 11 CFR §106.5(e). Please file a Schedule H2 to disclose the ratio for the exempt activity.

-Schedule A supporting Line 12 discloses a transfer(s)-in from Democratic Senatorial Campaign Committee. Schedule H4 supporting Line 21(a)

DEMOCRATIC STATE COMMITTEE DELAWARE

PAGE 2

reflects payments for "Advertising/Issue Ads". Please be advised that a state or local party committee may pay for campaign materials (such as bumper stickers) that are distributed by volunteers in connection with activity on behalf of the party's nominees in a general election. Payments for this type of activity are exempt from the definition of a contribution or expenditure if certain conditions are met. The conditions are that no public advertising may be used, including distribution by direct mail (mailings by a commercial vendor or from commercial lists); all funds used for the activity must be permitted under the Act; none of the funds used may have been designated for a particular candidate; and finally, payments for the activity may not be made from transfers-in from the national committee to specifically fund the activity. For further guidance, please refer to 11 CFR §100.7(b)(15) and (17) and to the Campaign Guide for Party Committees.

Please clarify the nature of the transfer(s)-in and subsequent payments for the aforementioned disbursement(s). If the activity disclosed on your report does not meet the definition of "exempt" activity as described above and if any portion of the expenditures were made on behalf of specifically identified candidates, that amount must be disclosed on Schedule B or F supporting Line 23 or 25 of the Detailed Summary Page as appropriate.

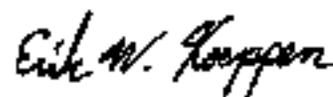
-You have made disbursements for advertising/issue ads which you have characterized as exempt activities. In order for an activity to be classified as exempt, it must meet the following conditions: (1) For slate cards and sample ballots: it names at least three candidates running for election to any public office, it is not distributed through public political advertising (including broadcast media, newspapers, magazines, and billboards), the content is limited to the identification of each candidate, the office or position currently held, the office sought and party affiliation, and the costs allocable to federal candidates are paid with permissible funds; (2) For campaign materials: the activity is conducted on behalf of the party's nominees in the general election, the materials are distributed by volunteers -not through public political advertising, the party committee does not use materials purchased by the national party committee or money transferred from the national committee to purchase materials, the party committee does not use funds designated for a particular federal candidate, a payment from a non-federal campaign to help pay for the materials does not exceed its allocated share of the expenses, and the costs allocable to federal candidates are paid with permissible funds; (3) For voter drives: the activity is on behalf of the party's Presidential and Vice Presidential nominees, the activity does not involve the use of public political

advertising such as television, radio, newspapers, magazines, billboards or direct mail, phone banks are operated by volunteers (although paid professionals may design the system, develop calling instructions and train supervisors), the party committee does not use funds transferred by the national party committee for voter drive activities, the party committee does not use funds designated for a particular federal candidate, and the cost allocable to federal candidates are paid with permissible funds.

If the activity disclosed on your report does not meet the definition of "exempt" activity as described above, and if any portion of the expenditures were made on behalf of specifically identified candidates, this amount must be disclosed on Schedule B or F supporting Line 23 or 25 of the Detailed Summary Page as appropriate. Please provide the Commission with a more detailed explanation of these activities.

A written response or an 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. 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,



Erik Koeppe  
Reports Analyst  
Reports Analysis Division

