

## FEDERAL ELECTION COMMISSION WASHINGTON, D.C. 20463

September 22, 2006

David Igasaki, Treasurer Federal Independent Campaign Committee 1325 S Wabash, Suite 105 Chicago, IL 60605

**Response Due Date:** October 23, 2006

Identification Number: C00262923

Reference:

April Quarterly Report (3/02/06-3/31/06)

Dear Mr. Igasaki:

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:

-Your 12 Day Pre Primary Report (1/01/06-3/01/06) and April Quarterly Report (3/02/06-3/31/06) discloses limited payments for administrative expenses. Administrative expenses are payments made for the purpose of operating a political committee including, but not limited to, rent, utilities, salaries, telephone service, office equipment and supplies. Each separate segregated fund and non-connected committee utilizing separate federal and non-federal accounts is required to allocate any administrative expenses according to a 50% flat minimum federal percentage unless the federal account elects to pay a higher cost. Schedule H1 must be filed with each FEC FORM 3X that discloses an allocable disbursement for administrative expenses, generic voter drives or public communications that refer to any political party. 11 CFR §106.6(c)

Any goods or services provided to your committee by a person, except volunteer activity (i.e., a person's time), would be considered an in-kind contribution from that person, and would be subject to the disclosure requirements of 2 U.S.C. §434(b)(3) and 11 CFR §104.13, and the limitations and prohibitions of 2 U.S.C. §§441a and 441b.

Clarification regarding administrative expenses should be disclosed <u>during</u> each two year election cycle beginning with the first report filed in the

## FEDERAL INDEPENDENT CAMPAIGN COMMITTEE PAGE 2

non-election year. Please provide the necessary information regarding administrative expenses incurred by your committee and/or amend your report to disclose such expenses according to the referenced provisions of the Act and Commission Regulations.

-Schedule H4 discloses an expenditure(s) for "Literature Distribution", "Newspaper Ad" and "Printing." Please be advised that public communications (as defined by 11 CFR §100.26) and voter drive activity (under 11 CFR §106.6(b)(2)(i)) containing express advocacy as defined under 11 CFR §100.22, would constitute an in-kind contribution or an independent expenditure and should be properly disclosed on a Schedule B or E supporting Line 23 or 24 as appropriate. Public communications and voter drive activity that refer to a clearly identified Federal candidate, but that do not expressly advocate the election or defeat of that candidate should be reported on Schedule B for Line 21(b) of the Detailed Summary Page.

Furthermore, the costs for public communications and voter drive activity that refer to one or more clearly identified Federal candidates must be paid for with 100% federal funds. It appears that you have allocated these costs between federal and non-federal funds. Any reimbursement from your committee's non-federal account for public communications and voter drive activity referencing a clearly identified Federal candidate is not permissible and must be returned. 11 CFR §106.6(f)

Please clarify this activity and amend your report, if necessary, to properly disclose this activity. In addition, please inform the Commission of any corrective action immediately. Although the Commission may take further legal action regarding this apparent prohibited activity, your prompt action will be taken into consideration.

-Your report disclosed a category of financial activity that has been reflected on the wrong line of the Detailed Summary Page. Contributions from political party committees should be properly disclosed on a separate Schedule A, supporting Line 11(b) of the Detailed Summary Page. Please refer to the instructions for each line when determining the proper categorization(s) for your next filing.

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

## FEDERAL INDEPENDENT CAMPAIGN COMMITTEE PAGE 3

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) 694-1133.

Christepher J. Morse

Senior Campaign Finance Analyst

Reports Analysis Division

298