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January 31, 2003

Mr. Christopher Morse, Campaign Finance Analyst  
Federal Election Commission  
999 E Street N.W.  
Washington, D.C. 20463

Re: October Quarterly Report (7/1/02-9/30/02);  
Identification No. C00176834

Dear Mr. Morse:

I am writing in response to your letter dated January 22, 2003, which our Committee received on January 27, 2003.

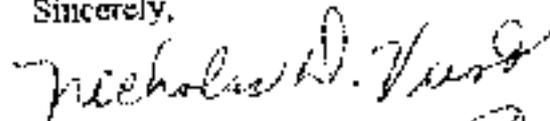
(1) The transfers totaling \$40,000 made to our non-federal account on August 23, 2002 (\$15,000) and September 27, 2002 (\$25,000) were made to fund state campaign activity, in particular expenditures in connection with State Senate and State Assembly races in New York County. As we understand it, we are free to transfer funds from our federal account to our state campaign account to fund state campaign expenditures. Thus we do not believe any change or adjustment with respect to these transfers is necessary.

(2) With respect to the rebate or refund of a previously disclosed allocable expense from Verizon, that refund or rebate was deposited into the separate allocation checking account that we maintain as part of our overall federal account. Thus, the money deposited into this separate checking account used for payment of allocable operating expenditures does not get commingled with other federal funds but simply gets reused for ongoing allocable operating expenditures. (We do not distinguish between the activity in our federal checking account and the separate allocation checking account in our federal report filings with the FEC because, when we first established this system, we were advised by FEC representatives that, while it was perfectly fine to have a separate

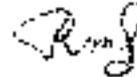
checking account used to receive and pay out monies for allocable operating expenses (in accordance with the applicable ratios), only one FEC report should be filed to reflect the combined activity in both checking accounts. The separate allocation checking account is used by us for administrative convenience and to avoid any possible issue of commingling non-federal funds used for the non-federal share of operating expenditures with federal funds that may be used for federal election purposes.)

Since any refunds or rebates received into our allocation checking account are only used for allocable expenditures, and in light of the ongoing magnitude of our operating expenditures, we do not see what purpose would be served by issuing a refund check to a non-federal account only to have the non-federal account transfer money back for allocable operating expenditures. Furthermore, the allocation ratio for the original disbursement that resulted in a refund was the same as the current ratio. Thus we do not see why any further action on our part should be necessary. However, if you still believe some action is necessary, please advise us so we can focus on this further.

Sincerely,



Nicholas D. Viest  
Treasurer



Federal Election Commission

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