



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

March 10, 2010

Jan Churchill, Treasurer  
Nevada State Democratic Party  
409 Horn Street  
Las Vegas, NV 89107

Response Due Date:  
April 14, 2010

Identification Number: C00208991

Reference: February Monthly Report (1/1/10-1/31/10)

Dear Treasurer:

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. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 2 items:

1. In a Memo text attached to your Year End Report (12/1/09-12/31/09), you state "-On 12/31/09 numerous checks were voided totaling \$15,582.59; a check in that amount will be forwarded to the US Treasury on 1/27/10 for those checks and will be disclosed on the report covering January 2010." However, your February Monthly Report (1/1/10-1/31/10) discloses a payment to the "Department of the Treasury" totaling only \$12,666.33. Please amend your report to disclose the correct amount of this payment or provide additional clarifying information regarding his apparent discrepancy.

2. On Schedule H4 supporting Line 21(a) of the Detailed Summary Page, you have checked the Direct Candidate Support category for the payment(s) to "Anzalone Liszt Research, Inc." and "Project New West" and have disclosed the federal share(s) of this payment as \$21,830. Be advised that any federal share in-kind payments, independent expenditures or coordinated expenditures for Direct Candidate Support must also be itemized on Schedule B, E or F supporting Lines 23, 24 or 25, of the Detailed Summary Page, respectively, and not included in the total for this page. Please amend your report to correct this apparent discrepancy (example enclosed).

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**Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply 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. Requests for extensions of time in which to respond will not be considered.**

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) 694-1141.

Sincerely,



Daniel T. Buckley  
Senior Campaign Finance Analyst  
Reports Analysis Division

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Sample

Allocating Certain Federal and Nonfederal Expenses

**ADJUSTED RATIO: NONFEDERAL PERCENTAGE INCREASED (H2)**

SCHEDULE H2 (FEC Form 3X)  
ALLOCATION RATIOS

NAME OF COMMITTEE (In Full) PAGE 1 OF 1  
Freedom Party State Committee

RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT ACTIVITIES APPEARING ON THIS REPORT.

Methods of allocation:  
 I FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.  
 II Shared DIRECT CANDIDATE SUPPORT activities are allocated according to benefit expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.

ACTIVITY OR EVENT IDENTIFIER Memorial Day Gala (event date 4/28/10)	FEDERAL % 20.00	NON-FEDERAL % 80.00
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ACTIVITY IS:  
 Fundraising  Direct Candidate Support  
 CHECK IF THE RATIO IS:  
 New  Revised  Same as Previously Reported

The committee pays \$1,000 to design and mail the 300 letters.

Note: Because the mailing is less than 500 letters in thirty days, it does not qualify as a public communication. Had the communication qualified as a mass mailing and supported a federal candidate, then it would have been considered FEA and its cost would be paid for entirely with federal funds.

**Required Forms**

- Schedule H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses
- Schedule B for Line 23—Contributions to Federal Candidates

**NONFEDERAL TRANSFER (H3)**

SCHEDULE H3 (FEC Form 3X)  
TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY

NAME OF COMMITTEE (In Full) PAGE 1 OF 1  
FOR LINE 18a OF FORM 3X  
Freedom Party State Committee

NAME OF ACCOUNT Nonfederal Account	DATE OF RECEIPT 06 15 2010	TOTAL AMOUNT TRANSFERRED 20,000.00
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BREAKDOWN OF TRANSFER RECEIVED

I) Total Administrative

II) Generic Voter Drive

III) Exempt Activities

IV) Direct Fundraising (List Activity or Event Identifier)

a) Memorial Day Gala (4/28/10)	20,000.00
b)	
c) Total Amount Transferred For Direct Fundraising	20,000.00

**Allocation Ratio (H2)**

The committee uses Schedule H2 to disclose the allocation ratio for "June Mailing" (the unique identifier). The federal allocation percentage is calculated using the time/space method (ratio of time/space devoted to federal candidates to total time/space devoted to all candidates). In this case, 40 percent of the total space

when reporting a ratio adjustment or a corrective transfer.

**7. Candidate Support Activities as In-Kind Contributions**

This section discusses how to report direct candidate support that is an in-kind contribution. However, direct candidate support may instead be a coordinated party expenditure, independent expenditure or exempt party activity. Each type should be reported accordingly.

**Example**

The Freedom Party State Committee decides to sponsor a limited mailing urging support of two federal candidates (a U.S. House candidate and a U.S. Senate candidate) and three nonfederal candidates.

is devoted to federal candidates, so the ratio is 40 percent federal and 60 percent nonfederal.

**Nonfederal Transfer (H3)**

The committee discloses the transfer from the nonfederal account to pay the allocated nonfederal portion of "June Mailing" costs. As previously noted, a transfer must be made no more than 10 days before or 60 days after payment is made.

The total amount of transfers itemized on Schedule H3 is entered on Line 18(a) of the Detailed Summary Page.

**Payments (H4 and B)**

The committee uses Schedule H4 to itemize the two payments (the federal payment and the nonfederal payment) for "June Mailing" Because the allocated federal shares result in contributions in-kind, they are itemized as memo entries with cross refer-

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Sample  
Campaign Guide for Political Party Committees

**CANDIDATE SUPPORT RATIO (H2)**

SCHEDULE H2 (FEC Form 3X)  
ALLOCATION RATIOS

NAME OF COMMITTEE (in Full) PAGE 1 OF 1  
Freedom Party State Committee

RATIOS FOR ALLOCABLE FUNDRAISING EVENTS AND DIRECT CANDIDATE SUPPORT ACTIVITIES APPEARING ON THIS REPORT.

Methods of Allocation  
 I. FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.  
 II. Shared DIRECT CANDIDATE SUPPORT activities are allocated according to benefits expected to be derived, where the federal proportion of disbursements is based on the benefit derived by federal candidates from the activity.

ACTIVITY OR EVENT IDENTIFIER  
June Mailing

ACTIVITY IS:  Fundraising  Direct Candidate Support

CHECK IF THE RATIO IS:  New  Revised  Same as Previously Reported

FEDERAL %: 40.00%      NON-FEDERAL %: 60.00%

ences to Schedule B for Line 23, where the in-kind contributions are itemized.

The Schedule B entries include the amounts allocable to each federal candidate, also based on the time/space method. In this case, the committee allocates 50 percent of the federal payment to each candidate. See example on page 103.

Nonfederal payments disclosed on Schedule H4 are entered on Line 21a(ii) of the Form 3X Detailed Summary Page. The Schedule B total is entered on Line 23.

**TRANSFER FROM NONFEDERAL ACCOUNT (H3)**

SCHEDULE H3 (FEC Form 3X)  
TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY

NAME OF COMMITTEE (in Full) PAGE 1 OF 1  
FOR LINE 18a OF FORM 3X  
Freedom Party State Committee

NAME OF ACCOUNT: Nonfederal Account      DATE OF RECEIPT: 07/25/2010      TOTAL AMOUNT TRANSFERRED: 600.00

BREAKDOWN OF TRANSFER RECEIVED

i) Total Administrative

ii) Generic Voter Drive

iii) Exempt Activities

iv) Direct Fundraising (List Activity or Event Identifier)

a) June Mailing: 600.00

v) Candidate Support (List Activity or Event Identifier)

a) Total Amount Transferred For Direct Candidate Support

## 8. Transfers and Payments Covering Different Categories

The sample forms in this section show:

- How to report a nonfederal transfer that covers nonfederal payments for several allocable activities; and
- How to report a payment to one vendor for several categories of expenses.

### Schedule H3

The Schedule H3 on page 103 shows how to report transfers received from a nonfederal account to pay for different categories of allocable expenses.

The \$4,000 transfer covers the following allocable expenses:

- A direct fundraising event ("Big Event"); and
- An exempt party activity ("Johnson/Smith Posters").

### Schedule H4

The Schedule H4 on page 104 shows how to report a payment covering expenses for:

- The voter registration drive (as a voter drive activity);
- The "Big Event" fundraiser; and
- The "Johnson/Smith Posters" exempt party activity.

**ALLOCATED PAYMENT (H4)**

SCHEDULE H4 (FEC Form 3X)  
DISBURSEMENT FOR SHARED FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE

NAME OF COMMITTEE (in Full) PAGE 1 OF 1  
FOR LINE 21a OF FORM 3X  
Freedom Party State Committee

A Full Name (Last, First, Middle Initial)  
David Jacoby

Mailing Address  
111 Harborside Ave.  
City: ST      State: ST      Zip Code: 00000

Purpose of Disbursement: Graphics Design

Activity or Event Identifier: June Mailing (See Schedule B, Line 23)

Allocated Activity or Event:  Administrative  Fundraising  Exempt  Voter Drive  Direct Candidate Support

Allocated Activity or Event Year-To-Date: 1000.00

Date: 06/01/2010

FEDERAL SHARE MEMO + NON-FEDERAL SHARE = TOTAL AMOUNT  
400.00 + 600.00 = 1000.00

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Sample

Allocating Certain Federal and Nonfederal Expenses

ALLOCATION OF IN-KIND CONTRIBUTION (B)

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)  
 21b  22  23  24  25  26  
 27  28a  28b  28c  29  30b

Any information copied from such Reports and Statements may not be used 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)  
Freedom Party State Committee

Full Name (Last, First, Middle Initial)  
David Jacoby

Mailing Address  
111 Harborside Ave.

City ST Zip Code  
City ST Zip Code (XXXX)

Purpose of Disbursement  
Graphics Design

Candidate Name  
June Manning

Office Sought:  House  Senate  President  
 House  Senate  President

Disbursement For:  Primary  General  Other (specify)

Date of Disbursement  
06 01 2010

Amount of Each Disbursement This Period  
400.00

See allocation below.

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Full Name (Last, First, Middle Initial)  
Jay Meyer for Congress

Mailing Address  
111 East Egg Street

City ST Zip Code  
City ST Zip Code (XXXX)

Purpose of Disbursement  
Contribution

Candidate Name  
Jay Meyer

Office Sought:  House  Senate  President  
 House  Senate  President

Disbursement For:  Primary  General  Other (specify)

Date of Disbursement  
06 01 2010

Amount of Each Disbursement This Period  
200.00

MEMO

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Full Name (Last, First, Middle Initial)  
Bob Voigt friend for Congress

Mailing Address  
111 Broad Street

City ST Zip Code  
City ST Zip Code (XXXX)

Purpose of Disbursement  
Contribution

Candidate Name  
Bob Voigt friend

Office Sought:  House  Senate  President  
 House  Senate  President

Disbursement For:  Primary  General  Other (specify)

Date of Disbursement  
06 01 2010

Amount of Each Disbursement This Period  
200.00

MEMO

SUBTOTAL of Disbursements This Page (optional)

TOTAL This Period (last page this line number only)

9. 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: 36 percent federal; 64 percent nonfederal.

Reporting Method 1 on page 105 illustrates how this rebate would be reported according to the method approved in

NONFEDERAL TRANSFER (H3)

SCHEDULE H3 (FEC Form 3X)  
TRANSFERS FROM NON-FEDERAL ACCOUNTS FOR SHARED FEDERAL / NON-FEDERAL ACTIVITY

NAME OF COMMITTEE (in Full)  
Freedom Party State Committee

NAME OF ACCOUNT  
Nonfederal Account

DATE OF RECEIPT  
08 31 2010

TOTAL AMOUNT TRANSFERRED  
4,000.00

(v) Direct Fundraising (List Activity or Event Identifier)

a) Big Event 2,000.00

b) \_\_\_\_\_

c) Total Amount Transferred For Direct Fundraising 2,000.00

(vi) Candidate Support (List Activity or Event Identifier)

a) Johnson / Smith Posters 2,000.00

b) \_\_\_\_\_

c) Total Amount Transferred For Direct Candidate Support 2,000.00

TOTALS FOR BREAKDOWN OF TRANSFER RECEIVED

TOTAL This Period (Administrative) \_\_\_\_\_

TOTAL This Period (Generic Voter Drive) \_\_\_\_\_

TOTAL This Period (Direct Fundraising Amount) 2,000.00

TOTAL This Period (Direct Candidate Support) 2,000.00

TOTAL This Period (Lump Sum Activities) \_\_\_\_\_

TOTAL This Period (Total Amount Transferred) 4,000.00

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