



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-2

George R. Lewis, Treasurer  
Philip Morris Companies, Inc.  
Political Action Committee  
(AKA PHIL-PAC)  
120 Park Avenue  
New York, NY 10017

MAR 19 1997

Identification Number: C00089136

Reference: 12 Day Pre-General Report (10/1/96-10/16/96)

Dear Mr. Lewis:

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:

-Please provide the total(s) for Line 10, Column A of the Summary Page.

-Schedule B of your report discloses a \$1,039.46 payment to your connected organization for an in-kind contribution (pertinent portion(s) attached). 2 U.S.C. §441b prohibits a corporation or labor organization from contributing or expending funds for the purpose of influencing any federal election; however, a connected organization may pay for the solicitation and administrative costs of its separate segregated fund.

Please amend your report to clarify whether the payment to your connected organization was for expenditures which were intended to influence federal elections and provide the dates of the activity conducted by your connected organization. Although the Commission may take further legal action concerning this matter, your prompt action will be taken into consideration.

-Your report discloses a loan received in the amount of \$75,000.00; however, Schedule C-1 has not been provided. Any political committee that receives a loan or line of credit from a lending institution must file Schedule C-1 with the first report in which the obligation is incurred and

each time a loan or line of credit is restructured to change the terms of repayment or each time a draw is made on a line of credit. Please provide the omitted schedule. 11 CFR §104.3(d)(1)

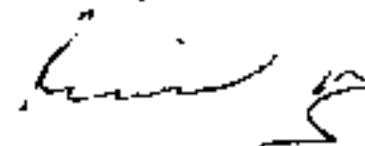
-Your report discloses a loan on Schedule A from Crestar Bank, which has not been recorded on Schedule C. Loans and loan repayments received must be reflected on Schedule C as well as on Schedule A. Please amend your report to clarify this discrepancy. 2 U.S.C. §§434(b)(3)(E) and (5)(D)

-When reporting loans and/or lines of credit in the future, please refer to the following explanation and to the instructions on the back of Schedules C and C-1 for further information. Loans and lines of credit received from lending institutions must be originally reported on both Schedules C and C-1. The Committee must continuously report the status of the loan on Schedule C, and should file a new Schedule C-1 if the loan or line of credit is restructured or if a draw on the line of credit is made. For lines of credit, the original amount on Schedule C will change when additional amounts are drawn from the total credit set aside for the Committee by the lending institution to reflect the total amount of obligation which the Committee is currently required to pay.

In addition, when a loan is received or when a draw is made on a line of credit, the Committee must report this receipt on a Schedule A supporting Line 13 of the Detailed Summary Page to enter the amount into the Committee's receipts. Likewise, when a payment is made, the payments on the principal must be disclosed on Schedule B supporting Line 26. Any payments on interest should be reported separately on the appropriate disbursement schedule.

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. My local number is (202) 219-3580.

Sincerely,



Richard Ng  
Reports Analyst  
Reports Analysis Division

ANY INFORMATION COPIED FROM SUCH REPORTS OR STATEMENTS MAY NOT BE SOLD OR USED BY ANY PERSON FOR THE PURPOSE OF SOLICITING CONTRIBUTIONS OR FOR CONFIDENTIAL PURPOSES, OTHER THAN UNDER THE NAME AND ADDRESS OF ANY POLITICAL COMMITTEE TO SOLICIT CONTRIBUTIONS FROM SUCH COMMITTEE.

NAME OF COMMITTEE (IN FULL) THE PHILIP MORRIS COMPANIES INC. POLITICAL ACTION COMMITTEE (PHIL-PAC)

| A. FULL NAME MAILING ADDRESS AND ZIP CODE                                    | PURPOSE OF DISBURSEMENT  | DATE (MM/DD/YY) | AMOUNT OF EACH DISBURSEMENT THIS PERIOD |
|--|--|-----------------|---|
| NON PAUL FOR CONGRESS COMMITTEE<br>637 N. PLANTATION DRIVE<br>CLUTE TX 77551 | FROM PAUL<br>CONTRIBUTION/HOUSE<br>DISBURSEMENT FOR: PRIMARY<br>X GENERAL - OTHER (SPECIFY): | 10/10/96        | \$1,800.00                              |

| B. FULL NAME MAILING ADDRESS AND ZIP CODE                  | PURPOSE OF DISBURSEMENT   | DATE (MM/DD/YY) | AMOUNT OF EACH DISBURSEMENT THIS PERIOD |
|--|---|-----------------|---|
| PICKERING FOR CONGRESS<br>P.O. BOX 6448<br>LAUREL HI 99648 | CHOP PICKERING ME /SSE<br>CONTRIBUTION/HOUSE<br>DISBURSEMENT FOR: PRIMARY<br>X GENERAL - OTHER (SPECIFY): | 10/13/96        | \$800.00                                |

| C. FULL NAME MAILING ADDRESS AND ZIP CODE                           | PURPOSE OF DISBURSEMENT   | DATE (MM/DD/YY) | AMOUNT OF EACH DISBURSEMENT THIS PERIOD |
|---|---|-----------------|---|
| PHILIP MORRIS MANAGEMENT CORP.<br>100 PARK AVE<br>NEW YORK NY 10017 | CONTRIBUTION/OTHER<br>DISBURSEMENT FOR: PRIMARY<br>X GENERAL - OTHER (SPECIFY): | 10/14/96        | \$1,039.44                              |

| D. FULL NAME MAILING ADDRESS AND ZIP CODE                       | PURPOSE OF DISBURSEMENT  | DATE (MM/DD/YY) | AMOUNT OF EACH DISBURSEMENT THIS PERIOD |
|---|--|-----------------|---|
| FRIENDS OF LARRY PRESSLER<br>P.O. BOX 167<br>HARBORLET SD 57036 | LARRY PRESSLER SD /SR.<br>CONTRIBUTION/SENATE<br>DISBURSEMENT FOR: PRIMARY<br>X GENERAL - OTHER (SPECIFY): | 10/10/96        | \$1,000.00                              |

| E. FULL NAME MAILING ADDRESS AND ZIP CODE                  | PURPOSE OF DISBURSEMENT  | DATE (MM/DD/YY) | AMOUNT OF EACH DISBURSEMENT THIS PERIOD |
|--|--|-----------------|---|
| BOB RILEY FOR CONGRESS<br>P.O. BOX 780<br>ASHLAND AL 36321 | BOB RILEY AL /SRS<br>CONTRIBUTION/HOUSE<br>DISBURSEMENT FOR: PRIMARY<br>X GENERAL - OTHER (SPECIFY): | 10/10/96        | \$1,000.00                              |

| F. FULL NAME MAILING ADDRESS AND ZIP CODE                               | PURPOSE OF DISBURSEMENT   | DATE (MM/DD/YY) | AMOUNT OF EACH DISBURSEMENT THIS PERIOD |
|---|---|-----------------|---|
| BONNEY FOR SENATE COMMITTEE '96<br>P.O. BOX 829<br>GORTHPFIELD NJ 08037 | BONNEY BONNEY NJ /JR.<br>CONTRIBUTION/SENATE<br>DISBURSEMENT FOR: PRIMARY<br>X GENERAL - OTHER (SPECIFY): | 10/10/96        | \$5,000.00                              |

SUBTOTAL OF RECEIPTS THIS PAGE (OPTIONAL)..... \$6,359.44

