



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

May 12, 2006

Habib M. Habib, Treasurer
Washington State Democratic Central Committee
P.O. Box 4027
Seattle, WA 98194

**Response Due Date:
June 12, 2006**

Identification Number: C00114439

Reference: April Monthly Report (3/1/06-3/31/06)

Dear Mr. Habib:

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:

-The totals listed on Lines 21(a)(i), 21(a)(ii), 21(b), 21(c), 30(b), 30(c), and 32, Column B of the Detailed Summary Page(s) appear to be incorrect. Please be advised that you should add the "Calendar Year-to-Date" total from your previous report to the current "Total This Period" figure from Column A to derive the correct Column B totals. Please amend your report and any subsequent reports that may be affected by this correction.

-On Schedule H4, your allocated activity or event year-to-date total calculations for "DMail 06-02" and the administrative category are incorrect. Allocated activity or event year-to-date totals for administrative, voter drive, exempt activity costs and expenses for public communications made by PACs referencing only political parties are derived by aggregating all disbursements during the calendar year for each separate category. Allocated activity or event year-to-date totals for fundraising and direct candidate support activities are derived by aggregating all disbursements during the calendar year within a specific event. These should be calculated by adding the latest disbursement for a category or event to the previous event year-to-date total for that category or event. This running event year-to-date total should be disclosed after each disbursement is listed. Please amend your report by providing the correct event year-to-date totals.

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-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) H4 of your report to clarify the following description(s): "Consultant," "Consulting," "Fundraiser," and "Consulting Services." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-On Schedule H2, you disclose the ratio for "DMail 06-02" to be the same as previously reported; however, it appears that this activity/event was not previously reported. Please amend your report to clarify this discrepancy. 11 CFR §§104.10 and 104.17

-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "Benefits," "Salary Advance," "Payroll Taxes," "Salary," and "Insurance Benefit". Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

-Schedule H4 of your report discloses \$750 in payments for "Consultant " to individuals. Please clarify whether these individuals are employees of your committee. You are advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal, non-federal and Levin accounts. Rather, only federal funds may be used. Any reimbursement from your committee's non-federal or Levin account for salary and wage payments is not permissible and must be returned. Please provide clarification regarding these payments.

-Schedule A supporting Line 15 of your report discloses an offset for "Refund of Unused Litigation Funds" totaling \$3,506.37 from "Friends of Dave Ross"; however, your report(s) does not appear to disclose a disbursement to this entity. Please provide clarifying information regarding

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this activity and amend your report(s) if necessary.

-Schedule A supporting Line 15 of your report discloses a payment(s) from "Re-Elect Cantwell 2006" for goods and/or services provided by your committee. 11 CFR §100.52(d)(1) states that "...the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution." Examples of goods and services include equipment, supplies, personnel, membership lists and mailing lists. The term "usual and normal charge" for goods is defined as "...the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution". The usual and normal charge for services is defined as "...the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 CFR §100.52(d)(2)

Please clarify whether your committee assessed the usual and normal charge for the goods and/or services you provided to the federal candidate committee(s) and explain the steps your committee took in determining the amount(s) charged. If your committee provided the goods and/or services at less than the usual and normal charge, the difference between the two is considered to be an in-kind contribution by your committee to the federal candidate committee(s) and is subject to the limits set forth at 2 U.S.C. §441a. (11 CFR §100.52(d)(1))

-Schedule A of your report discloses a receipt from a corporation for the apparent misdeposit of contributions not originally intended for your committee's federal account. Please be advised, contributions deposited in either a federal account or an account used for both federal and non-federal activity must meet the following conditions: the contributions are designated or expressly solicited for use in connection with federal elections and contributors are informed that their contributions are subject to the limits and prohibitions of the Act. 11 CFR §102.5(a)

The Commission notes the memo text attached to the receipt stating, "Amount transfered [sic] to the Non-federal account on 4/14/06. See Schedule B, Line 22 of May monthly." Although the Commission may take further legal action regarding the misdeposited funds, your prompt action will be taken into consideration.

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

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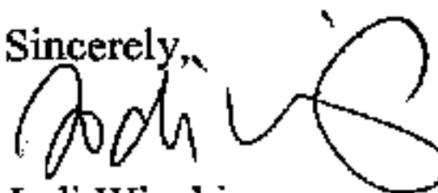
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with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

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) 694-1136.

Sincerely,



Jodi Winship
Campaign Finance Analyst
Reports Analysis Division

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