



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RQ-3

January 13, 2000

Andrew Tobias, Treasurer
DNC Services Corporation/Democratic
National Committee
430 South Capitol Street, SE
Washington, DC 20003

Identification Number: C00010603

Reference: Mid-Year Report (1/1/99-6/30/99)

Dear Mr. Tobias:

This letter is to inform you that as of January 12, 2000 the Commission has not received your response to our request for additional information, dated December 22, 1999. This notice requests information essential to full public disclosure of your federal election campaign finances. To ensure compliance with the provisions of the Federal Election Campaign Act (the Act), please respond to this request (copy enclosed).

If no response is received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions regarding this matter, please contact Debbie Chacona on our toll-free number (800) 424-9530 or our local number (202) 694-1130.

Sincerely,

A handwritten signature in black ink that reads "John D. Gibson". The signature is fluid and cursive, with a long horizontal stroke at the end.

John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosure



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

Andrew Tobias, Treasurer
DNC Services Corporation/Democratic
National Committee
430 South Capitol Street, SE
Washington, DC 20003

DEC 22 1999

Identification Number: C00010603

Reference: Mid-Year Report (1/1/99-6/30/99)

Dear Mr. Tobias:

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:

-Schedule A supporting Line 15 of your report discloses \$67,874.07 in offsets for operating expenditures made to the 2000 Democratic National Convention Committee, Inc. Please clarify the purpose of these refunds.

-Schedule A of your report discloses an aggregate year-to-date total(s) for a contribution(s) received from the United Campaign Committee which appears to be incorrect. Please amend your report to provide the correct aggregate year-to-date total(s).

-On Schedule H4, your EVENT YEAR-TO-DATE total calculations for "98EV2" and "99EV2" appear to be incorrect. FEC calculations disclose these amounts to be \$31,109.38 and \$1,370,827.09, respectively. Please amend your report to correct these apparent discrepancies and note that changes in your figures may affect these totals on subsequent reports.

-Schedule D of your report discloses \$2,451,824.95 in debt payments to Nations Bank, N.A. for Interest and Penalties, however; it appears that you have also included in this amount the loan repayments disclosed on Schedule B for Line 26. Please be advised that all loans and lines of credit

from banking institutions should be disclosed on Schedules C and C-1 only. Please amend your report to correct this apparent discrepancy. 11 CFR §104.3(d)

-Your report does not include a Schedule H1 to disclose the ratio for the allocation of administrative and generic voter drive costs. This ratio is determined at the beginning of each two-year election cycle. All shared administrative and generic voter drive costs incurred during the two-year cycle must be allocated according to this ratio, unless the federal account elects to pay a higher percentage of its cost. 11 CFR §106.5(b)(2), (d)(1), (d)(2) and 11 CFR §§104.10(b)(1)(ii)(B) and 106.6(c)

-Schedule H3 of your report discloses transfers received from your non-federal account which occur outside the permissible transfer period. Please be advised that transfers for shared activity must be made within a 70-day time period: no more than 10 days before or 60 days after the payment to the vendor. 11 CFR §§106.5(g)(2) and 106.6(e)(2) Please clarify the nature of these transfers-in from the non-federal account.

The Commission recommends that you immediately transfer the total excessive amount received by your federal account outside the 70-day time period back to your non-federal account. Although the Commission may take further legal action concerning this prohibited activity, your prompt action will be taken into consideration.

-On Schedule H3, you have failed to provide the NAME OF ACCOUNT or DATE OF RECEIPT on page 40 of 45 for a transfer(s)-in. Please amend your report to identify the full name of the non-federal account and the date of receipt for this transfer-in. 11 CFR §104.10(a) and (b)

-Schedule H4 of your report discloses transfers for the non-federal portion of allocable offsets totaling \$21,178.43 (pertinent portion attached), however, you have failed to check a category box for these transfers to indicate the appropriate allocation ratio for these offsets. In addition, you have failed to provide a cross-reference indicating that the transfers relate to entries disclosed on Schedule A supporting Line 15 (offsets to operating expenditures). Please amend your report to properly disclose the missing information.

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule H4 of your

report to clarify the following description(s): "Event Expenses". For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Schedule B for Line 22 of your report discloses \$125,658.85 in transfers-out to non-federal accounts to adjust the allocation ratio for Fundraising event code 99EV1. Please provide the date(s) of the fundraising event(s). 11 CFR §106.5(f)(2)

-Schedule B for Line 22 of your report discloses voided checks for transfers made to state party committees in previous reporting periods. However, it appears that you have provided the dates that these transfers were actually made, rather than the void dates. Please amend your report to disclose the dates that these checks were actually voided.

-Your report includes schedules for Lines 21(a) and 21(b) (pertinent portions attached) that disclose voided checks for expenditures made during prior reporting periods. However, you have failed to provide any information regarding a transfer-out of the non-federal portion for the voided checks pertaining to the allocable expenses. Please provide this clarifying information and, in addition, please clarify if and when these checks were reissued. If they were not reissued, please clarify the steps your committee has taken to account for the federal portion of these voided checks.

-Line 29 of the Detailed Summary Page of your report discloses a total of \$37,414.74 in other disbursements. The sum of the entries itemized on Schedule B, however, indicates the total to be \$47,414.74. Please amend your report to clarify the discrepancy.

-Line 1 of Schedule I for your Non-Federal Corporate account discloses \$6,014,884.50 in total receipts. The sum of the entries itemized on memo Schedule A, however, indicates the total to be \$6,007,679.70. Please clarify this discrepancy.

-Schedule H3 (page 19 of 45) of your report discloses \$97,712.35 in transfers from your Non-Federal Unincorporated account; however, these transfers appear to have originated from your Non-Federal Corporate account, as disclosed on memo Schedule B for this account. Please clarify this discrepancy.

DNC SERVICES CORPORATION/DEMOCRATIC NATIONAL COMMITTEE
PAGE 4

-Schedule H3 (page 2 of 45) of your report discloses a \$10,000 transfer from your Non-Federal General account; however, you have failed to disclose this transfer on a memo Schedule B for Line 2 of Schedule I. Please clarify this discrepancy.

-Schedule H3 of your report discloses \$366,796.05 in transfers from your Non-Federal General #2 account. The sum of the entries on memo Schedule B for Line 2 of Schedule I, however, indicates the total to be \$376,796.05. Please clarify this discrepancy.

-Line 1 of Schedule I of your Non-Federal Building Fund account discloses \$115,952.17 in total receipts. The sum of the entries itemized on memo Schedule A, however, indicates the total to be \$110,275. Please clarify this discrepancy.

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) 694-1130.

Sincerely,

Debbie Chacona

Debbie Chacona
Senior Reports Analyst
Reports Analysis Division

DISBURSEMENT SCHEDULE H4
(effective 1/1/91)JOINT FEDERAL/NON-FEDERAL
ACTIVITY SCHEDULE

PAGE	OF
1	1
FOR LINE 21a	

NAME OF COMMITTEE						
DNC Services Corp./Democratic National Committee						
A. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE	
DNC Non-Federal Corporate	Transfer of non-fed portion of offsets received	1/22/99	729.11	729.11	-0-	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT						
EVENT YEAR-TO-DATE: \$ <input type="checkbox"/> DIRECT CANDIDATE SUPPORT						
B. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE	
DNC Non-Federal Corporate	Transfer of non-fed portion of offsets received	6/24/99	20,449.32	20,449.32	-0-	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT						
EVENT YEAR-TO-DATE: \$ <input type="checkbox"/> DIRECT CANDIDATE SUPPORT						
C. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE	
DNC Non-Federal Corp.	Transfer of Federal Portion of In-Kinds Received	4/27/99	17,650.20 From In-Kind Escrow	17,650.20	-0-	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT						
EVENT YEAR-TO-DATE: \$ <input type="checkbox"/> DIRECT CANDIDATE SUPPORT						
D. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE	
DNC In-Kind Escrow	Transfer for future NF In-Kind Received	4/27/99	20,000.00 MEMO	20,000.00 MEMO	-0-	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT						
EVENT YEAR-TO-DATE: \$ <input type="checkbox"/> DIRECT CANDIDATE SUPPORT						
E. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT						
EVENT YEAR-TO-DATE: \$ <input type="checkbox"/> DIRECT CANDIDATE SUPPORT						
F. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE	
CATEGORY: <input type="checkbox"/> ADMINISTRATIVE/VOTER DRIVE <input type="checkbox"/> FUNDRAISING <input type="checkbox"/> EXEMPT						
EVENT YEAR-TO-DATE: \$ <input type="checkbox"/> DIRECT CANDIDATE SUPPORT						
SUBTOTAL OF JOINT FEDERAL AND NON-FEDERAL ACTIVITY THIS PAGE			38,828.63	38,828.63	-0-	
TOTAL THIS PERIOD (page for each (see note) Fed. share to 21 a) and non-Fed. share to 21 b)			38,828.63	38,828.63		
TOTAL THIS PERIOD FOR THE NON-FEDERAL SHARE (used for line 35 of the detailed summary page)					-0-	

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 DEMOCRATIC NATIONAL COMMITTEE
 ALLOCATION
 VOID CHECKS REPORTED PRIOR FEC CYCLE
 LINE 21A

DATE	CHECK NO.	DESCRIPTION	AMOUNT	ALLOC CODE	FEDERAL PORTION	NONFED PORTION
jan						
9/22/98	10368	SNOWMASS LODGING CO.	(10,576.95)	98EV3	(3,173.09)	(7,403.86)
11/19/98	11181	PAULA LEDUC, INC.	(38,250.39)	98EV4	(11,775.12)	(27,475.27)
			<u>(48,827.34)</u>			
feb						
03/12/97	27470	CURTIS MUSIC & ENTER	(750.00)	97ADM	(450.00)	(300.00)
12/11/98	11401	CROCKETT BUSINESS MACHINE	(16.87)	98ADM	(10.12)	(6.75)
			<u>(766.87)</u>			
mar						
12/09/97	6941	DORAL INN	(674.55)	97EV1	(215.86)	(458.69)
10/01/97	5897	CORNEY, BOB	(144.27)	97ADM	(86.56)	(57.71)
11/25/97	6672	AVIS	(5,474.68)	97EV1	(1,751.90)	(3,722.78)
12/05/97	6884	THOMAS KEADY	(165.00)	97EV1	(52.80)	(112.20)
8/27/98	10097	HAAS, LARRY	(55.83)	98EV1	(16.78)	(39.15)
			<u>(6,514.43)</u>			
june						
01/29/97	26844	XEROX	(5,565.32)	97ADM	(3,339.19)	(2,226.13)
02/10/97	26929	HAYNES, MARY	(42.35)	97ADM	(25.41)	(16.94)
02/18/97	27000	BERLINER STUDIO, INC	(22.73)	97ADM	(13.64)	(9.09)
03/10/97	27453	HANSEN, KIRSTEN	(24.25)	97EV1	(7.76)	(16.49)
03/25/97	27607	THORNBERRY, BETTY J.	(4.09)	97ADM	(2.45)	(1.64)
04/02/97	27662	ALPER, JILL	(72.07)	97ADM	(43.24)	(28.83)
04/07/97	27695	PULASKI COUNTRY TREASURY	(248.25)	97ADM	(148.95)	(99.30)
05/21/97	28002	HOWARD, ELEAINE	(200.00)	97EV1	(64.00)	(136.00)
08/14/97	5500	A.D.S. MANAGEMENT, IN	(2,414.00)	97EV1	(772.48)	(1,641.52)
09/17/97	5718	ALL TRAVEL	(627.25)	97EV1	(200.72)	(426.53)
09/17/97	5740	MIDRANGE COMPUTING	(120.00)	97ADM	(72.00)	(48.00)
11/24/97	6862	SARA DOMBROFF	(55.00)	97ADM	(33.00)	(22.00)
			<u>(9,395.31)</u>			
june						
3/2/98	8048	CLASSIC PARTY RENTALS	(671.00)	98EV1	(201.30)	(469.70)
3/11/98	8164	FONTAINEBLEAU HILTON	(10,000.00)	98EV1	(3,000.00)	(7,000.00)
3/17/98	8273	FONTAINEBLEAU HILTON	(10,000.00)	98EV1	(3,000.00)	(7,000.00)
3/19/98	8313	WHITE HOUSE AIRLIFT OPERATI	(212.88)	98EV1	(63.80)	(148.86)
3/20/98	8326	MICHEAL HEGARTY	(175.00)	98ADM	(105.00)	(70.00)
3/25/98	8368	GOV. ROY ROMER	(33.45)	98ADM	(20.07)	(13.38)
4/2/98	8485	FONTAINEBLEAU HILTON	(10,000.00)	98EV2	(3,000.00)	(7,000.00)

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4/15/98	8597	FONTAINEBLEAU HILTON	(7,600.00)	98EV2	(2,250.00)	(5,250.00)
5/12/98	8915	FONTAINEBLEAU HILTON	(6,262.50)	98EV2	(1,878.75)	(4,383.75)
6/9/98	9261	WHOLEY & ASSOCIATES, INC	(5,000.00)	98ADM	(3,000.00)	(2,000.00)
7/20/98	9688	Pangilinan, Elena L.	(16.50)	98ADM	(9.90)	(6.60)
7/30/98	8780	PARTY RENTAL LIMITED	(3,212.75)	98EV3	(963.83)	(2,248.92)
8/23/98	10379	GOV. ROY ROMER	(14.00)	98ADM	(8.40)	(5.60)
10/21/98	10765	Eldh, Carol A.S.	(2.20)	98ADM	(1.32)	(0.88)
10/21/98	10789	O'Donnell, Scott	(10.00)	98ADM	(6.00)	(4.00)
10/21/98	10771	KANDY STROUD	(111.09)	98ADM	(66.65)	(44.44)
10/27/98	10868	FRAN MOYER	(150.00)	98EV3	(45.00)	(105.00)
11/23/98	11230	FEDERAL EXPRESS	(14.25)	98ADM	(8.55)	(5.70)
			<u>(53,385.40)</u>			
TOTAL PRIOR CYCLE VOIDS 21A			<u>(119,889.35)</u>		(39,883.64)	<u>(80,005.71)</u>

DEMOCRATIC NATIONAL COMMITTEE
 DIRECT MAIL
 VOID CHECKS REPORTED PRIOR FEC CYCLE
 LINE 21A

DC

<u>DATE</u>	<u>CHECK #</u>	<u>DESCRIPTION</u>	<u>ISSUED AMOUNT</u>	<u>FEDERAL</u>	<u>NONFEDERAL</u>
8/29/97	11604	Douglas Kelly	(1,417.06)	(850.24)	(566.82)
8/7/98	12684	Douglas Tsao	(1,240.28)	(744.17)	(496.11)
			<u>(2,657.34)</u>	<u>(1,594.41)</u>	<u>(1,062.93)</u>

DEMOCRATIC NATIONAL COMMITTEE
 1030 DIRECT MAIL
 VOID CHECKS REPORTED PRIOR FEC CYCLE
 LINE 21B

<u>DATE</u>	<u>CHECK #</u>	<u>DESCRIPTION</u>	<u>ISSUED AMOUNT</u>
mar			
05/22/97	8440	L & E MERIDIAN	(5,000.00)
7/10/98	5761	L&E MERIDIAN	(2,111.83)
7/24/98	5788	L&E MERIDIAN	(4,588.81)
		TOTAL VOIDED	<u>(11,700.64)</u>
june			
04/19/95	7444	SAWITZ, WOLFGANG	(195.00)
10/06/95	7852	ESTATE OF CHARLES E. HAYDON	(1,000.00)
01/29/97	8206	GRIFFITH, JAMES D	(30.00)
		TOTAL VOIDED	<u>(1,225.00)</u>
		TOTAL VOIDS 21B	<u>(12,925.64)</u>

