FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

R. Guy Kraines, Treasurer
Consolidated Freightways Inc.
Political Action Committee
3240 Hillview Avenue
Palo Alto, CA 94304

APR 16 1997

Identification Number: C00110759

Reference: Year End Report (11/26/96-12/31/96)

Dear Mr. Kraines:

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:

-The Commission notes your intention to amend your 30 Day Post-General and Year End Reports. However, the beginning cash balance of this report should equal the ending balance of your 30 Day Post-General Report. Please clarify this discrepancy and amend any subsequent report(s) that may be affected by this correction.

-The Column B totals for all of the Lines of the Summary and Detailed Summary Pages 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.

-Schedule A supporting Line 11(a)(i) of your report discloses contributions received through what appears to be a payroll deduction plan. Please amend your report to disclose the frequency of the deductions. 11 CFR §104.8(b) Please refer to the enclosed sample of properly reported payroll deductions.

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,

Melissa Hurd

Melissa Hurd
Reports Analyst
Reports Analysis Division

PAYROLL DEDUCTIONS

SCHEDULE A ITEMIZED RECEIPTS

Contributions from Individuals

NAME OF COMMITTEE (in Full)
National Organization PAC C00000001

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Anne Sullivan 21 18th Street City, State ZIP	National Organization, Inc. Occupation: Branch Manager	payroll deduction	$60.00 ($15 biweekly)
B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Rodney Jones 881 Hainsbury Road City, State ZIP	National Organization, Inc. Occupation: Vice President	payroll deduction	$180.00 ($60 biweekly)

Itemize payroll deductions only after they have exceeded $200 per calendar year from an individual.

IN-KIND CONTRIBUTIONS

SCHEDULE A ITEMIZED RECEIPTS

Contributions from Individuals

NAME OF COMMITTEE (in Full)
National Organization PAC C00000001

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Martin L. Kress 4 River Road City, State ZIP	National Organization, Inc. Occupation: Chairman	6/19/94	$5,000.00 (IN-KIND) (RAFFLE PRIZE)

SCHEDULE B ITEMIZED DISBURSEMENTS

Operating Expenditures/Other Federal

NAME OF COMMITTEE (in Full)
National Organization PAC C00000001

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Martin L. Kress 4 River Road City, State ZIP	raffle prize	6/19/94 (IN-KIND CONTRIBUTION)	$5,000.00

Itemize in-kind contributions on both Schedules A and B so as not to inflate the cash-on-hand amount.

Payroll Deductions

Once an individual's deductions aggregate over $200 in a calendar year, report the total amount deducted from the donor's paychecks during the reporting period on Schedule A. In parentheses indicate the amount that was deducted each pay period. Instead of stating a specific date of receipt, write "payroll deduction" under "Date." The other itemized information, including the year-to-date total, must be completed for each donor. 104.8(b).

EXAMPLE: During an election year, a corporate manager authorizes her employer to deduct $15 per pay period (each pay period is two weeks) for the company's SSF. The SSF, which files FEC reports on a quarterly schedule, includes the manager's first-quarter contributions ($90 for six pay periods) as "unitemized contributions" on Line 11(a)(ii) in the April quarterly report.

By June 30 (the closing date for the July quarterly report), 13 pay periods have passed, and the manager's aggregate contributions are $195—still below the $200 itemization threshold. The manager's second-quarter contributions again are included in "unitemized contributions" in the July report.

By September 30 (the closing date for the October quarterly report), 19 pay periods have passed, and the manager's contributions reach $285. Now the committee itemizes the total contributions received from the manager during the third quarter ($90), providing the year-to-date total in the appropriate space. (See Item A in the illustration above.)

In-Kind Contributions

When determining whether to itemize an *in-kind contribution*, follow the same guidelines listed above under "When to Itemize Receipts." See page 8 for information on how to determine the dollar value of an in-kind contribution.

In addition, add the value of the in-kind contribution to the *operating expenditures* total on Line 21(b) (in order to avoid inflating the cash-on-hand amount). 104.12(a)(2).

If the in-kind contribution must be itemized on Schedule A, then it must also be itemized on a Schedule B for operating expenditures. See the illustration at right.