

To: Ryan Lanz
Campaign Finance Analyst
Reports Analysis Division

In response to your October 18, 2006 letter, please consider the following:

You note that our reports covering the three months ended September 30, 2006 disclose limited payments for administrative expenses. A total of \$2,789.00 was reflected on these reports (\$2,639 on the September report and \$150 on the October report). These amounts were reflected as in-kind contributions from Nixon Peabody LLP. They represent charges for time incurred by staff of the law firm who are charged with administering the PAC.

The individual hourly rate charged by the law firm for each staff person is designed to cover all overhead that the law firm incurs in connection with the labor. Items such as salaries, benefits, rent, utilities, and office supplies & services are factored into the rate.

You will note that there was no specific report of an in-kind contribution for the month of August (the September report). As noted in the Form 99 response to your July 28 letter (filed August 31, 2006), we realize that our previous frequency of reporting these administrative expenses was not adequate. So, we changed the timing to report the expense monthly instead. Unfortunately, our August report has already been filed at that point in time. So, the September report included the in-kind contribution for services rendered by the law firm from June 1 through the end of August. (Time prior to that was reported in the July report.)

Note that we will clarify this method of reporting our administrative expenses when we file our first report of 2007.
