



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

June 25, 2008

Katherine Moret, Treasurer
Democratic State Central Committee
of CA - Federal
1401 21st Street, Suite 200
Sacramento, CA 95811

Response Due Date:
July 28, 2008

Identification Number: C00105668

Reference: Amended April Monthly Report (3/1/08 – 3/31/08), received 5/20/08

Dear Treasurer:

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. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following 7 items:

1. Schedule A supporting Line(s) 11(c) of your report discloses a receipt(s) from "Friends of Joe Baca," "Becerra for Congress," "Berman for Congress," "Brown for Congress," "Committee to Elect Clay," "Jim Costa for Congress Committee," "Anna Eshoo for Congress," "Friends of Jane Harman," "Mike Honda for Congress," "Larry Johnson for Congress," "Jorgensen for Congress," "Lofgren for Congress," "Matsui for Congress," "McMurry for Congress," "McNerney for Congress," "Nancy Pelosi for Congress," "Tim Prince for Congress," "Lucille Roybal-Allard for Congress," "Schiff for Congress," "Friends of Ron Shepston," "Solis for Congress," "Jackie Speier for Congress," "Pete Stark Re-Election Committee," "Citizens for Waters," "Diane E. Watson for Congress" and "Steve Young for Congress" which requires further clarification. For example, if this activity represents a transfer of funds, please indicate "transfer" on Schedule A supporting Line 11(c) of your report. If this activity represents a reimbursement for services provided to this committee, please indicate this on Schedule A supporting Line 15 of your report. Please amend your report to clarify the type of activity this receipt(s) represents.

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2. Your report discloses disbursements for "payment for registering voters" to several non-federal committees on Schedule H6. Please be advised that this type of activity constitutes a transfer of funds and is therefore not activity that can be paid with allocated (federal and Levin) monies. Your federal account may receive transfers from your Levin account in order to pay for the costs of certain Federal Election Activity that does not refer to a clearly identified candidate for Federal office. 11 CFR §§300.32 and 300.33 However, reimbursement from your committee's Levin account for transfers and contributions to other committees is not permissible.

Federally registered committees which received these funds will be required to either transfer the funds to a non-federal account or return the Levin portion to your committee's Levin account. 11 CFR §102.5 Unregistered committees in receipt of these funds may be required to register as political committees, because of the voter drive activity that they have apparently conducted.

Should you decide to engage in this type of activity in the future, note that all payments must be made from your federal account with no reimbursement from your Levin account. The Commission recommends that you immediately transfer the funds received by your federal account, as reimbursement for the Levin portion, back to your Levin account. Please inform the Commission of your corrective action immediately. Although the Commission may take further legal action regarding this apparent impermissible activity, your prompt action will be taken into consideration.

3. Please provide a Schedule H5 to support the entry reported on Line 18(b) of the Detailed Summary Page. All transfers of Levin funds received for allocated Federal Election Activity must be itemized on Schedule H5 regardless of the amount transferred. 11 CFR §300.36(b)(2)(ii)

4. Schedule B supporting Line 21(b) of your report discloses a payment(s) for "graphics: booklet" which appears to meet the definition of Federal Election Activity ("FEA") and may also meet the conditions of exempt party activity as defined under 11 CFR §§100.80, 100.87, 100.89 and 11 CFR §§100.140, 100.147 and 100.149.

If this apparent exempt activity represents Get-out-the-vote activity conducted in connection with an election in which one or more candidates for Federal office appear on the ballot, it is considered to be Federal Election Activity. If this apparent exempt activity represents Voter Registration activity during the period that begins on the date that is 120 calendar days before the date that a regularly scheduled Federal election is

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held and ends on the date of the election, it is considered to be Federal Election Activity. 11 CFR §100.24

If this apparent exempt activity is a public communication(s) (as defined under 11 CFR §100.26) that refers to a clearly identified candidate for Federal office and promotes, supports, attacks or opposes any candidate for Federal office, it meets the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s).

Further, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, but do not meet the conditions of exempt activity, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate, rather than on Schedule B for Line 30(b).

Please amend your report to clarify if the activity disclosed meets the conditions of exempt party activity and also if it meets the definition of Federal Election Activity. If the activity does not meet the conditions of exempt party activity, please clarify if it contains express advocacy. In addition, please properly disclose this activity if necessary.

5. Your Amended February Monthly (1/1/08 – 1/31/8), received 5/20/08, Amended March Monthly (2/1/08 – 2/29/08), received 5/20/08, and Amended April Monthly (3/1/08 – 3/31/08), received 5/20/08, Reports combined do not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §100.24 defines as Federal Election Activity, services provided by an employee of a State, district or local party committee who spends more than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and wages for employees who spend more than 25 percent of their compensated time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

6. Schedule H4 of your report discloses a \$50,290.50 disbursement(s) for "deposit for entertainment service" paid to the Denver Museum of Nature & Science for the fundraising event titled "National Convention Events." This appears to be an event to raise funds for activities related to a National

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Convention. Please be advised that expenses made in connection with a National Convention, such as expenses related to sending a delegate to a National Convention, do not qualify as shared expenses to be allocated between your federal and non-federal accounts. Federal operating expenses should be disclosed on a Schedule B supporting Line 21(b) of the Detailed Summary Page. Any reimbursement from your committee's non-federal account for this disbursement(s) is not permissible and should be transferred-out immediately. 11 CFR §102.5(a)(1)(i) Please amend your report to clarify the disbursement(s).

7. On Schedule H3 supporting Line 18(a) of the Detailed Summary Page, the breakdown of transfers for the transfer-in from the "Dem State Central Comm of CA - Non-fed" are greater than the total amount transferred on 3/12/08 and 3/25/08, respectively. Please amend your report to correct this discrepancy. 11 CFR §§104.10 and 104.17

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply 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. **Requests for extensions of time in which to respond will not be considered.**

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) 694-1157.

Sincerely,



Laura E. Sinram

Senior Campaign Finance Analyst
Reports Analysis Division

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